

MIDDLESEX UNITED WAY, INC.

FINANCIAL STATEMENTS AND  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2019 AND 2018

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CONTENTS

|   | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT  | 1           |
| FINANCIAL STATEMENTS:   |             |
| Statements of Financial Position                                      | 3           |
| Statements of Activities  | 4           |
| Statements of Functional Expenses                                     | 6           |
| Statements of Cash Flows  | 8           |
| Notes to Financial Statements   | 9           |
| ADDITIONAL INFORMATION:   |             |
| Schedule I - Schedule of Community Partner Grants                     | 25          |
| Schedule II - Schedule of Special Allocations and Other Distributions | 26          |

### Independent Auditor's Report

To the Audit Committee and  
Board of Directors of  
Middlesex United Way, Inc.  
Middletown, Connecticut

We have audited the accompanying financial statements of Middlesex United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Middlesex United Way, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information on pages 25-26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mahoney Sabol + Company, LLP*

Certified Public Accountants  
Glastonbury, Connecticut  
October 9, 2019

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

|   | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|
| <u>ASSETS</u>   |                     |                     |
| Cash and cash equivalents   | \$ 95,780           | \$ 185,550          |
| Campaign pledges receivable, net of allowance of<br>\$135,000 and \$115,000 at June 30, 2019 and 2018 | 457,632             | 502,892             |
| Investments   | 1,156,900           | 1,225,690           |
| Investments held for endowment purposes   | 192,868             | 195,803             |
| Beneficial interests in trusts  | 652,120             | 657,287             |
| Property and equipment, net   | 16,264              | 21,431              |
| Other assets  | 11,891              | 8,570               |
|   | <u>\$ 2,583,455</u> | <u>\$ 2,797,223</u> |
| <u>LIABILITIES AND NET ASSETS</u>   |                     |                     |
| LIABILITIES:  |                     |                     |
| Accounts payable and accrued expenses   | \$ 174,733          | \$ 199,922          |
| Deferred revenue  | 1,000               | 9,150               |
| Community partners payable  | 615,967             | 641,830             |
| Donor designations payable, net   | 109,288             | 144,658             |
| Capital lease payable   | 7,425               | 10,725              |
|   | <u>908,413</u>      | <u>1,006,285</u>    |
| NET ASSETS:   |                     |                     |
| Without donor restrictions  | 772,218             | 891,450             |
| With donor restrictions   | 902,824             | 899,488             |
|   | <u>1,675,042</u>    | <u>1,790,938</u>    |
|   | <u>\$ 2,583,455</u> | <u>\$ 2,797,223</u> |

