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# **UNITED WAY OF NORTHWEST CONNECTICUT, INC.**

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Annual Financial Statements

For the Year Ended December 31, 2022

# UNITED WAY OF NORTHWEST CONNECTICUT, INC.

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December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
United Way of Northwest Connecticut, Inc.

### **Opinion**

We have audited the accompanying financial statements of the United Way of Northwest Connecticut, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Northwest Connecticut, Inc., as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Way of Northwest Connecticut, Inc, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the United Way of Northwest Connecticut, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

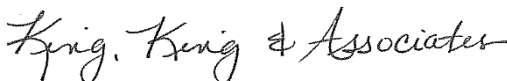
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain and understanding of internal control relevant to the audit 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 United Way of Northwest Connecticut, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way of Northwest Connecticut, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited the United Way of Northwest Connecticut, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



King, King & Associates CPAs  
Winsted, Connecticut  
September 24, 2023

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

Statement of Financial Position

December 31, 2022 and 2021

<b>ASSETS:</b>	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 62,748	\$ 85,797
Pledges Receivable, Less Allowance for Doubtful Accounts of \$63,278 and \$42,387	32,635	43,092
Other Receivables	4,802	36,409
Prepaid Costs	1,829	6,089
Investments - Stock	1,788	2,402
Cash with Donor Restrictions	53,622	58,357
Inventory	4,110	4,110
Agency Endowment:		
Unrestricted	139,172	192,639
Permanently Restricted	216,014	216,014
 Fixed Assets, Net of Accumulated Depreciation of \$29,401 and \$27,016	 <u>6,531</u>	 <u>8,916</u>
<b>Total Assets</b>	<b>\$ <u>523,251</u></b>	<b>\$ <u>653,825</u></b>
 <b>LIABILITIES:</b>		
Accounts Payable	7,562	\$ 15,042
Agency Allocations Payable	4,615	3,076
Accrued Payroll and Expenses	14,965	18,656
Pledges Designated for Subsequent Period	<u>-</u>	<u>41,324</u>
Total Liabilities	<u>27,142</u>	<u>78,098</u>
 <b>NET ASSETS:</b>		
Without Donor Restrictions - Undesignated	203,456	278,138
Without Donor Restrictions - Board Designated	18,907	19,108
With Donor Restrictions - Purpose Restrictions	57,732	62,467
With Donor Restrictions - Perpetual in Nature	<u>216,014</u>	<u>216,014</u>
Total Net Assets	<u>496,109</u>	<u>575,727</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>523,251</u></b>	<b>\$ <u>653,825</u></b>

The accompanying notes are an integral part of this financial statement.

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

Statement of Activities

For the Year Ended December 31, 2022

(With Comparative Totals for December 31, 2021)

		Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	<u>2021</u>
<b>PUBLIC SUPPORT AND REVENUE</b>					
Current Period Contributions	\$ 261,076				\$470,868
(Less: Donor Designations)	<u>(2,169)</u>				<u>-</u>
Total Contributions		\$ 258,907	\$ 4,198	\$ 263,105	\$ 470,868
Reduction in Prior Year Allocations		-	-	-	40,505
Overflow Shelter Revenue		102,374	-	102,374	109,449
Vita Program Receipts		2,000	-	2,000	2,000
Community Impact		8	-	8	1,105
Donated Goods and Services		-	-	-	850
Special Events Revenue, Net		-	-	-	8,839
PPP and Cares Grant Funding		-	-	-	40,118
Interest Income		81	-	81	104
Change in Agency Endowment		(53,467)	-	(53,467)	25,048
Net Investment Income		(614)	-	(614)	781
Net Assets Released from Restrictions		<u>8,933</u>	<u>(8,933)</u>	<u>-</u>	<u>-</u>
<b>Total Public Support and Revenue</b>		<b><u>318,222</u></b>	<b><u>(4,735)</u></b>	<b><u>313,487</u></b>	<b><u>699,667</u></b>
<b>EXPENSES</b>					
Community Services	327,027				400,147
(Less: Donor Designations)	<u>(2,169)</u>				<u>-</u>
		324,858	-	324,858	400,147
Management and General		36,310	-	36,310	43,049
Fundraising		<u>31,936</u>	<u>-</u>	<u>31,936</u>	<u>27,530</u>
Total Expenses		<u>393,105</u>	<u>-</u>	<u>393,105</u>	<u>470,726</u>
<b>Change in Net Assets</b>		<b><u>(74,883)</u></b>	<b><u>(4,735)</u></b>	<b><u>(79,618)</u></b>	<b><u>228,941</u></b>
Beginning Net Assets		<u>297,246</u>	<u>278,481</u>	<u>575,727</u>	<u>346,786</u>
<b>Ending Net Assets</b>		<b><u>\$ 222,363</u></b>	<b><u>\$ 273,746</u></b>	<b><u>\$ 496,109</u></b>	<b><u>\$575,727</u></b>

The accompanying notes are an integral part of this financial statement.

