

**United Way, Inc. d/b/a
United Way of Central and
Northeastern Connecticut**

**Financial Statements and
Independent Auditor's Report**

June 30, 2014 and 2013

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

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Independent Auditor's Report

To the Board of Directors
United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut

We have audited the accompanying financial statements of United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, cash flows and functional expenses 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 of 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 from 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, Inc. d/b/a United Way of Central and Northeastern Connecticut as of June 30, 2014, 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, Inc. d/b/a United Way of Central and Northeastern Connecticut's financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Glastonbury, Connecticut
November 12, 2014

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut
Statement of Financial Position
June 30, 2014
(With comparative totals for 2013)

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Assets					
Assets:					
Cash and cash equivalents	\$ 2,942,585	\$ -	\$ -	\$ 2,942,585	\$ 3,050,902
Due from (to) other funds	(342,807)	342,807	-	-	-
Prepaid expenses and other assets	158,367	-	-	158,367	156,592
Pledges receivable, net	7,213,049	500	-	7,213,549	8,070,513
Other receivables	151,185	-	-	151,185	329,683
Investments	15,673,747	-	1,241,820	16,915,567	15,483,278
Investments held in trust by others	-	-	6,869,123	6,869,123	6,325,957
Property and equipment, net	1,627,818	-	-	1,627,818	1,779,008
Total assets	\$ 27,423,944	\$ 343,307	\$ 8,110,943	\$ 35,878,194	\$ 35,195,933
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 465,864	\$ -	\$ -	\$ 465,864	\$ 596,667
Campaign support due to Community Health Charities	764,388	-	-	764,388	1,850,644
Agency program support payable	8,104,752	-	-	8,104,752	8,423,482
Donor designations payable	3,507,530	-	-	3,507,530	3,364,562
Grants payable	1,474,157	-	-	1,474,157	1,716,919
Total liabilities	14,316,691	-	-	14,316,691	15,952,274
Commitments and contingencies					
Net assets:					
Unrestricted	13,107,253	-	-	13,107,253	11,212,710
Temporarily restricted	-	343,307	-	343,307	463,172
Permanently restricted	-	-	8,110,943	8,110,943	7,567,777
Total net assets	13,107,253	343,307	8,110,943	21,561,503	19,243,659
Total liabilities and net assets	\$ 27,423,944	\$ 343,307	\$ 8,110,943	\$ 35,878,194	\$ 35,195,933

See Notes to Financial Statements.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut
Statement of Activities
Year Ended June 30, 2014
(With comparative totals for 2013)**

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Public support and revenue:				
Campaign amounts raised	\$ 24,249,974	\$ 100,090	\$ -	\$ 24,350,064
Add:				
Contributions from other United Way campaigns, net of donor designations	375,337	-	-	375,337
Less:				
Uncollectible pledges	(900,191)	-	-	(900,191)
Community Health Charities' share of campaign proceeds	(1,164,392)	-	-	(1,164,392)
Amounts designated by donors	(10,753,677)	-	-	(10,753,677)
Net assets released from restrictions	219,955	(219,955)	-	-
Campaign revenue, net	<u>12,027,006</u>	<u>(119,865)</u>	<u>-</u>	<u>11,907,141</u>
Other revenue:				
Investment income, net of fees of \$25,000 and \$25,020	450,111	-	-	450,111
Income from trusts held by others	405,891	-	-	405,891
Community grants, initiatives and service income	304,628	-	-	304,628
Administrative fees on amounts raised on behalf of others	271,680	-	-	271,680
Rental income	96,018	-	-	96,018
Gifts in-kind	124,008	-	-	124,008
Legacies and bequests	94,632	-	-	94,632
Miscellaneous/other revenue	321,630	-	-	321,630
Total other revenue	<u>2,068,598</u>	<u>-</u>	<u>-</u>	<u>2,068,598</u>
Total public support and revenue	<u>14,095,604</u>	<u>(119,865)</u>	<u>-</u>	<u>13,975,739</u>
				<u>13,361,791</u>

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut
Statement of Activities
Year Ended June 30, 2014
(With comparative totals for 2013)**

	2014			2013 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
Community Investment and services:					
Community support and gross funds distributed	\$ 19,668,069	\$ -	\$ -	\$ 19,668,069	\$ 22,024,282
Less: Community Health Charities' share of campaign proceeds	(1,164,392)	-	-	(1,164,392)	(2,817,314)
Amounts designated by donors	(10,753,677)	-	-	(10,753,677)	(11,106,968)
Community Investment (program support)	7,750,000	-	-	7,750,000	8,100,000
Grants and initiatives	404,628	-	-	404,628	454,062
Community Investment services	1,591,629	-	-	1,591,629	1,351,146
Total Community Investment and program services	9,746,257	-	-	9,746,257	9,905,208
Support services:					
Resource development	2,599,880	-	-	2,599,880	2,625,649
Management and general	1,373,229	-	-	1,373,229	1,361,037
Total support services	3,973,109	-	-	3,973,109	3,986,686
Total Community Investment and program services and support services	13,719,366	-	-	13,719,366	13,891,894
Operating income (deficit)	376,238	(119,865)	-	256,373	(530,103)
Nonoperating revenue and expenses:					
Realized gain on sale of investments	625,441	-	-	625,441	850,345
Change in unrealized gain on investments	733,348	-	-	733,348	106,025
Change in investments held in trust by others	-	-	543,166	543,166	271,676
Pension related changes other than net periodic pension cost	159,516	-	-	159,516	348,684
Change in net assets	1,894,543	(119,865)	543,166	2,317,844	1,046,627
Net assets, beginning of year	11,212,710	463,172	7,567,777	19,243,659	18,197,032
Net assets, end of year	<u>\$ 13,107,253</u>	<u>\$ 343,307</u>	<u>\$ 8,110,943</u>	<u>\$ 21,561,503</u>	<u>\$ 19,243,659</u>