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|--------------|
| <b>REVENUE AND SUPPORT:</b>                        |   |                                    |              |
| Current-year campaign contributions:               |   |                                    |              |
| Total amounts raised                               | \$ 1,201,899                              | \$ -                               | \$ 1,201,899 |
| Less: amounts raised on behalf of others           | (228,053)                                 | -                                  | (228,053)    |
| Total contributions                                | 973,846                                   | -                                  | 973,846      |
| Less: provision for uncollectible pledges          | (80,000)                                  | -                                  | (80,000)     |
| Prior year campaign contributions                  | 82,344                                    | -                                  | 82,344       |
| Net campaign revenue                               | 976,190                                   | -                                  | 976,190      |
| Other revenue and support:                         |   |                                    |              |
| Amounts raised by other agencies                   | 104,799                                   | -                                  | 104,799      |
| Service fee revenue                                | 50,695                                    | -                                  | 50,695       |
| Other contributions                                | 78,830                                    | 62,322                             | 141,152      |
| Net assets released from restriction               | 57,578                                    | (57,578)                           | -            |
| Total other revenue and support                    | 291,902                                   | 4,744                              | 296,646      |
| Total revenue and support                          | 1,268,092                                 | 4,744                              | 1,272,836    |
| <b>DISTRIBUTIONS AND EXPENSES:</b>                 |   |                                    |              |
| Distributions:                                     |   |                                    |              |
| Community partners                                 | 615,967                                   | -                                  | 615,967      |
| Special allocations and other distributions        | 54,272                                    | -                                  | 54,272       |
| Payments to affiliated organizations               | 18,683                                    | -                                  | 18,683       |
| Total distributions                                | 688,922                                   | -                                  | 688,922      |
| Expenses:  |   |                                    |              |
| Program services                                   | 426,863                                   | -                                  | 426,863      |
| Support services:                                  |   |                                    |              |
| Fundraising expenses                               | 157,933                                   | -                                  | 157,933      |
| Management and general expenses                    | 200,998                                   | -                                  | 200,998      |
| Total program and support services                 | 785,794                                   | -                                  | 785,794      |
| Total distributions and expenses                   | 1,474,716                                 | -                                  | 1,474,716    |
| Change in net assets from operations               | (206,624)                                 | 4,744                              | (201,880)    |
| <b>INVESTMENT INCOME:</b>                          |   |                                    |              |
| Net investment income                              | 15,272                                    | -                                  | 15,272       |
| Investment income - beneficial trusts              | 28,460                                    | -                                  | 28,460       |
| Net decrease in trust values                       | -   | (5,167)                            | (5,167)      |
| Net realized and unrealized gain<br>on investments | 43,660                                    | 3,759                              | 47,419       |
| Total investment income                            | 87,392                                    | (1,408)                            | 85,984       |
| Change in net assets                               | (119,232)                                 | 3,336                              | (115,896)    |
| <b>NET ASSETS:</b>                                 |   |                                    |              |
| Beginning of year                                  | 891,450                                   | 899,488                            | 1,790,938    |
| End of year  | \$ 772,218                                | \$ 902,824                         | \$ 1,675,042 |

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|--------------|
| <b>REVENUE AND SUPPORT:</b>                        |   |                                    |              |
| Current-year campaign contributions:               |   |                                    |              |
| Total amounts raised                               | \$ 1,294,935                              | \$ -                               | \$ 1,294,935 |
| Less: amounts raised on behalf of others           | (279,473)                                 | -                                  | (279,473)    |
| Total contributions                                | 1,015,462                                 | -                                  | 1,015,462    |
| Less: provision for uncollectible pledges          | (80,000)                                  | -                                  | (80,000)     |
| Prior year campaign contributions                  | 114,562                                   | -                                  | 114,562      |
| Net campaign revenue                               | 1,050,024                                 | -                                  | 1,050,024    |
| Other revenue and support:                         |   |                                    |              |
| Amounts raised by other agencies                   | 125,572                                   | -                                  | 125,572      |
| Service fee revenue                                | 51,977                                    | -                                  | 51,977       |
| Other contributions                                | 12,201                                    | 46,009                             | 58,210       |
| Net assets released from restriction               | 50,752                                    | (50,752)                           | -            |
| Total other revenue and support                    | 240,502                                   | (4,743)                            | 235,759      |
| Total revenue and support                          | 1,290,526                                 | (4,743)                            | 1,285,783    |
| <b>DISTRIBUTIONS AND EXPENSES:</b>                 |   |                                    |              |
| Distributions:                                     |   |                                    |              |
| Community partners                                 | 641,830                                   | -                                  | 641,830      |
| Special allocations and other distributions        | 49,671                                    | -                                  | 49,671       |
| Payments to affiliated organizations               | 22,782                                    | -                                  | 22,782       |
| Total distributions                                | 714,283                                   | -                                  | 714,283      |
| Expenses:  |   |                                    |              |
| Program services                                   | 357,861                                   | -                                  | 357,861      |
| Support services:                                  |   |                                    |              |
| Fundraising expenses                               | 164,615                                   | -                                  | 164,615      |
| Management and general expenses                    | 193,241                                   | -                                  | 193,241      |
| Total program and support services                 | 715,717                                   | -                                  | 715,717      |
| Total distributions and expenses                   | 1,430,000                                 | -                                  | 1,430,000    |
| Change in net assets from operations               | (139,474)                                 | (4,743)                            | (144,217)    |
| <b>INVESTMENT INCOME:</b>                          |   |                                    |              |
| Net investment income                              | 9,686                                     | -                                  | 9,686        |
| Investment income - beneficial trusts              | 26,633                                    | -                                  | 26,633       |
| Net increase in trust values                       | -   | 24,114                             | 24,114       |
| Net realized and unrealized gain<br>on investments | 77,629                                    | 13,168                             | 90,797       |
| Total investment income                            | 113,948                                   | 37,282                             | 151,230      |
| Change in net assets                               | (25,526)                                  | 32,539                             | 7,013        |
| <b>NET ASSETS:</b>                                 |   |                                    |              |
| Beginning of year                                  | 916,976                                   | 866,949                            | 1,783,925    |
| End of year  | \$ 891,450                                | \$ 899,488                         | \$ 1,790,938 |

