

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

FINANCIAL STATEMENTS

JUNE 30, 2021

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

September 9, 2021

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR 2020

	Net Assets Without		Net Assets With		Totals			
	Donor Restrictions		Donor Restrictions		2021	2020		
ASSETS								
Cash-checking	\$	841,242	\$	113,668	\$	954,910	\$	877,227
Cash-savings		425,119		-		425,119		756,649
Total cash		1,266,361		113,668		1,380,029		1,633,876
Investments (note 3)		6,219,894				6,219,894		5,056,163
Pledges receivable (net of allowance for uncollectibles of \$132,301)		-		1,960,536		1,960,536		1,596,920
Grants receivable		242,093				242,093		-
Prepaid expenses		6,655				6,655		8,933
Land, building and equipment (net) (note 4)		1,912,337		-		1,912,337		1,924,017
Beneficial Interest in Perpetual Trust (note 3)		-		182,831		182,831		146,422
Beneficial Interest in assets held by Community Foundation (note 3 & 5)		209,553		-		209,553		178,715
TOTAL ASSETS	\$	9,856,893	\$	2,257,035	\$	12,113,928	\$	10,545,046
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts payable	\$	105,985	\$	-	\$	105,985	\$	46,354
Deferred revenue		354,908		-		354,908		-
Paycheck Protection Program Loan (note 12)		331,345		-		331,345		331,346
Donor directed allocations payable		-		93,718		93,718		162,860
Mortgage payable		-		-		-		148,404
TOTAL LIABILITIES		792,238		93,718		885,956		688,964
NET ASSETS								
Without donor restrictions								
Available for general activities		1,919,219		-		1,919,219		2,113,994
Invested in land, building, and equipment		1,912,337		-		1,912,337		1,924,017
Board designated (note 7)		5,233,099		-		5,233,099		3,864,430
With donor restrictions		-		2,163,317		2,163,317		1,953,641
TOTAL NET ASSETS		9,064,655		2,163,317		11,227,972		9,856,082
TOTAL LIABILITIES AND NET ASSETS	\$	9,856,893	\$	2,257,035	\$	12,113,928	\$	10,545,046

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR 2020

	Net Assets		Net Assets With Donor Restrictions	Totals	
	Without Donor Restrictions Undesignated	Designated		2021	2020
SUPPORT AND REVENUE					
Annual Campaign results	\$ 284,297	\$ -	\$ 4,021,213	\$ 4,305,510	\$ 4,181,752
Less: amount designated by donors for specific organizations	-	-	(178,492)	(178,492)	(233,691)
Allowance for uncollectibles	-	-	(132,301)	(132,301)	(422,509)
Total Annual Campaign	<u>284,297</u>	<u>-</u>	<u>3,710,420</u>	<u>3,994,717</u>	<u>3,525,552</u>
Food Center revenue	3,332,567	-	-	3,332,567	3,747,308
Contributions (note 8)	394,701	-	25,200	419,901	448,170
Administrative fees retained on amounts designated and programs	94,502	-	-	94,502	60,601
Grants	493,014	-	20,000	513,014	425,257
Net Investment income	134,643	1,136,725	36,410	1,307,778	158,681
Net assets released from restriction:					
Expiration of time restriction	36,192	-	(36,192)	-	-
Purpose restriction accomplished	<u>3,546,162</u>	<u>-</u>	<u>(3,546,162)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	8,316,078	1,136,725	209,676	9,662,479	8,365,569
ALLOCATIONS AND EXPENSES					
Allocations to agencies (page 16)	\$ 2,040,077	\$ -	\$ -	\$ 2,040,077	\$ 2,204,565
Food center	4,069,266	-	-	4,069,266	4,170,019
Community investment	224,739	-	-	224,739	304,978
Direct programs	673,261	-	-	673,261	564,731
Total Direct Support	<u>7,007,343</u>	<u>-</u>	<u>-</u>	<u>7,007,343</u>	<u>7,244,293</u>
Campaign	514,652	-	-	514,652	510,999
Marketing	158,107	-	-	158,107	153,854
Administration	567,320	43,167	-	610,487	501,368
TOTAL ALLOCATIONS AND EXPENSES	8,247,422	43,167	-	8,290,589	8,410,514
CHANGE IN NET ASSETS	68,656	1,093,558	209,676	1,371,890	(44,945)
Transfer between funds	(275,111)	275,111	-	-	-
NET ASSETS, BEGINNING	4,038,011	3,864,430	1,953,640	9,856,082	9,901,027
NET ASSETS, ENDING	<u>\$ 3,831,556</u>	<u>\$ 5,233,099</u>	<u>\$ 2,163,316</u>	<u>\$ 11,227,972</u>	<u>\$ 9,856,082</u>

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
AS OF JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR 2020