See Notes to Financial Statements.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut
Statement of Cash Flows
Year Ended June 30, 2014
(With comparative totals for 2013)**

	2014	2013
Operating activities:		
Change in net assets	\$ 2,317,844	\$ 1,046,627
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	218,835	249,874
Decrease in allowance for uncollectible pledges	(7,977)	(211,969)
Change in unrealized gain on investments	(733,348)	(106,025)
Realized gain on sale of investments	(625,441)	(850,345)
Change in investments held in trust by others	(543,166)	(271,676)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,775)	65,872
Pledges receivable	864,941	383,504
Other receivables	178,498	(145,944)
Accounts payable and accrued expenses	(130,803)	(294,995)
Campaign support due to Community Health Charities	(1,086,256)	(29,731)
Agency program support payable	(318,730)	(365,422)
Donor designations payable	142,968	(268,126)
Grants payable	(242,762)	(342,054)
Net cash provided by (used in) operating activities	32,828	(1,140,410)
Investing activities:		
Purchases of property and equipment, net	(67,645)	(35,432)
Proceeds from sales of investments	9,368,136	6,603,772
Purchases of investments	(9,441,636)	(6,803,675)
Net cash used in investing activities	(141,145)	(235,335)
Net decrease in cash and cash equivalents	(108,317)	(1,375,745)
Cash and cash equivalents, beginning of year	3,050,902	4,426,647
Cash and cash equivalents, end of year	\$ 2,942,585	\$ 3,050,902

See Notes to Financial Statements.

United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut
Statement of Functional Expenses
Year Ended June 30, 2014
(With comparative totals for 2013)

	2014				2013 Total
	Community Investment Services	Support Services		Total	
		Resource Development	Management and General		
Salaries	\$ 864,090	\$ 1,229,972	\$ 489,005	\$ 2,583,067	\$ 2,363,279
Employee benefits	202,188	352,051	265,615	819,854	813,663
Temporary help	11,746	101,703	28,382	141,831	156,709
Total salaries and related expenses	<u>1,078,024</u>	<u>1,683,726</u>	<u>783,002</u>	<u>3,544,752</u>	<u>3,333,651</u>
Promotions	49,177	230,085	-	279,262	311,284
Other professional fees	30,220	133,831	26,762	190,813	160,855
Dues and support to United Way Worldwide	67,458	116,128	73,079	256,665	255,015
Supplies, printing and production	6,259	122,138	5,193	133,590	119,980
Occupancy	187,894	63,399	105,776	357,069	321,319
Depreciation	68,394	23,162	127,279	218,835	249,874
Rental and maintenance of equipment	18,183	22,116	13,902	54,201	53,146
Insurance	22,883	7,750	58,687	89,320	79,505
Equipment, hardware and software	31,433	43,426	14,935	89,794	129,477
Postage and shipping	752	24,274	13,366	38,392	43,252
Meetings, travel and staff development	10,472	19,466	9,087	39,025	34,422
Volunteer and agency development	336	3,473	4,481	8,290	10,280
Telephone	7,951	12,640	10,775	31,366	38,163
Dues, subscriptions and publications	647	5,069	17,199	22,915	26,034
Accounting fees	413	689	50,676	51,778	51,350
Legal fees	683	1,157	7,690	9,530	6,762
Management fees	4,570	1,548	2,582	8,700	8,700
Gifts in-kind	-	79,233	-	79,233	58,251
Miscellaneous and other	5,880	6,570	48,758	61,208	46,512
	<u>513,605</u>	<u>916,154</u>	<u>590,227</u>	<u>2,019,986</u>	<u>2,004,181</u>
 Total functional expenses	 <u>\$ 1,591,629</u>	 <u>\$ 2,599,880</u>	 <u>\$ 1,373,229</u>	 <u>\$ 5,564,738</u>	 <u>\$ 5,337,832</u>

See Notes to Financial Statements.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Notes to Financial Statements
June 30, 2014 and 2013**

Note 1 - Organization and summary of significant accounting policies

Organization and operation

United Way, Inc. d/b/a United Way of Central and Northeastern Connecticut ("UWCNCT" or "United Way") is a separate, independent non-profit organization, governed by a local volunteer board of directors. UWCNCT has been meeting human care needs in 40 towns across central and northeastern Connecticut since 1924. UWCNCT's mission is to engage people to improve lives and change community conditions. UWCNCT mobilizes people and organizations to give, advocate and volunteer to help children succeed, ensure families are healthy and financially secure and provide access to basic needs.

Through its annual community-wide campaign and other giving options, UWCNCT provides the opportunity for people in the community to support the causes and non-profit organizations important to them. Contributions are obtained primarily from local businesses, charitable foundations and individuals. Contributions to UWCNCT are tax-deductible within the limitations prescribed by law.

Management believes a donation directed to UWCNCT's *Community Investment* is the single best way to make a difference in our community. Through UWCNCT's *Community Investment*, donors' gifts are invested in programs and initiatives to ensure success for children, financial security for lower income families and basic needs are available in central and northeastern Connecticut. Programs funded through *Community Investment* are researched and monitored by knowledgeable volunteers who ensure that dollars are well spent to produce real results and that effective management, governance and financial accountability standards are upheld.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements report information regarding UWCNCT's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

Unrestricted - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted - Net assets whose use by UWCNCT is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of UWCNCT or that expire by the passage of time.