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

|  | <u>Program<br/>Services</u> | <u>Fundraising</u> | <u>Management<br/>and General</u> | <u>Total</u>      |
|--|-----------------------------|--------------------|-----------------------------------|-------------------|
| Salaries and wages                                     | \$ 264,213                  | \$ 91,420          | \$ 116,353                        | \$ 471,986        |
| Employee benefits                                      | 42,041                      | 15,294             | 19,464                            | 76,799            |
| Payroll taxes  | 21,929                      | 7,801              | 9,929                             | 39,659            |
| Total salaries and related expenses                    | <u>328,183</u>              | <u>114,515</u>     | <u>145,746</u>                    | <u>588,444</u>    |
| Marketing and advertising                              | 15,441                      | 6,794              | 8,646                             | 30,881            |
| Occupancy  | 18,600                      | 8,184              | 10,416                            | 37,200            |
| Professional fees                                      | 19,798                      | 8,711              | 11,086                            | 39,595            |
| Supplies   | 14,264                      | 6,276              | 7,987                             | 28,527            |
| Rental and maintenance of equipment                    | 6,560                       | 2,886              | 3,674                             | 13,120            |
| Conferences, conventions and meetings                  | 3,409                       | 1,500              | 1,908                             | 6,817             |
| Insurance  | 4,337                       | 1,908              | 2,428                             | 8,673             |
| Travel and parking                                     | 3,082                       | 1,356              | 1,725                             | 6,163             |
| Postage and shipping                                   | 2,865                       | 1,261              | 1,604                             | 5,730             |
| Miscellaneous  | 2,430                       | 1,069              | 1,360                             | 4,859             |
| Telephone  | 2,082                       | 916                | 1,165                             | 4,163             |
| Printing and publications                              | 2,173                       | 956                | 1,216                             | 4,345             |
| Total expenses before depreciation<br>and amortization | <u>423,224</u>              | <u>156,332</u>     | <u>198,961</u>                    | <u>778,517</u>    |
| Depreciation and amortization                          | <u>3,639</u>                | <u>1,601</u>       | <u>2,037</u>                      | <u>7,277</u>      |
| TOTAL EXPENSES   | <u>\$ 426,863</u>           | <u>\$ 157,933</u>  | <u>\$ 200,998</u>                 | <u>\$ 785,794</u> |

See notes to financial statements.



