

**UNITED WAY OF SOUTHEASTERN
CONNECTICUT, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2020

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CONNECTICUT, INC.**

FINANCIAL STATEMENTS

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Board of Directors
United Way of Southeastern
Connecticut, Inc.
P.O. Box 375
Gales Ferry, CT 06335

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of United Way of Southeastern Connecticut, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation for these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeastern Connecticut, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Southeastern Connecticut, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Doherty, Beals & Banks, P.C.
DOHERTY, BEALS & BANKS, P.C.
New London, Connecticut

September 23, 2020

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	Net Assets Without		Net Assets With		Totals			
	Donor Restrictions		Donor Restrictions		2020	2019		
ASSETS								
Cash-checking	\$	513,001	\$	364,226	\$	877,227	\$	316,628
Cash-savings		756,649		-		756,649		1,705,637
Total cash		1,269,650		364,226		1,633,876		2,022,265
Investments (note 3)		5,056,163		-		5,056,163		4,253,909
Pledges receivable (net of allowance for uncollectibles of \$422,509)				1,605,853		1,605,853		1,982,230
Land, building and equipment (net) (note 4)		1,924,017		-		1,924,017		1,686,213
Beneficial Interest in Perpetual Trust (note 3)		-		146,422		146,422		147,596
Beneficial Interest in assets held by Community Foundation (note 3 & 5)		178,715		-		178,715		174,235
TOTAL ASSETS	\$	8,428,545	\$	2,116,501	\$	10,545,046	\$	10,266,448
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts payable	\$	7,002	\$	-	\$	7,002	\$	10,166
Paycheck Protection Program Loan (note 13)		331,346		-		331,346		-
Accrued expenses		39,352		-		39,352		39,925
Donor directed allocations payable		-		162,860		162,860		127,236
Mortgage payable (note 6)		148,404		-		148,404		188,096
TOTAL LIABILITIES		526,104		162,860		688,964		365,423
NET ASSETS								
Without donor restrictions								
Available for general activities		2,113,994		-		2,113,994		1,853,234
Invested in land, building, and equipment		1,924,017		-		1,924,017		1,686,213
Board designated (note 8)		3,864,430		-		3,864,430		4,180,790
With donor restrictions		-		1,953,641		1,953,641		2,180,789
TOTAL NET ASSETS		7,902,441		1,953,641		9,856,082		9,901,025
TOTAL LIABILITIES AND NET ASSETS	\$	8,428,545	\$	2,116,501	\$	10,545,046	\$	10,266,448

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	Net Assets		Net Assets With Donor Restrictions	Totals	
	Without Donor Restrictions Undesignated	Designated		2020	2019
SUPPORT AND REVENUE					
Annual Campaign results	\$ 140,399	\$ -	\$ 4,041,353	\$ 4,181,752	\$ 4,329,762
Less: amount designated by donors for specific organizations	-	-	(233,691)	(233,691)	(217,245)
Allowance for uncollectibles	-	-	(422,509)	(422,509)	(124,940)
Total Annual Campaign	<u>140,399</u>	<u>-</u>	<u>3,385,153</u>	<u>3,525,552</u>	<u>3,987,577</u>
Food Center revenue	3,747,308	-	-	3,747,308	3,197,559
Contributions (note 9)	415,191	-	32,979	448,170	116,320
Administrative fees retained on amounts designated and programs	60,601	-	-	60,601	33,234
Grants	425,257	-	-	425,257	444,103
Net Investment income	51,435	107,246	-	158,681	353,974
Net assets released from restriction:					
Expiration of time restriction	3,624,398	-	(3,624,398)	-	-
Purpose restriction accomplished	<u>342,595</u>	<u>(321,712)</u>	<u>(20,883)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 8,807,183</u>	<u>\$ (214,466)</u>	<u>\$ (227,149)</u>	<u>\$ 8,365,569</u>	<u>\$ 8,132,767</u>