Permanently restricted - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by UWCNCT and stipulate the use of income and/or appreciation as either unrestricted or temporarily restricted based on donor-imposed stipulations or by operation of law.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Notes to Financial Statements
June 30, 2014 and 2013**

Contributions are recognized as revenue in the period received and recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Gains and losses on investments and other assets, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Expenses are reported as decreases in unrestricted net assets.

Summarized comparative information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the UWCNCT's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Functional expenses - UWCNCT categorizes its expenses to one of three functions as follows:

- Community Investment Services are the activities that result in goods and services being distributed to beneficiaries, customers and/or members that fulfill the mission of UWCNCT. This constitutes the total direct and allocable expenses from *Community Investment*, along with administration and support to its three regional advisory boards, community initiatives and neighborhood resources.
- Resource Development includes those expenses that are directly attributable to the fundraising efforts, including the marketing of the annual UWCNCT Community Campaign and the administration support and relationship services extended to donors.
- Management and general expenses provide for the overall support of UWCNCT.

Accordingly, certain costs have been allocated by management based on time records and the best available estimate of the percentage of each cost element applicable to each functional area.

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2014 and 2013**

Liquidity information

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their resulting use of cash.

Cash and cash equivalents

UWCNCT considers all short-term, highly liquid investments available for current use with a maturity of three months or less when acquired to be cash equivalents.

Investments

UWCNCT reports investments at their current fair value and reflects any gain or loss in the statement of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or by operation of law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value.

Endowment and spending policy

UWCNCT has adopted investment and spending policies for endowment assets that emphasize preservation of capital as the primary objective with a secondary objective being conservative growth. The policy is designed to preserve the real value of the investment reserves over time while providing a modest level of income for current operating needs. Funds are not intended to be used for campaign shortfalls and the spending policy is not mandatory. Endowment assets include those assets of donor-restricted funds that UWCNCT must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term objectives, UWCNCT relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWCNCT targets a broadly diversified asset allocation of investments to achieve its long-term return objectives within prudent risk constraints.

The Investment Spending Policy adopted by the Board of Directors allows for the withdrawal of up to 5% of the average investment portfolio balance of the preceding twenty quarters. The authorized withdrawal for the years ended June 30, 2014 and 2013 was \$400,000. The actual withdrawal for the years ended June 30, 2014 and 2013 was \$400,000 and \$300,000, respectively. The volunteer-approved spending policy withdrawal for fiscal year 2015 is \$500,000.

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2014 and 2013**

Campaign results

Campaign results are generally calculated on gross amounts raised for all campaign efforts within the 40-town region. UWCNCT counts all funds generated where it “manages” the workplace campaign and incurs the costs to do so, either from solicitation efforts made to and/or through corporate headquarters and/or branch locations within the central and northeastern Connecticut geographic area.

UWCNCT has the responsibility of processing a number of work place campaigns of companies having regional and/or national work locations and whose company headquarters is based in the Greater Hartford, Connecticut region. Recognizing that other local United Ways are primarily involved with the direct solicitation of these respective company locations, UWCNCT does not include the campaign results from these locations in the statement of activities. These campaign results are reflected on the local United Way’s financial statements.

For the Connecticut State Employees' Campaign, UWCNCT participates as a member federation. Campaign results designated to UWCNCT and to the certified partner agencies, from state facilities based in the Greater Hartford region, have been reflected in campaign amounts raised by UWCNCT in the accompanying statement of activities.

Property and equipment

UWCNCT capitalizes all expenditures for property and equipment in excess of \$1,000 with a useful life of three years or greater. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Estimated useful lives for financial reporting purposes are as follows:

Asset	Estimated Useful Lives
Building	31 years
Tenant improvements	10 - 15 years
Furniture, fixtures and equipment	3 - 5 years
Computer equipment and software	3 - 5 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

Donated materials and services

Donated materials and services are recorded at their estimated values at date of receipt. Community volunteers have donated significant amounts of time in assisting UWCNCT with its fundraising efforts and *Community Investment* programs. The dollar value of these contributed services is not reflected in the financial statements because the nature of the services does not meet the specified criteria for recording.

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2014 and 2013**

Gifts in-kind

UWCNCT receives in-kind contributions, which are recorded as revenue and related expense when received. In-kind contributions are reported at their estimated fair value and consist primarily of advertising.

Income taxes

UWCNCT was organized as a nonstock, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to Federal and state corporate income taxes.

UWCNCT has no unrecognized tax benefits at June 30, 2014 and 2013. UWCNCT's Federal and state information returns prior to fiscal year 2011 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If UWCNCT has unrelated business income taxes, UWCNCT will recognize interest and penalties associated with uncertain tax positions as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statement of financial position.

Gifts of long-lived assets

UWCNCT reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, UWCNCT reports expirations of donor restrictions of acquired long-lived assets when placed in service.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior year information has been reclassified to conform to the current year presentation.

Subsequent events

UWCNCT has evaluated events and transactions for potential recognition or disclosure through November 12, 2014, which is the date the financial statements were available to be issued (see Note 17).

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2014 and 2013**

Note 2 - Concentrations of credit risk

UWCNCT maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. UWCNCT has not experienced any loss in such accounts and believes that they are not exposed to any significant credit risk on cash and cash equivalents.

UWCNCT invests in various debt and equity securities. These investment securities are recorded at market value. Accordingly, the investment securities can fluctuate because of interest rates, reinvestment, credit and other risks depending on the nature of the specific investment. Therefore, it is at least reasonably possible that these factors will result in changes in the value of UWCNCT's investments which could materially affect amounts reported in the financial statements.