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

Statement of Functional Expenses

For the Year Ended December 31, 2022

(With Comparative Totals for December 31, 2021)

<b>EXPENSES:</b>	Community <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2021</u>
Agency Allocations	\$ 40,036	\$ -	\$ -	\$ 40,036	\$ 58,336
NW Community Learning Center	5,100	-	-	5,100	-
Warm the Children	3,633	-	-	3,633	6,847
Shelter Expenses	90,302	-	-	90,302	96,568
Back-to-School	-	-	-	-	31
Community Impact	3,401	-	-	3,401	60
Women's Event Meeting Expense	200	-	-	200	-
Pat Marciano Fund	200	-	-	200	-
COVID Relief	-	-	-	-	11,439
<b>Total Direct Community Support</b>	<b><u>142,872</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>142,872</u></b>	<b><u>173,281</u></b>
Salaries and Wages	86,304	15,887	12,881	115,072	114,259
Employee Benefits	2,504	376	458	3,338	3,155
Pension	4,409	661	808	5,878	6,084
Payroll Taxes	6,872	1,031	1,259	9,162	9,075
<b>Total Salaries and Related Expenses</b>	<b><u>100,089</u></b>	<b><u>17,955</u></b>	<b><u>15,406</u></b>	<b><u>133,450</u></b>	<b><u>132,573</u></b>
Bad Debt Expense	20,891	-	-	20,891	51,144
Campaign Expenses	-	-	8,109	8,109	2,319
Depreciation	1,789	358	238	2,385	2,735
Dues and Subscriptions	990	198	132	1,320	4,036
Insurance	5,140	1,028	685	6,853	7,792
Meals and Entertainment	806	161	108	1,075	338
Office Expense	2,794	559	372	3,725	719
Postage	623	125	83	830	865
Professional Services	30,732	6,146	4,097	40,975	50,142
Public Relations	-	-	-	-	120
Rent	3,533	707	471	4,711	15,700
Repairs and Maintenance	4,565	913	609	6,086	6,008
Supplies	1,166	233	156	1,555	2,652
Telephone	8,361	1,672	1,115	11,148	7,291
Travel and Conferences	1,075	215	143	1,433	2,772
Website Management	1,602	320	214	2,136	571
<b>Total Other Expenses</b>	<b><u>84,066</u></b>	<b><u>12,635</u></b>	<b><u>16,530</u></b>	<b><u>113,232</u></b>	<b><u>155,204</u></b>
United Way of America Dues	-	5,720	-	5,720	9,668
<b>Total Functional Expenses</b>	<b><u>\$ 327,027</u></b>	<b><u>\$ 36,310</u></b>	<b><u>\$ 31,936</u></b>	<b><u>\$ 395,274</u></b>	<b><u>\$ 470,726</u></b>

The accompanying notes are an integral part of this financial statement.

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

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

<b>OPERATING ACTIVITIES</b>	<u>2022</u>	<u>2021</u>
Change in Net Assets	\$ (79,618)	\$ 228,941
Adjustments to reconcile change in net assets to net Cash used by operating activities:		
Depreciation	2,385	2,736
Realized and Unrealized (Gain)/Loss on Investments	614	(780)
Change in Agency Endowment	53,467	(25,048)
<b>(Increase)/Decrease in:</b>		
Pledges Receivable	10,457	97,899
Other Receivables	31,607	(13,103)
Prepaid Expenses	4,260	(4,315)
<b>Increase/(Decrease) in:</b>		
Accounts Payable	(7,480)	10,485
Agency Allocations Payable	1,539	(133,320)
Accrued Payroll	(3,691)	5,271
Deferred Pledges	<u>(41,324)</u>	<u>(135,124)</u>
<b>Net Cash Flow Provided (Used) by Operating Activities</b>	<b><u>(27,784)</u></b>	<b><u>33,642</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>Net Increase/(Decrease) in Cash</b>	<b>(27,784)</b>	<b>33,642</b>
Cash, Beginning of Year	<u>144,154</u>	<u>110,512</u>
<b>Cash, End of Year</b>	<b><u>\$ 116,370</u></b>	<b><u>\$ 144,154</u></b>
<b>Supplemental Information</b>		
Income Taxes Paid	\$ -	\$ -
Interest Paid	\$ -	\$ -
<b>Reconciliation to Cash and Cash-Equivalents and Restricted Cash on the Statement of Financial Position</b>		
Cash and Cash Equivalents	\$ 62,748	\$ 85,797
Cash with Donor Restrictions	<u>53,622</u>	<u>58,357</u>
Cash and Cash Equivalents on the Statement of Cash Flows	<b><u>\$ 116,370</u></b>	<b><u>\$ 144,154</u></b>