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	Net Assets		Net Assets With Donor Restrictions	Totals	
	Without Donor Restrictions Undesignated	Designated		2020	2019
ALLOCATIONS AND EXPENSES					
Allocations to agencies (page 16)	\$ 2,204,565	\$ -	\$ -	\$ 2,204,565	\$ 2,228,894
Food center	4,170,019	-	-	4,170,019	3,661,275
Community investment	304,978	-	-	304,978	377,358
Direct programs	564,731	-	-	564,731	578,262
Total Direct Support	7,244,293	-	-	7,244,293	6,845,789
Campaign	510,999	-	-	510,999	570,292
Marketing	153,854	-	-	153,854	153,224
Administration	464,045	37,323	-	501,368	499,283
TOTAL ALLOCATIONS AND EXPENSES	8,373,191	37,323	-	8,410,514	8,068,588
CHANGE IN NET ASSETS	433,992	(251,789)	(227,149)	(44,945)	64,179
Transfer between funds	64,572	(64,572)	-	-	-
NET ASSETS, BEGINNING	3,539,447	4,180,790	2,180,789	9,901,025	9,836,845
NET ASSETS, ENDING	\$ 4,038,011	\$ 3,864,430	\$ 1,953,640	\$ 9,856,082	\$ 9,901,025

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	PROGRAMS			OPERATIONS			TOTALS	
	Food Center	Community Investment	Direct Programs	Campaign	Marketing	Administration	2020	2019
Salaries	\$ 400,087	\$ 173,634	\$ -	\$ 322,706	\$ 70,045	\$ 293,715	\$ 1,260,187	\$ 1,313,165
Benefits and taxes	164,139	47,232	-	80,438	19,054	79,877	390,740	446,230
TOTAL SALARY EXPENSES	564,226	220,866	-	403,144	89,099	373,592	1,650,927	1,759,395
Office expenses	2,764	1,932	-	1,932	483	1,932	9,043	11,817
Postage	63	833	-	2,500	240	862	4,498	5,690
Staff and volunteer expenses	3,267	4,225	-	13,308	325	2,312	23,437	20,899
Staff training and conferences	825	1,297	-	(1,500)	-	805	1,427	9,327
Campaign	-	-	-	14,950	-	-	14,950	27,929
Marketing and ads	150	-	-	-	46,163	-	46,313	50,763
Telephone	6,611	2,586	-	2,586	647	2,586	15,016	16,050
Utilities	43,690	6,929	-	6,929	1,732	6,929	66,209	66,558
Building maintenance	46,720	7,047	-	7,047	1,764	7,047	69,625	83,312
Equipment maintenance	7,126	15,359	-	9,508	1,084	6,552	39,629	34,228
Auto expenses	14,314	474	-	474	-	474	15,736	12,165
Insurance expense	25,235	4,372	-	4,372	1,093	4,372	39,444	38,288
Professional fees	12,313	11,636	-	11,636	2,909	59,906	98,400	89,751
Mortgage interest expense	-	2,746	-	2,746	687	2,746	8,926	10,298
Depreciation expense	91,492	15,158	-	15,158	3,790	15,158	140,757	124,940
UWW dues	4,812	8,308	-	14,148	3,351	14,050	44,669	45,333
UW of CT dues	700	1,209	-	2,059	488	2,044	6,500	6,500
Food donated (note 12)	3,259,082	-	-	-	-	-	3,259,082	2,816,054
Food purchased	71,877	-	-	-	-	-	71,877	23,110
Direct mailing expenses	4,605	-	-	-	-	-	4,605	2,786
Mobile pantry expense	9,376	-	-	-	-	-	9,376	5,346
Miscellaneous	770	-	-	-	-	-	770	894
Direct program support (note 11)	-	-	564,731	-	-	-	564,731	578,262
TOTAL FUNCTIONAL EXPENSES	\$4,170,019	\$ 304,978	\$ 564,731	\$ 510,999	\$ 153,854	\$ 501,368	\$ 6,205,948	\$5,839,695

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF CASH FLOW
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (44,945)	\$ 64,179
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	140,757	124,940
Realized (gains) losses	114,920	66,525
Unrealized (gains) losses	(122,691)	(285,203)
(Increase) decrease in operating assets		
Pledges receivable	376,377	68,748
Increase (decrease) in operating liabilities		
Accounts payable	(3,164)	(78,517)
Accrued expenses	-	11,757
Donor directed allocations payable	35,624	4,068
	<u>496,878</u>	<u>(23,503)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	2,188,258	3,193,184
Purchase of investments	(2,986,618)	(3,248,548)
Payments made on mortgage	(39,692)	(37,989)
Payments for building improvements and equipment	(378,561)	(79,912)
	<u>(1,216,613)</u>	<u>(173,265)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Payroll Protection Program	331,346	-
	<u>331,346</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
CHANGE IN CASH	(388,389)	(196,768)
CASH - BEGINNING	<u>2,022,265</u>	<u>2,219,033</u>
CASH - ENDING	<u>\$ 1,633,876</u>	<u>\$ 2,022,265</u>

Cash paid for interest during 2019 was \$8,926.