Note 3 - Pledges receivable and estimated allowance for uncollectible pledges

Pledges receivable, which are expected to be collected within one year, and the estimated allowance for uncollectible pledges, as of June 30, 2014 and 2013, are as follows:

	2014	2013
Gross pledges receivable:		
2012/13 Campaign	\$ -	\$ 8,976,809
2013/14 Campaign	8,111,368	-
2014/15 Campaign	500	-
Gross pledges receivable	8,111,868	8,976,809
Estimated allowance for uncollectible pledges:		
2012/13 Campaign	-	906,296
2013/14 Campaign	898,319	-
Total estimated allowance for uncollectible pledges	898,319	906,296
Pledges receivable, net	\$ 7,213,549	\$ 8,070,513

The majority of campaign pledges received by UWCNCT are honored via payroll deductions. These pledges are remitted to UWCNCT throughout the year by the individuals' employer.

The estimated allowance for uncollectible pledges is based upon a three year average of historical pledge loss factors adjusted by management's estimates of current economic and local business factors, applied to overall campaign activity. Initial reserve amounts are calculated (and recorded) on gross campaign amounts raised. Specific pledge amounts are written off when management has ascertained the amounts will not be collected. Otherwise, the overall outstanding campaign balance is reconciled and closed at a later date and time.

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2014 and 2013**

United Way Worldwide membership ("UWW") standards require the direct payment of donor directed gifts by the "*processing*" local United Way rather than having proceeds flow through the "*managing*" United Way of the workplace campaign. If no collection and payment detail is provided to UWCNCT by the campaign "processor" (another local United Way or a third-party agent contracted by the company for its campaign), these specific designated gifts are assumed to be collected (and disbursed) in full and are recorded accordingly as campaign revenue and amounts designated by donors.

Should the actual pledge loss from a campaign be less than or greater than the amount initially reserved, the difference is recorded in current year results.

An initial reserve of 3.6% was established for the 2012 campaign. Actual pledge loss for this campaign, based upon payment information received by UWCNCT inclusive of direct payments by others, was 3.8%. An initial reserve of 3.7% has been established for the 2013 campaign. For the 2010 through 2012 campaigns, the average rate of pledge loss was 3.7%.

Note 4 - Investments

UWCNCT values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

If an asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, UWCNCT utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value. There have been no changes in the methodologies used during fiscal years 2014 and 2013.

**United Way, Inc. d/b/a
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**Notes to Financial Statements
June 30, 2014 and 2013**

Financial assets carried at fair value at June 30, 2014 are classified in the table below in one of the three categories described above:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Domestic equities:				
Large Blend	\$ 1,380,002	\$ 1,380,002	\$ -	\$ -
Short term bond	6,590,985	6,590,985	-	-
Small/Mid Cap	3,304,968	3,304,968	-	-
International equities:				
Large Cap	1,084,996	1,084,996	-	-
Small/Mid Cap	717,471	717,471	-	-
Emerging Markets	367,638	367,638	-	-
Fixed income	3,453,303	3,453,303	-	-
Money market fund	16,204	16,204	-	-
Investments held in trust by others	6,869,123	-	-	6,869,123
Total assets at fair value	<u>\$ 23,784,690</u>	<u>\$ 16,915,567</u>	<u>\$ -</u>	<u>\$ 6,869,123</u>

Financial assets carried at fair value at June 30, 2013 are classified in the table below in one of the three categories described above:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Domestic equities:				
Large Cap	\$ 3,422,529	\$ 3,422,529	\$ -	\$ -
Small/Mid Cap	1,530,166	1,530,166	-	-
International equities:				
Large Cap	2,322,648	2,322,648	-	-
Small/Mid Cap	2,081,278	2,081,278	-	-
Emerging Markets	839,714	839,714	-	-
Fixed income	4,212,280	4,212,280	-	-
Money market fund	1,074,663	1,074,663	-	-
Investments held in trust by others	6,325,957	-	-	6,325,957
Total assets at fair value	<u>\$ 21,809,235</u>	<u>\$ 15,483,278</u>	<u>\$ -</u>	<u>\$ 6,325,957</u>

Changes in assets measured at fair value using level 3 inputs for the year ended June 30, 2014 are as follows:

	June 30, 2013	Net unrealized gains relating to assets held at the end of the year	Net purchases, sales, settlements	Net transfers in (out) of level 3	June 30, 2014
Investments held in trust by others	<u>\$ 6,325,957</u>	<u>\$ 543,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,869,123</u>

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Changes in assets measured at fair value using level 3 inputs for the year ended June 30, 2013 are as follows:

	June 30, 2012	Net unrealized losses relating to assets held at the end of the year	Net purchases, sales, settlements	Net transfers in (out) of level 3	June 30, 2013
Investments held in trust by others	\$ 6,054,281	\$ 271,676	\$ -	\$ -	\$ 6,325,957

Mutual funds and the money market fund are valued at the daily closing price as reported by the fund. Mutual funds and the money market fund held are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds and the money market fund are deemed to be actively traded. Investments held in trust by others are designated as level 3 instruments primarily because observable inputs are not readily available for their allocated portions of the portfolios, which are held by an unrelated party. The fair value is provided by management of the unrelated party and represents UWCNCT's pro rata share of the fair value of the underlying investments. The unrelated party provides UWCNCT with investment statements and valuations of its portion of the portfolios at year end. The fair value was obtained from a third-party without adjustments. As such, UWCNCT is not required to provide certain quantitative disclosures regarding the valuation methods used because they were unobtainable.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although UWCNCT believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

UWCNCT's policy is to recognize transfers in and transfers out of the various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended June 30, 2014 and 2013.