MIDDLESEX UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

|  | <u>Program<br/>Services</u> | <u>Fundraising</u> | <u>Management<br/>and General</u> | <u>Total</u>      |
|--|-----------------------------|--------------------|-----------------------------------|-------------------|
| Salaries and wages                                     | \$ 204,901                  | \$ 94,254          | \$ 110,647                        | \$ 409,802        |
| Employee benefits                                      | 29,072                      | 13,373             | 15,698                            | 58,143            |
| Payroll taxes  | 16,660                      | 7,664              | 8,996                             | 33,320            |
| Total salaries and related expenses                    | <u>250,633</u>              | <u>115,291</u>     | <u>135,341</u>                    | <u>501,265</u>    |
| Professional fees                                      | 17,757                      | 8,168              | 9,589                             | 35,514            |
| Occupancy  | 18,600                      | 8,556              | 10,044                            | 37,200            |
| Supplies   | 16,760                      | 7,710              | 9,050                             | 33,520            |
| Marketing and advertising                              | 23,889                      | 10,989             | 12,900                            | 47,778            |
| Rental and maintenance of equipment                    | 7,034                       | 3,236              | 3,798                             | 14,068            |
| Conferences, conventions and meetings                  | 4,046                       | 1,861              | 2,185                             | 8,092             |
| Insurance  | 3,857                       | 1,774              | 2,082                             | 7,713             |
| Postage and shipping                                   | 2,606                       | 1,199              | 1,407                             | 5,212             |
| Travel and parking                                     | 3,095                       | 1,423              | 1,671                             | 6,189             |
| Miscellaneous  | 2,240                       | 1,030              | 1,209                             | 4,479             |
| Telephone  | 2,016                       | 927                | 1,088                             | 4,031             |
| Printing and publications                              | 1,016                       | 467                | 549                               | 2,032             |
| Total expenses before depreciation<br>and amortization | <u>353,549</u>              | <u>162,631</u>     | <u>190,913</u>                    | <u>707,093</u>    |
| Depreciation and amortization                          | <u>4,312</u>                | <u>1,984</u>       | <u>2,328</u>                      | <u>8,624</u>      |
| TOTAL EXPENSES   | <u>\$ 357,861</u>           | <u>\$ 164,615</u>  | <u>\$ 193,241</u>                 | <u>\$ 715,717</u> |

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

|  | <u>2019</u>      | <u>2018</u>       |
|--|------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                  |                   |
| Change in net assets   | \$ (115,896)     | \$ 7,013          |
| Adjustments to reconcile change in net assets<br>to net cash used in operating activities: |                  |                   |
| Allowance for uncollectible pledges  | 20,000           | (10,000)          |
| Depreciation and amortization  | 7,277            | 8,624             |
| Net realized and unrealized gains on investments   | (47,419)         | (90,797)          |
| Net (increase) decrease in trust values  | 5,167            | (24,114)          |
| Cash received (disbursed) from agency transactions   | (25,864)         | 88,434            |
| (Increase) decrease in operating assets:   |                  |                   |
| Campaign pledges receivable  | 25,260           | (72,320)          |
| Other assets   | (3,321)          | 3,875             |
| Increase (decrease) in operating liabilities:  |                  |                   |
| Accounts payable and accrued expenses  | 675              | 1,731             |
| Deferred revenue   | (8,150)          | 400               |
| Community partners payable   | (25,863)         | (221)             |
| Donor designations payable   | (35,370)         | 8,539             |
| NET CASH USED IN OPERATING ACTIVITIES  | <u>(203,504)</u> | <u>(78,836)</u>   |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                  |                   |
| Purchase of investments  | (103,267)        | (164,198)         |
| Proceeds from sale of investments  | 222,411          | 268,873           |
| Purchase of property and equipment   | (2,110)          | (3,362)           |
| NET CASH PROVIDED BY INVESTING ACTIVITIES  | <u>117,034</u>   | <u>101,313</u>    |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                  |                   |
| Payments on capital lease payable  | (3,300)          | (3,300)           |
| NET CASH USED IN FINANCING ACTIVITIES  | <u>(3,300)</u>   | <u>(3,300)</u>    |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                                       | (89,770)         | 19,177            |
| CASH AND CASH EQUIVALENTS:   |                  |                   |
| Beginning of year  | <u>185,550</u>   | <u>166,373</u>    |
| End of year  | <u>\$ 95,780</u> | <u>\$ 185,550</u> |

See notes to financial statements.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 – NATURE OF ORGANIZATION:

Middlesex United Way, Inc. (the Organization) is an incorporated nonprofit organization. The Organization provides funding, collaborative effort, technical assistance and volunteer support to health and human service programs and agencies addressing community needs throughout Middlesex County, Connecticut.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Method of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. At June 30, 2019 and 2018, there were no board designated net assets.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restriction. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy (see Note 12).

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition:

*Campaign and Contribution Revenue* – The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period made or received. Contributions received are reported as either revenues without donor restrictions or revenue with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the years ended June 30, 2019 and 2018.