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The United Way of Southeastern Connecticut, Inc.'s mission is to inspire and coordinate the generosity and commitment that sustains a united, thriving community.

Method of Accounting

The United Way of Southeastern Connecticut, Inc. maintains its books and records on the accrual basis. Under this method, pledges are recorded when made and expenses are recorded as incurred.

Financial Statement Presentation

The Organization follows the reporting requirements of GAAP, which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of donations and related expenses associated with the core activities of the Organization.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are for contributions for which donor-imposed restrictions have not been met in the year of receipt. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal or state income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

The Organization recognizes the tax benefit from uncertain tax positions when it is more-likely-than-not the position will be sustained upon examination by taxing authorities. As of June 30, 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. In the normal course of business, the Organization's tax filings are subject to examination by federal and state taxing authorities. The Organization's tax returns for the last three years remain open for examination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

Cash equivalents as used in the statement of cash flows are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash.

Prior Year Comparative Totals

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 and presents summarized totals only. Such total amounts do not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the comparative total amounts were derived.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Fair value is generally determined based on quoted prices in active markets. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities

Fair Values of Financial Instruments

The fair values of financial instruments have been determined through quoted market prices or present value techniques to approximate the amounts recorded in the statement of financial position.

Land, Building and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation of the Organization's assets is calculated using the straight-line method over the estimated useful lives of the assets ranging from five to thirty years.

Restricted Funds

The Organization's restricted net assets consist of funds discussed in note 7. As required by generally accepted accounting principles, net assets associated with restricted funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization classifies as restricted net assets (a) the original value of gifts donated to the restricted funds, (b) the original value of subsequent gifts to the restricted funds, and (c) accumulations to the restricted funds made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted funds is classified as net assets with donor restrictions until it is appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Connecticut UPMIFA which requires consideration of the following factors: (1) the duration and preservation of the restricted funds, (2) the purposes of the Organization and the restricted funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policy.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Management has evaluated subsequent events through September 23, 2020, the date which the financial statements were available for issue.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation and the National Credit Union Administration up to \$250,000. At year end cash balances exceeded this amount by \$28,592.

3. INVESTMENTS

The Investment Policy Statement sets an investment objective of preserving the long-term, real (inflation adjusted) value of invested assets, while providing access to a relatively stable stream of distributions in support of the Organization. These goals are expected to be achieved by means of diversified investments across and within multiple asset classes. Investment allocation target ranges are set at 50% - 70% for equities, 30% - 50% for fixed income, and 0% - 15% for alternative investments. Performance is assessed on a regular basis against benchmarks, and evaluated over a long-term investment horizon. The Organization retains an investment advisor to assist the Investment Committee with implementation of the Policy, including asset allocations selection of investment managers, and performance monitoring and evaluation.

Generally accepted accounting principles establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure the fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities where the organization has the ability to access at the measurement date;

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

3. INVESTMENTS (Continued)

Level 2 – Significant other observable inputs other than quoted prices included in level 1, which are observable for the asset or liability, either directly or indirectly (i.e. quoted prices in inactive markets, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency);

Level 3 – Unobservable inputs are used to the extent that observable inputs are unavailable due to little, if any, market activity for the asset or liability. Unobservable inputs are developed based on the best information available, which might include the organization’s own data that reflects assumptions that market participants would use in pricing the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the investments’ fair values as June 30, 2020:

	Fair Value	Level 1	Level 2	Level 3
Cash	\$ 81,542	\$ 81,542		
Savings and time deposits	499,599	499,599		
Fixed Income	673,288	673,288		
Equities	2,955,985	2,955,985		
Government Securities	850,466	850,466		
Alternative Investment	<u>(4,717)</u>	<u>(4,717)</u>		
Investments	\$5,056,163	\$5,056,163		
Beneficial Interest in Perpetual Trust	\$ 146,422		\$ 146,422	
Beneficial Interest in assets held by Community Foundation	\$ 178,715			\$ 178,715