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Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2014:

	2014		
	Cost	Market	Unrealized Gains (Losses)
Mutual funds:			
Domestic equities:			
Large Blend	\$ 1,075,566	\$ 1,380,002	\$ 304,436
Short Term Bond	6,557,941	6,590,985	33,044
Small/Mid Cap	3,187,418	3,304,968	117,550
International equities:			
Large Cap	787,849	1,084,996	297,147
Small/Mid Cap	553,692	717,471	163,779
Emerging Markets	415,177	367,638	(47,539)
Fixed income	3,165,985	3,453,303	287,318
Money market fund	16,204	16,204	-
Totals	<u>\$ 15,759,832</u>	<u>\$16,915,567</u>	<u>\$ 1,155,735</u>

Fair values and unrealized gains and losses of investments are summarized as follows as of June 30, 2013:

	2013		
	Cost	Market	Unrealized Gains (Losses)
Mutual funds:			
Domestic equities:			
Large Cap	\$ 3,245,188	\$ 3,422,529	\$ 177,341
Small/Mid Cap	1,518,657	1,530,166	11,509
International equities:			
Large Cap	2,055,913	2,322,648	266,735
Small/Mid Cap	2,052,983	2,081,278	28,295
Emerging Markets	1,088,178	839,714	(248,464)
Fixed income	4,025,309	4,212,280	186,971
Money market fund	1,074,663	1,074,663	-
Totals	<u>\$ 15,060,891</u>	<u>\$15,483,278</u>	<u>\$ 422,387</u>

Investment amounts are summarized in the statement of financial position as follows:

	2014	2013
Unrestricted	<u>\$ 15,673,747</u>	<u>\$ 14,241,458</u>
Permanently restricted	<u>1,241,820</u>	<u>1,241,820</u>
	<u>\$ 16,915,567</u>	<u>\$ 15,483,278</u>

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The volunteers who make up the Investment Committee (a sub-committee of the Finance Committee) are charged with the responsibility for the management of the aggregate assets of the endowment of UWCNCT. The majority of these volunteers are professionals within the investment industry. Their primary long-term objective is to preserve the real (i.e. inflation adjusted) purchasing power of all invested funds, while producing a modest income stream for support of operations and programs of UWCNCT. To strengthen its fiduciary role, the Investment Committee utilizes the services of an independent consultant. The safekeeping of assets is maintained by a separate custodian.

Note 5 - Investments held in trust by others

Investments held in trust by others (and administered by a third-party trustee) represent the market values of UWCNCT's rights to split-interest agreements. The interest in these assets is carried as a permanently restricted net asset in the statement of financial position. The distributed income from these investments is recorded as unrestricted revenue when received, as there are no restrictions on the use of these funds. The fair value as of June 30, 2014 and 2013 was \$6,869,123 and \$6,325,957, respectively. The change in the carrying value of investments held in trust by others during the years ended June 30, 2014 and 2013 was an unrealized gain of \$543,166 and \$271,676, respectively.

Note 6 - Property and equipment

At June 30, 2014 and 2013, the cost of property and equipment, less accumulated depreciation, is as follows:

	2014	2013
Building and land	\$ 3,092,454	\$ 3,050,732
Tenant improvements	98,643	98,643
Furniture, fixtures and equipment	106,250	96,375
Computer equipment and software	734,859	718,811
	4,032,206	3,964,561
Less accumulated depreciation	(2,404,388)	(2,185,553)
	<u>\$ 1,627,818</u>	<u>\$ 1,779,008</u>

Note 7 - Community campaign partnership

In 1983, UWCNCT signed an agreement with the organization presently called Community Health Charities of New England ("CHC"). Under the terms of this agreement, revised in 2000 by a memorandum of understanding, the UWCNCT Community Campaign would be conducted as a joint solicitation effort, with the intention of providing the donor community with a single campaign through which contributions can be made to the region's major social and health service providers. CHC's member network is comprised of nationally recognized health agencies. This agreement establishes a schedule for the sharing of campaign receipts between the two organizations, which calls for 20% of the adjusted gross campaign receipts (as defined) to be distributed to CHC.

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A new campaign sharing agreement was reached between the parties and approved by their respective Boards in June 2013. Under this agreement, which replaces the previous agreement beginning with the 2013 Campaign, CHC will receive 100% of funds designated to them and their member and associate agencies (less any such designations paid directly by third parties) plus a proportionate share of funds designated to United Way's Community Investment and select Interest Areas. In addition, CHC will no longer be responsible for paying any costs of the campaign. During the years ended June 30, 2014 and 2013, for the 2013 and 2012 campaigns, the amounts shared with CHC were \$1,162,528 and \$2,823,507, respectively.

UWCNCT is solely responsible for operating and managing the Community Campaign, including the collection of all pledges related to the annual community campaign. Funds are distributed to CHC on a scheduled basis (as defined). No fees are deducted by UWCNCT from these proceeds.

Total due to CHC as of June 30, 2014 and 2013 is \$764,388 and \$1,850,644, respectively.

Note 8 - Agency program support

Through UWCNCT's *Community Investment*, donors' gifts are invested by United Way volunteers in programs and initiatives with a proven track record of ensuring children are successful, families are financially stable and that basic needs are available to those in need. *Community Investment* funded programs are monitored by trained volunteers who ensure that dollars are well-spent to produce real results and that effective not-for-profit management, governance and financial accountability standards are upheld.