The accompanying notes are an integral part of this financial statement.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Organization**

The United Way provides funding to 26 nonprofit agencies serving Northwest Connecticut. In addition, our “Donor Choice” program provides the contributor with a way to support other recognized nonprofit agencies and United Ways throughout Connecticut, Western Massachusetts, and New York. Our funds are derived from corporations, employees, and individuals that live or work in our 25-town service area.

United Way also assists with local food drives for local food pantries and established “The Finally Home” program to collect and distribute furniture and clothing to area agencies and individuals transitioning from homeless shelters.

United Way serves as the fiscal agent for the Northwest Connecticut Learning Center. The Learning Center was established to provide developmentally appropriate tutoring and other assistance necessary to augment each student’s formal education and/or training to ensure that each student acquires the skill and knowledge to apply for and obtain life-sustaining and rewarding employment in a competitive, global work environment.

United Way, on behalf of the city of Torrington and Northwest Connecticut Council of Governments, agreed to manage and supervise the Pandemic Overflow Shelter during the coldest winter months in collaboration with other homeless service providers in the region including Supportive Housing Works. The shelter was licensed to house up to 40 homeless men, women, and children in a safe and inviting atmosphere.

The agency serves as a partner organization of the VITA (Volunteer Income Tax Assistance) program to support free tax preparation services for the underserved.

### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

**Net Asset with Donor Restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the entity or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

## UNITED WAY OF NORTHWEST CONNECTICUT, INC.

### Notes to the Financial Statements

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#### **Income Tax Status**

The United Way of Northwest Connecticut, Inc. is a nonprofit agency organized as a public charity under section 501(c)(3) of the Internal Revenue Code. In addition, the United Way 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 under Section 509(a)(2).

#### **Cash and Cash Equivalents**

Cash and Cash Equivalents include amounts in demand deposit accounts, as well as short-term investments with a maturity date within three months of the date acquired by the United Way of Northwest Connecticut, Inc. Cash Equivalents restricted to long-term investments are excluded from the Statement of Cash Flows.

#### **Investments**

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Short-term investments intended to be held for long-term purposes are reported as investments. Investment income that may be donor-restricted is reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the revenue is recognized.

#### **Fair Value of Financial Instruments**

In accordance with ASC 820-10, the United Way of Northwest Connecticut, Inc. is required to measure the fair value of its assets and liabilities under a three-level hierarchy as follows:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

The inputs or methodology used in valuing securities are not necessarily an indication of the risk associated with investing in those securities.

#### **Endowments**

The Financial Accounting Standards Board (FASB) issued staff position No. FAS 117-1: Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds (FAS 117-1). FAS 117-1 provides accounting standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FAS 117-1 also provides for other disclosures concerning an organization's endowment funds and whether or not the organization is subject to UPMIFA. The State of Connecticut adopted its version of UPMIFA, which became effective October 1, 2007 (CTPMIFA). Prior to the issuance of FAS 117-1, accumulated gains and income on donor restricted endowment assets were classified as unrestricted net assets. Under SP No. 117-1, accumulated gains and income on donor-restricted endowment assets of perpetual duration are classified as temporarily restricted net assets until appropriated for expenditure. During 2011, the Board approved appropriating the accumulated gains and income on donor-restricted endowments to net assets without donor restrictions on an annual basis.

# UNITED WAY OF NORTHWEST CONNECTICUT, INC.

## Notes to the Financial Statements

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### Revenue Recognition

#### Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are recognized as without donor restrictions use unless specifically restricted by the donor. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income is recognized.

#### Other Program Revenue

The Agency generates revenue through other programs, including the Overflow Shelter and VITA Program. The Agency assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services). To identify the performance obligations, the Agency considers all the goods or services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. The Agency satisfies its performance obligations for the Overflow Shelter and VITA Program at the point of when services are exchanged. Revenue is recognized at a point in time when the performance obligations are satisfied. The Agency revenues in accordance with the provisions of Revenue from Contracts with Customers (ASC606).