4. LAND, BUILDING AND EQUIPMENT

A summary of land, building, and equipment is as follows:

Land and building	\$ 3,013,242
Equipment and vehicle	885,518
	3,898,760
Accumulated Depreciation	<u>(1,974,755)</u>
	<u>\$ 1,924,017</u>

5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Community Foundation of Southeastern Connecticut and the United Way of Southeastern Connecticut, Inc. entered into an agreement dated November 22, 1993, which created the United Way Fund (the Fund). The Fund is co-mingled and invested with the Community Foundation's pool of assets. The Fund is subject to the Community Foundation's investment guidelines and spending rule and is restricted to benefit the United Way of Southeastern Connecticut, Inc.

The funds were deposited into the Community Foundation's pool of assets. The United Way's contributions through 2020 were \$117,083. The market value of the Fund at June 30, 2020, was \$178,715.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

6. MORTGAGE PAYABLE

Mortgage note payable in monthly installments of \$3,941. Interest rate is a five-year adjustable with a current rate of 4.06%. The mortgage is due in full in 2023. The mortgage is secured by real estate of the Organization at 283 Stoddards Wharf Road, Gales Ferry, CT with a net book value of \$946,154.

\$ 148,404

Maturities on long-term debt are as follows:

2021	\$ 42,212
2022	43,958
2023	45,776
2024	16,458

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with restrictions are available for the following purposes or periods:

2020 Campaign	\$ 1,692,577
Funders Table for ending homelessness	10,520
End Homelessness Fund	9,634
Labor Relations	11,468
Community Coalition for Children	14,725
Permanent Fund Appreciation	21,694
Smyser Perpetual Trust	146,422
General Endowment	48,208
	<u>\$ 1,955,248</u>

8. BOARD DESIGNATED NET ASSETS

Smith Fund

Mr. & Mrs. Laurence Smith's initial contribution to the United Way Pooled Income Fund was \$15,000, which was made in 1990. From 1997 to 2006, they contributed an additional \$1.5 million to this fund. In the fall of 2006, Mr. & Mrs. Smith renounced their right to the interest income in this fund, which gives United Way the control over this fund. At the end of 2006, the trust fund was officially transferred to United Way and was named the Smith Fund.

Dorothy Hunter Fund

In 1990, the United Way received \$514,000 from the Estate of Dorothy R. Hunter. There were no restrictions on the fund. In 1993, United Way transferred \$114,000 out of this fund to the Community Foundation of Southeastern CT to establish an endowment fund.

Gilman Fund

Mrs. Edna G. Gilman was an active supporter of United Way starting in 1962. Her services to United Way ranged from Allocation Committee member to United Way Board Chair. In recognizing Mrs. Gilman's services to this community, the Gilman Fund was established in her memory.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

8. BOARD DESIGNATED NET ASSETS (Continued)

Heritage Fund

This is a memorial fund. United Way receives donations from the public in memory of their loved ones and the funds are used at the discretion of the Board.

The above Funds are intended to support the following purposes, as well as any others that may be identified and approved by the Board of Directors:

- providing financial stability during times when expenses exceed revenue, but are not intended to support normal operating expenses on an ongoing basis;
- funding the cost of capital expenditure projects, such as the addition or replacement of major equipment and vehicles and the renovation or modification of facilities; and
- funding of special programs, as identified and approved by the Board, to address an immediate and urgent need that cannot be covered within the approved operating budget.

9. CONTRIBUTIONS

Contributions valued at \$415,191 were collected through special fund raising activities. These fundraisers are independent of the United Way's Annual Campaign and include contributions for the food center, project warm-up, loaned employees fund, and various other projects.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund raising campaigns, however, only those services meeting the criteria for recording were included in the Statement of Activities.

10. AVAILABILITY OF FINANCIAL ASSETS

The following reflects United Way's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalents	\$ 1,633,876
Pledges receivable	<u>1,605,853</u>
	<u>\$ 3,239,729</u>

As part of United Way of Southeastern Connecticut, Inc.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although United Way of Southeastern Connecticut, Inc. does not intend to spend from any other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process amounts from other sources could be made available if necessary.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

11. DIRECT PROGRAMS

End Homeless	\$ 385,105
Neighbors for Neighbors	33,609
Project Warm-Up	12,377
New Capacities	62,332
Labor Relations	15,139
Community Coalition for Children	9,579
Other assistance	1,434
Individual Development Acct	2,000
CT Alice	300
Wells Fargo Initiatives	<u>42,856</u>
	<u>\$ 564,731</u>

12. FOOD BANK

The food bank received 2,033,302 pounds of food in 2020. The estimated value of those items recorded in the financial statements is \$3,259,082. The Organization uses the Feeding America's price per pound to calculate the value of the donated food.