The total agency support expense for the year ended June 30, 2014 was \$7,750,000. Total awards to 59 agencies for 100 programs, is summarized below:

Program service category	Amount	Percent
Ensuring Children are Successful	\$ 3,501,600	45%
Family Financial Security	1,036,300	14
Basic Needs	3,212,100	41
	<u>\$ 7,750,000</u>	<u>100%</u>

The total agency support expense for the year ended June 30, 2013, with awards to 66 agencies for 111 programs, is summarized below:

Program service category	Amount	Percent
Ensuring Children are Successful	\$ 3,563,260	43%
Family Financial Security	1,202,880	14
Basic Needs	3,533,860	43
	<u>\$ 8,300,000</u>	<u>100%</u>

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Note 9 - Designations to others

Through the UWCNCT Community Campaign, donors can direct their gifts to any qualified organization in the United States over which UWCNCT exercises/retains no discretion as to use due to donor instruction. In order to qualify, an organization must meet the following three criteria: (1) fully tax exempt, (2) donations are 100% tax deductible, (3) in full compliance with The Federal Patriot Act laws. As a member of UWW, UWCNCT adheres to all membership criteria including the requirements for deducting administrative fees from donor-directed pledges. (*UWW publication titled Cost Deduction Standards for Membership Requirements "M"*).

Note 10 - Grants payable

Grants payable are available for the following initiatives and are as follows as of June 30:

	2014	2013
Metro Hartford Workforce Solutions Collaborative - a public/private partnership of organizations committed to ensuring a competitive, economically self-sufficient workforce with the skills needed by area employers.	\$ 609,600	\$ 740,427
Changing Community Conditions - funds available to identify or encourage the development of collaborative initiatives that will result in changes to systems, organizations, networks and/or neighborhood characteristics.	449,888	478,284
WLC Family Financial Initiative - funds available to bring adult financial services such as credit and budget workshops, one-on-one financial coaching, matched savings programs and referral services to community schools in Hartford.	321,169	253,058
Volunteer Budget Coaching - funds are used to support budget coordinators and trained volunteer coaches to help families become more financially secure. Clients enrolled will increase their financial knowledge and capability. Through a series of individual meetings, using structured materials, clients establish a realistic spending plan and determine other possible steps to help create a more stable financial future.	50,000	100,000

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Summer Enrichment Experience - funds are used to support community based organizations to bring vibrant afternoon experiential learning activities to students enrolled in the traditional academic morning portion of the Summer Academy. By providing engaging educational summer programming, the Summer Academy is helping to prevent the “summer slide” by ensuring that students have the tools and resources necessary to return from summer break ready to learn, achieve and succeed.

43,500 55,019

William Casper Graustein Memorial Fund/Discovery Collaborative - funds awarded from the Graustein Fund to various community collaboratives that are managed by UWCNCT to create and implement long-term sustainable community-wide plans for children birth to eight.

Mansfield Community	-	29,052
Enfield Community	-	9,164

Other miscellaneous programs and initiatives

-

Total grants payable

\$ 1,474,157	\$ 1,716,919
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Note 11 - Temporarily restricted net assets

Temporarily restricted net assets consist of the following as of June 30:

	2014	2013
Campaign contributions for <i>Community Investment:</i>		
Time restricted for use in fiscal year 2014	\$ -	\$ 119,955
Time restricted for use in fiscal year 2015	100,090	-
	100,090	119,955
Assigned assets - regional service areas	243,217	343,217
	\$ 343,307	\$ 463,172

Net assets of \$219,955 and \$120,998 for the years ended June 30, 2014 and 2013, respectively, were released for program support through the expiration of time restrictions and the expenditure of assigned assets.

Note 12 - Permanently restricted net assets

Permanently restricted net assets are restricted for investment in perpetuity. The balances as of June 30, 2014 and 2013 were \$8,110,943 and \$7,567,777, respectively.

Since 1998, UWCNCT has followed a spending policy that sets the appropriation from all unrestricted earnings from donor-restricted and board-designated endowments. Based on the annual spending policy, it is assumed all earnings from the donor-restricted endowment have been appropriated in accordance with the applicable guidance.

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Note 13 - Contributions from other UWCNCT campaigns

This revenue is recorded on a cash basis in the financial statements, net of any pass-through amounts directed to community agencies. No fees are deducted (by UWCNCT) on any such "donor-restricted gifts."

Note 14 - Operating leases

UWCNCT leases certain equipment under non-cancelable operating leases which expire at various times through July 2017. Monthly aggregate payments are \$3,785. UWCNCT is responsible for maintenance, taxes and related insurance costs. Total rental expense under these leases was \$39,170 and \$42,412 during the years ended June 30, 2014 and 2013, respectively.

Future commitments under these leases in each of the years subsequent to June 30, 2014 are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2015	\$ 30,420
2016	21,769
2017	15,476
2018	498
	<u>\$ 68,163</u>

UWCNCT leases portions of its administrative building to unrelated not-for-profit organizations. As of June 30, 2014, three leases were in effect which expire at various dates through March 2018. Rental income for the years ended June 30, 2014 and 2013 was \$96,018 and \$129,661, respectively.

Future minimum lease payments to be received in each of the years subsequent to June 30, 2014 are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2015	\$ 48,344
2016	2,204
2017	2,204
2018	1,653
	<u>\$ 54,405</u>

Note 15 - Employee benefit plans

UWCNCT maintains a contributory defined benefit pension plan, which vests with three years of service, and which covers substantially all of its employees at least 21 years of age with one year of service. It is UWCNCT's policy to fund pension costs as determined by the Board of Directors, subject to the funding limitations of the Employee Retirement Income Security Act of 1974 (ERISA).

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The measurement date of this plan is June 30. The accrued benefit cost is included in accounts payable and accrued expenses in the accompanying statement of financial position.