	PROGRAMS			OPERATIONS			TOTALS	
	Food Center	Community Investment	Direct Programs	Campaign	Marketing	Administration	2021	2020
Salaries	\$ 480,152	\$ 111,562	\$ -	\$ 326,172	\$ 71,363	\$ 354,140	\$ 1,343,389	\$ 1,260,187
Benefits and taxes	194,055	29,173	-	80,689	19,247	100,635	423,799	390,740
TOTAL SALARY EXPENSES	674,207	140,735	-	406,861	90,610	454,775	1,767,188	1,650,927
Office expenses	3,369	2,624	-	2,624	656	2,750	12,023	9,043
Postage	77	1,276	-	3,337	-	1,271	5,961	4,498
Staff and volunteer expenses	2,628	1,761	-	4,804	429	2,775	12,397	23,437
Staff training and conferences	930	-	-	-	-	-	930	1,427
Campaign	-	-	-	9,951	-	-	9,951	14,950
Marketing and ads	150	-	-	-	46,330	-	46,480	46,313
Telephone	7,093	3,099	-	3,099	775	3,099	17,165	15,016
Utilities	43,784	7,533	-	7,533	1,886	7,533	68,269	66,209
Building maintenance	60,311	11,046	-	11,046	2,761	11,046	96,210	69,625
Equipment maintenance	10,619	13,632	-	8,271	652	3,808	36,982	39,629
Auto expenses	16,997	74	-	74	-	74	17,219	15,736
Insurance expense	25,684	4,904	-	4,904	1,226	4,904	41,622	39,444
Professional fees	12,312	11,236	-	11,236	2,808	73,201	110,793	98,400
Mortgage interest expense	-	1,749	-	1,749	437	1,749	5,684	8,926
Depreciation expense	103,143	17,089	-	17,089	4,272	17,089	158,682	140,757
UWW dues	9,070	7,258	-	20,073	4,788	24,019	65,208	44,669
UW of CT dues	905	723	-	2,001	477	2,394	6,500	6,500
Food donated (note 11)	2,787,696	-	-	-	-	-	2,787,696	3,259,082
Food purchased	302,445	-	-	-	-	-	302,445	71,877
Direct mailing expenses	-	-	-	-	-	-	-	4,605
Mobile pantry expense	6,429	-	-	-	-	-	6,429	9,376
Miscellaneous	1,417	-	-	-	-	-	1,417	770
Direct program support (note 11)	-	-	673,261	-	-	-	673,261	564,731
TOTAL FUNCTIONAL EXPENSES	\$4,069,266	\$ 224,739	\$ 673,261	\$ 514,652	\$ 158,107	\$ 610,487	\$ 6,250,512	\$6,205,947

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, 2021
WITH COMPARATIVE TOTALS FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,371,890	\$ (44,945)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	158,682	140,757
Realized/unrealized (gains) losses	(1,091,035)	(7,771)
Forgiveness of PPP loan	(331,346)	-
(Increase) decrease in operating assets		
Pledges receivable	(363,616)	376,377
Grants receivable	(242,093)	-
Prepaid expenses	2,278	-
Increase (decrease) in operating liabilities		
Accounts payable	59,631	(3,164)
Deferred revenue	354,908	-
Donor directed allocations payable	(69,142)	35,624
	<u>(149,843)</u>	<u>496,878</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(149,843)	496,878
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	2,445,867	2,188,258
Purchase of investments	(2,585,810)	(2,986,618)
Payments made on mortgage	(148,404)	(39,692)
Payments for building improvements and equipment	(147,002)	(378,561)
	<u>(435,349)</u>	<u>(1,216,613)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(435,349)	(1,216,613)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Payroll Protection Program	<u>331,345</u>	<u>331,346</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>331,345</u>	<u>331,346</u>
 CHANGE IN CASH	(253,847)	(388,389)
 CASH - BEGINNING	<u>1,633,876</u>	<u>2,022,265</u>
 CASH - ENDING	<u><u>\$ 1,380,029</u></u>	<u><u>\$ 1,633,876</u></u>

Cash paid for interest during 2021 was \$5,685.

See notes to financial statements.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021

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, 2021, 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, 2021

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 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021 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, 2020, 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, 2021

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 9, 2021, 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 \$138,761.

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, 2021

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, 2021:

	Fair Value	Level 1	Level 2	Level 3
Cash	\$ 497,569	\$ 497,569		
Equities	4,041,745	4,041,745		
Fixed Income	1,630,572	1,630,572		
Alternative Investment	50,008	50,008		
Investments	<u>\$6,219,894</u>	<u>\$6,219,894</u>		
Beneficial Interest in Perpetual Trust	\$ 182,831		\$ 182,831	
Beneficial Interest in assets held by Community Foundation	\$ 209,553			\$ 209,553

4. LAND, BUILDING AND EQUIPMENT

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

Land and building	\$ 3,153,169
Equipment and vehicle	<u>892,593</u>
	4,045,762
Accumulated Depreciation	<u>(2,133,425)</u>
	<u>\$ 1,912,337</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 2021 were \$117,083. The market value of the Fund at June 30, 2021, was \$209,553.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021

6. NET ASSETS WITH DONOR RESTRICTIONS

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

2020 Campaign	\$ 1,855,210
Funders Table for ending homelessness	20,807
End Homelessness Fund	9,634
Labor Relation	14,589
Community Coalition for Children	10,324
Fund Appreciation	<u>21,694</u>
	<u>\$ 1,932,258</u>

Permanently restricted net assets are as follows:

Smyser Perpetual Trust	\$ 182,832
General Endowment	<u>48,208</u>
	<u>\$ 231,040</u>

Net assets were released from restriction during the year to satisfy their purpose or time restriction as follows:

2019 Campaign	\$ 1,692,577
Funders Table for ending homelessness	9,713
End Homelessness Fund	9,634
Labor Relations	11,467
Community Coalition for Children	<u>5,377</u>
Total	<u>\$ 1,728,768</u>

7. 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.