#### Fixed Assets

Fixed Assets are recorded at cost, or fair value for donated equipment. The Organization follows the practice of capitalizing all expenditures in excess of \$500. Depreciation is provided using the straight-line method over the useful lives of the assets.

Office Furniture & Equipment	5 years
Vehicle	10 years

#### Functional Allocation of Expenses

The costs of providing the Agency's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimate and historical experience. Management has identified other expenses such as Bad Debt Expense as program, United Way Dues as Management and General, and Campaign Expenses as 100% fundraising.

#### Estimates

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

#### Investment Income

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

## UNITED WAY OF NORTHWEST CONNECTICUT, INC.

### Notes to the Financial Statements

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#### Compensated Absences

Vacation time is earned on the employees' anniversary date. Unused vacation time, up to a maximum of 5 days, may be carried over to the subsequent year with the Executive Director's approval. Unused vacation totaling \$6,686 was carried forward to 2022.

#### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

#### Review for Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through September 24, 2023, which represents the date that these statements were available to be issued.

#### NOTE 2 – AVAILABILITY AND LIQUIDITY INFORMATION

United Way is funded by its annual campaign which makes allocations to agencies over a 12-month period. United Way also receives contributions for purposes identified by the donor. The Board has designated income from its' agency endowment for future use which may be spent with Board approval and the approval of the Northwest Connecticut Community Foundation. As part of its liquidity management, the entity has a policy to structure its financial assets to be available as general expenditures and other obligations become due.

Cash & Cash Equivalents without Donor Restrictions	\$	62,748
Pledges Receivable, net		32,635
Other Receivables		4,802
Investments - Stock		<u>1,788</u>
Total Financial Assets Available		101,973
Less: Agency Allocations Payable		<u>(4,615)</u>
Financial Assets available to meet cash needs for general expenditures within one year	\$	<u>97,358</u>

#### NOTE 3 – CASH, INVESTMENTS, RECEIVABLES, AND FIXED ASSETS

##### Cash and Cash Equivalents

At December 31, 2022, the carrying amounts of the United Way's deposits were \$116,370 and the bank balance was \$109,582, of which \$108,995 was insured by FDIC and \$587 was insured by the National Credit Union Share Insurance Fund.

# UNITED WAY OF NORTHWEST CONNECTICUT, INC.

## Notes to the Financial Statements

### Investments

Investments are carried at fair value and are summarized as follows as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Stocks	\$ 1,788	\$ 2,402

### Pledges and Other Receivables

All pledges receivable are due in one year or less, and are unconditional. Other trade receivables are stated at the amount management expects to collect on balances outstanding at year-end. The determination of when receivables are past due, delinquent or to be written off is done by management. No allowance has been established at year-end.

### Inventory

Inventory consists of furniture items that have been donated for the "Finally Home" program. Items are valued at thrift shop values. There were no significant donations or distributions in 2022.

### Fixed Assets

Fixed Assets consist of the following:

	<u>2022</u>	<u>2021</u>
Office Furniture and Equipment	\$ 32,432	\$ 32,432
Vehicle	<u>3,500</u>	<u>3,500</u>
	35,932	35,932
Accumulated Depreciation	<u>(29,401)</u>	<u>(27,016)</u>
	<u>\$ 6,531</u>	<u>\$ 8,916</u>

Depreciation Expense for the year ending December 31, 2022 was \$2,385.

### NOTE 4 – FAIR VALUE INFORMATION

In accordance with ASC 820-10, the United Way of Northwest Connecticut, Inc. is required to measure the fair value of its assets and liabilities under a three-level hierarchy as follows:

<b>Valuation Inputs</b>	Investment In <u>Equities</u>	Agency <u>Endowment</u>
Level 1 - Quoted Prices	\$ 1,788	\$ -
Level 2 - Other Significant Observable Inputs	-	355,186
Level 3 - Significant Unobservable Inputs	-	-
Total	<u>\$ 1,788</u>	<u>\$ 355,186</u>

The majority of the United Way investments are held as an Agency Endowment by the Northwest Connecticut Community Foundation as part of their investment pool. The endowment is considered a Level 2 investment, as the United Way reports values received from the periodic statements provided by the Community Foundation. The United Way of Northwest Connecticut, Inc. held no investments or other financial instruments as of December 31, 2022 whose fair value was determined using Level 3 inputs.

# UNITED WAY OF NORTHWEST CONNECTICUT, INC.

## Notes to the Financial Statements

### NOTE 5 – ENDOWMENT FUNDS

The United Way established two funds at the Northwest Connecticut Community Foundation. The Foundation has full investment authority over the assets of the funds and the income derived from it. The Board has approved moving income from the Net Assets with Donor Restrictions, also known as 1943 Society Funds, to a separate fund thereby appropriating it for the benefit of the United Way. Requests for income from the fund will not be unreasonably denied by the Board of Directors of the Foundation.