	<u>2014</u>	<u>2013</u>
Projected benefit obligation at June 30	\$ 4,256,879	\$ 3,845,032
Fair value of plan assets at June 30	4,242,223	3,685,910
Under funded status	<u>\$ (14,656)</u>	<u>\$ (159,122)</u>
Accrued benefit cost recognized in the statement of financial position	\$ (14,656)	\$ (159,122)
Weighted average assumptions as of June 30:		
Discount rate	4.20%	4.50%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	5.75%	5.75%
Post-retirement interest rate	6.00%	6.00%
Net periodic benefit cost	\$ 145,050	\$ 165,659
Employer contribution	\$ 130,000	\$ 152,976
Benefits paid	\$ (59,772)	\$ (202,595)
Accumulated benefit obligation	\$ 3,551,188	\$ 3,168,565

The expected long-term rate of return on plan assets assumption of 7.50% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 ("Selection of Economic Assumptions for Measuring Pension Obligations"). Based on UWCNCT's investment allocations for the pension plan in effect as of the beginning of the fiscal year, the best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30-year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 6.63% - 9.07%. A rate of 7.50%, which is near the midpoint of the best estimate range, was selected.

Retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

<u>Fiscal Year Ending June 30,</u>	
2015	\$ 1,169,000
2016	832,000
2017	55,000
2018	29,000
2019	638,000
2020-2024	1,072,000

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The asset allocations by category as of June 30, 2014 and 2013 are as follows:

	2014	%	2013	%
Equity	\$ 2,125,960	50.1%	\$ 1,932,979	52.4%
Fixed income	1,044,820	24.6	962,827	26.1
General account*	1,071,443	25.3	790,104	21.5
	<u>\$ 4,242,223</u>	<u>100.0%</u>	<u>\$ 3,685,910</u>	<u>100.0%</u>

*The general account assets are invested in securities with varied maturities.

UWCNCT sets investment guidelines with the assistance of investment professionals. These guidelines are established on market conditions, risk tolerance, funding requirements and expected benefit payments. The guidelines address the investment allocation process, selection of investment professionals and monitoring of asset performance. As pension liabilities are long-term in nature, UWCNCT employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk. An annual analysis on the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption.

The investment portfolio contains a diversified portfolio of investment categories, including equities and fixed income securities. Securities are also diversified in terms of domestic and international securities, short and long-term securities, growth and value styles and large cap and small cap stocks. Presently, the guidelines require that investments in securities range as follows:

	Investment Range	Target
Equities	30-70%	50%
Fixed income	30-70%	50%

Pension plan assets carried at fair value at June 30, 2014 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Pooled separate accounts:				
Fixed income	\$ -	\$ 1,078,181	\$ -	\$ 1,078,181
Large cap stock	-	854,897	-	854,897
Mid cap stock	-	417,712	-	417,712
Small cap stock	-	208,341	-	208,341
REIT Index portfolio	-	220,574	-	220,574
International equity	-	416,216	-	416,216
Guaranteed income fund	-	-	1,046,302	1,046,302
	<u>\$ -</u>	<u>\$ 3,195,921</u>	<u>\$ 1,046,302</u>	<u>\$ 4,242,223</u>

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Changes in pension plan assets measured at fair value using level 3 inputs for the year ended June 30, 2014 are as follows:

	Balance as of July 1, 2013	Interest Income	Purchases	Sales	Balance as of June 30, 2014
Guaranteed income fund	\$ 765,686	\$ 9,404	\$ 355,000	\$ (83,788)	\$1,046,302

Pension plan assets carried at fair value at June 30, 2013 are classified in the table below:

	Level 1	Level 2	Level 3	Total
Pooled separate accounts:				
Fixed income	\$ -	\$ 993,965	\$ -	\$ 993,965
Large cap stock	-	1,022,597	-	1,022,597
Mid cap stock	-	381,109	-	381,109
Small cap stock	-	189,833	-	189,833
International equity	-	332,720	-	332,720
Guaranteed income fund	-	-	765,686	765,686
	<u>\$ -</u>	<u>\$ 2,920,224</u>	<u>\$ 765,686</u>	<u>\$ 3,685,910</u>

Changes in pension plan assets measured at fair value using level 3 inputs for the year ended June 30, 2013 are as follows:

	Balance as of July 1, 2012	Interest Income	Purchases	Sales	Balance as of June 30, 2013
Guaranteed income fund	\$ 837,599	\$ 10,265	\$ 152,977	\$ (235,155)	\$ 765,686

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs:

Instrument	2014 Fair Value	2013 Fair Value	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
Guaranteed Income Fund	\$ 1,046,302	\$ 765,686	Discounted cash flow	Current yields of similar instruments	1.00%	1.00%

Pooled separate accounts are valued at the fair value of units held. Such values are based on the fair value of the separate account's underlying investments (level 2). The guaranteed income fund is valued at fair value by discounting the cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer (level 3).

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A reconciliation of items not yet reflected in net periodic benefit cost and a component of unrestricted net assets is as follows for the years ended June 30, 2014 and 2013:

	June 30, 2013	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	June 30, 2014
1. Transition obligation (asset)	\$ -	\$ -	\$ -	\$ -
2. Net prior service cost (credit)	-	-	-	-
3. Net loss	200,652	-	(159,516)	41,136
	<u>\$ 200,652</u>	<u>\$ -</u>	<u>\$ (159,516)</u>	<u>\$ 41,136</u>

	June 30, 2012	Reclassified as Net Periodic Benefit Cost	Amounts Arising During Period	June 30, 2013
1. Transition obligation (asset)	\$ -	\$ -	\$ -	\$ -
2. Net prior service cost (credit)	-	-	-	-
3. Net loss	549,336	(6,728)	(341,956)	200,652
	<u>\$ 549,336</u>	<u>\$ (6,728)</u>	<u>\$ (341,956)</u>	<u>\$ 200,652</u>

The estimated effect in the next fiscal year of items not yet reflected in net periodic benefit cost is as follows:

	July 1, 2014	Estimated Amounts to be Reclassified as Net Periodic Benefit Cost in 2015
1. Transition obligation	\$ -	\$ -
2. Net prior service cost	-	-
3. Net loss	41,136	-

No plan assets are expected to be returned to the employer during the next fiscal year.