UNITED WAY OF SOUTHEASTERN CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021

7. BOARD DESIGNATED NET ASSETS (Continued)

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.

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.

8. CONTRIBUTIONS

Contributions valued at \$419,901 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.

9. 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	\$ 1,380,029
Pledges receivable	<u>1,960,536</u>
	<u>\$ 3,340,565</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, 2021

10. DIRECT PROGRAMS

End Homeless	\$ 502,729
CT ALICE	100,983
Project Warm-Up	8,505
New Capacities	21,641
Labor Relations	21,980
Community Coalition for Children	5,377
Other assistance	6,047
Individual Development Acct	6,000
	\$ 673,362

11. FOOD CENTER

The food center received 1,602,124 pounds of food in 2021. The estimated value of those items recorded in the financial statements is \$2,787,696. The Organization uses the Feeding America's price per pound to calculate the value of the donated food.

12. PAYCHECK PROTECTION PROGRAM (PPP)

On April 29, 2021, the Organization received loan proceeds from Chelsea Groton Savings Bank in the amount of \$331,346, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The loan was in the form of a note dated April 29, 2021 issued by the bank. The Organization applied for and has been notified that \$331,346 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Loan forgiveness is reflected in government grants in the accompanying statements of activities.

On March 19, 2021, the Organization received loan proceeds from Chelsea Groton Savings Bank in the amount of \$331,345, pursuant to the Second Draw Paycheck Protection Program under section 311 of the Economic Aid to Hard-Hit Small Business, Nonprofits, and Venues Act (the "Economic Aid Act").

The loan, which was in the form of a note dated March 19, 2021 issued by the bank, matures on March 19, 2026 and bears interest at a rate of 1.00% per annum. The note may be prepaid by the Organization at any time prior to maturity. Funds from the loan and accrued interest are forgivable as long as the funds are used for eligible purposes. The Organization intends to use the entire loan amount for qualifying expenses.

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, 2021

	Designations Through United Way	Allocations	Total
Alliance for Living	\$ 2,179	\$ 75,253	\$ 77,432
American Red Cross	3,690	15,000	18,690
ARC/New London County	5,264	45,869	51,133
Catholic Charities	5,944	43,555	49,499
Child and Family Agency	2,938	351,120	354,058
Connecticut Legal Services	677	26,729	27,406
Covenant Shelter	1,840	49,554	51,394
Higher Edge	70	11,868	11,938
Jewish Federation	954	12,684	13,638
Madonna Place	7,976	128,133	136,109
Martin House	6,066	115,594	121,660
New London Homeless Hospitality	2,050	15,402	17,452
Pawcatuck Neighborhood Center	11,483	37,603	49,086
Riverfront Children's Center	3,927	128,379	132,306
Safe Futures	11,115	149,437	160,552
S.C.A.D.D	3,494	90,428	93,922
Sound Community Services	61	34,800	34,861
Thames River Community Service	9,378	76,154	85,532
The Center A Drop in Community Program	-	71,971	71,971
The Lighthouse Voc-Ed Center	70	14,233	14,303
T.V.C.C.A.	3,962	27,262	31,224
United Community and Family Services	679	333,868	334,547
United Cerebral Palsy of Eastern Connecticut	2,297	30,823	33,120
United Way 2-1-1	730	40,162	40,892
Visiting Nurses Assoc. of Southeastern Connecticut	8,199	114,196	122,395
Designations to Other Non-Profit Organizations	138,648	-	138,648
TOTAL	\$ 233,691	\$ 2,040,077	\$ 2,273,768

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, 2021

	Balance July 1, 2020	Allocations/ Transfers from Other Funds (Net)	Realized/ Unrealized Gain(loss)	Investment Income and Donations	Direct Fund Expenses	Program Expenses or Fund Release	Balance June 30, 2021
BOARD DESIGNATED NET ASSETS (note 8)							
Smith Fund	\$ 2,767,781	\$ -	\$ 726,711	\$ 71,446	\$ (31,185)	-	\$ 3,534,753
Dorothy Hunter Fund	816,985	-	202,814	19,940	(8,703)	-	1,031,036
Gilman Fund	74,120	-	16,164	1,589	(694)	-	91,179
McKenna Fund	-	275,111	60,230	6,993	(2,585)	-	339,749
Community Foundation-The United Way Fund	178,716	-	-	30,838	-	-	209,554
Heritage Fund	26,828	-	-	-	-	-	26,828
TOTAL	\$ 3,864,430	\$ 275,111	\$ 1,005,919	\$ 130,806	\$ (43,167)	-	\$ 5,233,099

See notes to financial statements.