*Donated Services and Materials* – A substantial number of volunteers have donated significant amounts of time to the Organization’s program services and to its fundraising campaigns. No amounts have been recognized in the statements of activities since time contributed by Organization volunteers does not fall into the criteria established by US GAAP. The Organization records donated professional services, which meet criteria established by US GAAP, at the fair market value of the services received. For the years ended June 30, 2019 and 2018, \$25,500 and \$13,000, respectively, has been recognized as revenue in the financial statements for contributed services.

Use of Estimates:

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

Cash and Cash Equivalents:

The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Campaign Pledges Receivable:

Campaign pledges receivable represent unconditional promises to give. A contribution in the form of an unconditional promise to give is recognized as revenue by the Organization in the period in which the promise is received. Material campaign pledges receivable that are expected to be collected in future years, if any, are recorded at the present value of estimated future cash flows. When necessary, an allowance for campaign pledges receivable is recorded based on management’s evaluation of potential uncollectible unconditional promises at year-end (see Note 3).

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Investments:

Investments are reported at fair value in the statement of financial position. Investment income or expense, including gains and losses (both realized and unrealized) on investments, interest and dividends are included in the statement of activities as increases or decreases in net assets without donor restrictions unless donor or other relevant law directs otherwise. Any losses that are donor restricted for an endowment fund should first reduce net assets with restrictions, any remaining losses should reduce net assets without donor restrictions. Subsequent gains should be recorded as increases in net assets without donor restrictions until the total amount of gains offsets the amount of the losses previously recorded as decreases in net assets without donor restrictions.

Donated investments are reflected as contributions at their market values at date of receipt.

Endowment:

The Organization's donor restricted endowment consists of two funds, which were established for the purpose of providing general operational support for the Organization. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions (see Note 6).

*Interpretation of relevant law* - The Board has determined that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the Organization's endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Organization classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of the gifts donated to the donor restricted endowment and the original value of subsequent gifts to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Organization in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by UPMIFA.

*Investment policy statement* – The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for long term growth and sustainability.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued):

Endowment (continued):

*Spending policy statement* – In making expenditures from endowment funds, the Board of Directors complies first with any restrictions or requirements in the gift instrument as to purpose and amount. Except as otherwise provided by the gift instrument, in making expenditures from endowment funds, the Board takes into account all relevant considerations, including, but not limited to, the long and short-term needs of the Organization in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The Board conducts an annual analysis of the historic dollar value of the endowment funds and has approved a spending policy whereby a portion of interest and dividends on donor-restricted endowment funds are appropriated for expenditure annually.

*Underwater endowment funds* – The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization complies with UPMIFA and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Organization has no underwater endowment funds at June 30, 2019 and 2018.

Fair Value of Financial Instruments:

The Organization has a number of financial instruments and none are held for trading purposes. The Organization estimates that the fair value of all financial instruments as of June 30, 2019 and 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The Organization, using available market information and appropriate valuation methodologies, has determined the estimated fair value amounts (See Note 15). Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Property and Equipment:

Expenditures for office equipment and furniture and the fair value of donated assets are capitalized on the statement of financial position. Depreciation is computed over the estimated useful lives of the assets which are between five and seven years using the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in operations.

MIDDLESEX UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Income Tax:

The Organization is a Connecticut not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the United States of America Internal Revenue Code. Accordingly, no provision for income taxes has been provided in the accompanying financial statements. The Organization files an informational return in the US Federal jurisdiction. The Organization is no longer subject to US Federal income tax examinations by tax authorities for years before 2016.

Intermediate Measure of Operations:

The Organization has presented the statements of activities based on an intermediate measure of operations. The change in net assets from operations in the statements of activities includes all revenues and expenses that are an integral part of the Organization's programs and supporting activities and net assets released from restriction to support operating expenditures. The measure of operations excludes investment income.

Functional Allocation of Expenses:

The financial statements present expenses by function and natural classification. Expenses directly attributable to a specific function of the Organization are reported as expenses of those function areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other support services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Marketing and Advertising:

Marketing and advertising costs are expensed as incurred. Such costs totaled \$30,881 and \$47,778 for the years ended June 30, 2019 and 2018, respectively.