Based on the facts and circumstances that existed at June 30, 2014, UWCNCT expects to contribute \$132,000 to the plan during fiscal year 2015. UWCNCT believes with prudent risk tolerance and asset diversification, the plan should be able to meet its pension obligations in the future.

In addition, UWCNCT maintains a voluntary retirement savings program for its employees. Under this 403(b) Thrift Plan, eligible employees may contribute any amount from pre-tax salary provided that total annual contributions do not exceed the maximum permitted under the Internal Revenue Code. To participate in this plan, employees must complete one year of service.

UWCNCT makes a matching contribution, for employees with less than 20 years of service, equal to 50% of the salary reduction amount contributed during the plan year up to 3% of compensation received during the plan year. For those employees with 20 years or more of service (excluding highly compensated employees), the matching contribution is equal to 75% of the salary reduction amount contributed during the plan year up to 4.5% of compensation received during the plan year. Vesting of these matching contributions is 100% when an employee has completed three years of service. UWCNCT's contributions during the years ended June 30, 2014 and 2013 were \$29,393 and \$32,632, respectively.

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Note 16 - Endowment

UWCNCT's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, UWCNCT classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment 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 endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

Endowment net asset composition by type of fund as of June 30, 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,241,820	\$ 1,241,820
Board-designated endowment funds	15,673,747	-	-	15,673,747
Total funds	<u>\$ 15,673,747</u>	<u>\$ -</u>	<u>\$ 1,241,820</u>	<u>\$ 16,915,567</u>

Endowment net asset composition by type of fund as of June 30, 2013 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,241,820	\$ 1,241,820
Board-designated endowment funds	14,241,458	-	-	14,241,458
Total funds	<u>\$ 14,241,458</u>	<u>\$ -</u>	<u>\$ 1,241,820</u>	<u>\$ 15,483,278</u>

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Changes in endowment net assets for the year ended June 30, 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 14,241,458	\$ -	\$ 1,241,820	\$ 15,483,278
Investment income	435,523	37,977	-	473,500
Net realized and unrealized appreciation	1,358,789	-	-	1,358,789
Amounts appropriated for expenditure	(362,023)	(37,977)	-	(400,000)
Endowment net assets, end of year	<u>\$ 15,673,747</u>	<u>\$ -</u>	<u>\$ 1,241,820</u>	<u>\$ 16,915,567</u>

Changes in endowment net assets for the year ended June 30, 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 13,085,185	\$ -	\$ 1,241,820	\$ 14,327,005
Investment income	456,573	43,330	-	499,903
Net realized and unrealized appreciation	956,370	-	-	956,370
Amounts appropriated for expenditure	(256,670)	(43,330)	-	(300,000)
Endowment net assets, end of year	<u>\$ 14,241,458</u>	<u>\$ -</u>	<u>\$ 1,241,820</u>	<u>\$ 15,483,278</u>

Endowment funds classified as permanently restricted net assets as of June 30, 2014 and 2013 are available for the following:

	2014	2013
Permanently restricted net assets:		
The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulations	<u>\$ 1,241,820</u>	<u>\$ 1,241,820</u>
Totals	<u>\$ 1,241,820</u>	<u>\$ 1,241,820</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires UWCNCT to retain as a fund of perpetual duration. As of June 30, 2014 and 2013, there were no deficiencies of this nature that are reported in unrestricted net assets.

**United Way, Inc. d/b/a
United Way of Central and Northeastern Connecticut**

**Notes to Financial Statements
June 30, 2014 and 2013**

Note 17 - Subsequent event

On August 18, 2014, UWCNCT entered into a revolving line of credit agreement (the "Line") with Webster Bank in the amount of \$1,500,000 to be used as needed for general corporate purposes. The line expires on March 15, 2015. Interest on advances is due and payable at a rate equal to either the adjusted daily LIBOR rate plus two hundred basis points, or the Base Lending Rate, as defined in the Line. As of the date of this report there have been no advances drawn from the line.

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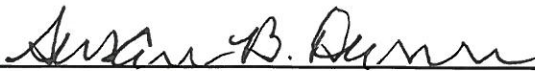
United Way of Central
and Northeastern Connecticut

United Way of Central and Northeastern Connecticut Management Certification

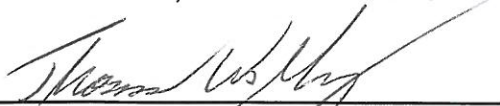
We the undersigned have read the audited financial statements and related IRS Form 990 of United Way of Central and Northeastern Connecticut for the year ended June 30, 2014. We certify that:

- ◆ The financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way of Central and Northeastern Connecticut as of and for the twelve month period ended June 30, 2014.
- ◆ These financial statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.
- ◆ There have been no material changes in the internal control system of the organization since the last Audit Committee meeting, and there have been no material changes in the accounting policies used by the organization to prepare its annual financial statements.
- ◆ The organization is current in all tax filings (including payroll filings and deposits) and regulatory reports required by the United States government and/or the State of Connecticut. In addition, the organization is in compliance with all United Way Worldwide membership requirements.

Signed:



Susan B. Dunn, President and CEO



Thomas W. Glynn, Vice President of Finance & Administration

November 12, 2014