#### Investment Return Objectives, Risk Parameters, and Strategies

The investment and related return policies of the United Way of Northwest Connecticut consist of the policies that are in place at the Northwest Connecticut Community Foundation. The identical policies are a result of the Foundation having full investment authority over the “1943 Society” agency endowment.

#### Spending Policy

The United Way of Northwest Connecticut’s spending policy includes that all income earned on funds with donor restrictions are available for appropriation to fund administration costs of the United Way of Northwest Connecticut. Endowment net asset composition as of December 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ 139,172	\$ 216,014	\$ 355,186
	<u>\$ 139,172</u>	<u>\$ 216,014</u>	<u>\$ 355,186</u>

Changes in endowment net assets as of December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 192,639	\$ 216,014	\$ 408,653
Change in Agency Endowment	<u>(53,467)</u>	<u>-</u>	<u>(53,467)</u>
Endowment net assets, end of year	<u>\$ 139,172</u>	<u>\$ 216,014</u>	<u>\$ 355,186</u>

Change in Agency Endowment consists of the following:

Investment Fees	\$ (6,111)
Interest/Dividends	1,822
Unrealized & Realized Gains	<u>(49,178)</u>
Total	<u>\$ (53,467)</u>

## UNITED WAY OF NORTHWEST CONNECTICUT, INC.

### Notes to the Financial Statements

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#### **NOTE 6 – DEFINED CONTRIBUTION PLAN**

The United Way of Northwest Connecticut, Inc. has a defined contribution plan covering all of its qualified employees. The amount contributed by the employer is 7% of the employee's salary. Pension expense for 2022 and 2021 was \$5,878 and \$6,084, respectively.

#### **NOTE 7 – CONTRIBUTIONS**

##### **Contributed Services – Campaign**

Individuals and employees of local companies serve on various administrative committees of the United Way and assist during the annual campaign. No amounts have been reflected in the financial statements as there is no objective basis available to measure the value of such services. No donated design and advertising services were received in 2022 and \$850 were received in 2021.

##### **Non-Cash Contributions - Programs**

The agency sometimes receives non-cash contributions consisting of food items which are generally valued at \$1. Clothing and furniture donations for the "Finally Home" program are recorded at thrift shop values and donated storage space is recorded at Fair Market Value. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the items were distributed to individuals in the reporting period in which the donated goods are recognized. There were no non-cash contributions for programs recorded in 2022.

#### **NOTE 8 – NET ASSETS**

##### **With Donor Restrictions- Perpetual in Nature**

The Board of Directors has established a fund named the 1943 Society. Contributions which are permanently restricted by the donors are added to the fund. Investment income is appropriated to fund the administrative and fund-raising costs of the organization and is transferred to an unrestricted account. The total of Donor Restricted funds which are perpetual in nature are \$216,014 and \$216,014 as of December 31, 2022 and 2021.

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

## Notes to the Financial Statements

**With Donor Restrictions – Time or Purpose Restrictions**

	<u>2022</u>	<u>2021</u>
Glenn Winn Jr. Campership Fund	\$ 8,848	\$ 8,848
Food for Your Neighbors	6,349	6,349
Back to School Clothes	968	968
Dolly Parton Imagination Library	5,555	5,555
Community Conversations	399	399
Northwest Connecticut Learning Center	194	5,294
Union Savings Bank for Torrington Public Schools Mentoring Program	1,320	1,320
Shoe Box Project	100	100
Warm the Children	6,376	5,815
Pat Marciano Special Needs	7,459	7,659
Finally Home Community Impact	4,317	4,317
TSB Grant for Computers	1,250	1,250
COVID Relief	14,327	14,323
Other	270	270
	<u>\$ 57,732</u>	<u>\$ 62,467</u>

**Without Donor Restrictions – Board Designated**

The Board has designated funds raised by the Women’s Leadership Initiative for programming related to Women’s issues including the Girl’s Summit totaling \$18,907 and \$19,108 at December 31, 2022 and 2021.

**NOTE 9– PAYROLL PROTECTION PROGRAM**

The Agency has recognized \$35,118 of funding from the Payroll Protection Program and \$5,000 in CARES Act funding in 2021.

**NOTE 10 – SUBSEQUENT EVENTS**

The agency is transitioning to new leadership after severing ties with the executive director in March 2023.