13. PAYCHECK PROTECTION PROGRAM (PPP)

On April 30, 2020, the Organization received loan proceeds from Chelsea Groton Bank in the amount of \$331,346, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a note dated April 30, 2020 issued by the bank, matures on April 30, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 30, 2020. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan and accrued interest are forgivable as long as the funds are used for eligible purposes, including payroll costs, health care benefits, rent, and utilities. The Organization intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The Organization has chosen to record the activity as a loan until (1) the loan is, in part or wholly, forgiven and the Organization is legally released from the obligation, or (2) the Organization pays off the loan to the creditor.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
SCHEDULE OF DESIGNATIONS AND ALLOCATIONS TO AGENCIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Targeted Care Designation</u>	<u>Designations Through United Way</u>	<u>Allocations</u>	<u>Total</u>
Alliance for Living	\$ -	\$ 1,901	\$ 75,211	\$ 77,112
American Red Cross	-	903	30,000	30,903
ARC/New London County	14	3,814	43,792	47,620
Catholic Charities	-	8,700	114,682	123,382
Child and Family Agency	108	990	350,370	351,468
Connecticut Legal Services	14	760	25,492	26,266
Covenant Shelter	-	2,574	48,363	50,937
Drop in Learning Center	-	796	72,563	73,359
Higher Edge	54	106	13,743	13,903
Jewish Federation	-	707	10,984	11,691
Madonna Place	68	4,762	129,299	134,129
Martin House	14	4,724	116,108	120,846
New London Homeless Hospitality	-	713	16,413	17,126
Opportunities Industrialization Center	56	486	80,437	80,979
Pawcatuck Neighborhood Center	-	10,955	37,506	48,461
Riverfront Children's Center	54	2,801	127,473	130,328
Safe Futures	68	5,947	153,123	159,138
S.C.A.D.D	-	2,003	90,180	92,183
Sound Community Services	-	-	34,476	34,476
Thames River Community Service	14	9,165	75,183	84,362
The Lighthouse Voc-Ed Center	-	54	16,129	16,183
T.V.C.C.A.	54	1,294	27,421	28,769
United Community and Family Services	-	444	331,041	331,485
United Cerebral Palsy Of Eastern Connecticut	14	1,922	31,077	33,013
United Way 2-1-1	-	225	40,396	40,621
Visiting Nurses Assoc. of Southeastern Connecticut	-	6,119	113,103	119,222
Designations to Other Non-Profit Organizations	-	128,671	-	128,671
TOTAL	<u>\$ 532</u>	<u>\$ 201,536</u>	<u>\$ 2,204,565</u>	<u>\$ 2,406,633</u>

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
SCHEDULE OF CHANGES IN BOARD DESIGNATED NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Allocations/ Transfers from Other Funds (Net)	Realized Gain(loss)	Unrealized Gain(loss)	Investment Income and Donations	Direct Fund Expenses	Program Expenses or Fund Release	Balance June 30, 2020
BOARD DESIGNATED NET ASSETS (note 8)								
Smith Fund	\$ 3,016,378	\$ (255,021)	\$ (75,738)	\$ 78,681	\$ 76,833	\$ (28,980)	(44,371)	\$ 2,767,782
Dorothy Hunter Fund	891,610	(75,381)	(21,144)	21,966	20,954	(7,904)	(13,116)	816,985
Capital Expenditures Fund	-	265,830	-	-	-	-	(265,830)	-
Gilman Fund	73,345	-	(1,298)	1,348	1,164	(439)	-	74,120
Heritage Fund	26,828	-	-	-	-	-	-	26,828
Community Foundation-The United Way Fund	174,236	-	4,480	-	-	-	-	178,716
TOTAL	\$ 4,182,397	\$ (64,572)	\$ (93,700)	\$ 101,995	\$ 98,951	\$ (37,323)	(323,317)	\$ 3,864,430

See notes to financial statements.