Agency Transactions:

Funds received and disbursed by the Organization which are considered agency transactions are recorded as increases and decreases to the appropriate asset and liability accounts rather than increases and decreases in the Organization's net assets (see Note 10).

Donor Designated Pledges:

The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and management and general fees based on actual historical costs in accordance with the United Way of America Membership Standards as outlined in their publication titled *United Way of America Cost Deduction Requirements for Membership Standard M*.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Leases:

Leases which meet certain criteria are classified as capital leases, and assets and liabilities are recorded at amounts equal to the lesser of the present value of the minimum lease payments or the fair value of the leased properties at the beginning of the respective lease terms. Leases that do not meet such criteria are classified as operating leases and related rentals are charged to expense as incurred (see Note 14).

Accounting Pronouncements Adopted:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The implementation of ASU 2016-14 had the following effect on the Organization's net assets as of June 30, 2018:

|                                       | <u>As Originally<br/>Presented</u> | <u>Adoption of<br/>ASU 2016-14</u> |
|---------------------------------------|------------------------------------|------------------------------------|
| Net Asset Class:                      |                                    |                                    |
| Unrestricted net assets               | \$ 891,450                         | \$ -                               |
| Temporarily restricted net assets     | 93,538                             | -                                  |
| Permanently restricted net assets     | 805,950                            | -                                  |
| Net assets without donor restrictions | -                                  | 891,450                            |
| Net assets with donor restrictions    | -                                  | 899,488                            |
|                                       | <u>\$ 1,790,938</u>                | <u>\$ 1,790,938</u>                |

Reclassifications:

Certain amounts as of June 30, 2018 have been reclassified to conform to the June 30, 2019 presentation. The reclassifications have no material effect on the financial statements.



MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Subsequent Events:

Management has evaluated subsequent events through October 9, 2019, the date which the financial statements were available for issue.

NOTE 3 – CAMPAIGN PLEDGES RECEIVABLE:

Campaign pledges receivable consist of the following at June 30:

|                                      | <u>2019</u>       | <u>2018</u>       |
|--------------------------------------|-------------------|-------------------|
| Campaign 2019                        | \$ 533,543        | \$ -              |
| Campaign 2018                        | 59,089            | 564,993           |
| Campaign 2017                        | -                 | 52,899            |
| Total receivable                     | <u>592,632</u>    | <u>617,892</u>    |
| Allowance for uncollectible pledges: |                   |                   |
| Campaign 2019                        | \$ 80,000         | \$ -              |
| Campaign 2018                        | 55,000            | 80,000            |
| Campaign 2017                        | -                 | 35,000            |
| Total allowance                      | <u>135,000</u>    | <u>115,000</u>    |
| Net campaign pledges receivable      | <u>\$ 457,632</u> | <u>\$ 502,892</u> |

It is the Organization's policy to establish an allowance for uncollectible pledges based on a percentage of annual campaign support. This percentage is reviewed annually and adjusted when necessary based on actual collections and present economic conditions. For the 2019 campaign, an allowance of approximately 7% was used. An allowance of approximately 6% is being used for the 2018 campaign. The pledges receivable at June 30, 2019 and 2018 are all due within one year.

NOTE 4 – CONCENTRATIONS OF CREDIT RISK:

Concentration of Credit Risk Due to Geographical Location:

The Organization receives substantially all of its pledges from businesses and individuals located in Middlesex County, Connecticut. Collection of these pledges is therefore affected by local economic conditions.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 4 – CONCENTRATIONS OF CREDIT RISK (Continued):

Concentration of Credit and Market Risk:

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Organization has not experienced any losses on its cash equivalents. The Organization maintains its cash balances at several financial institutions in Connecticut. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the years ended June 30, 2019 and 2018, cash may have exceeded the coverage limit. At June 30, 2019 and 2018, there were no uninsured cash balances.

The Organization, using available market information and appropriate valuation methodologies, has determined the estimated fair market values (see Note 15). Considerable judgment is required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Concentration of Credit Risk Due to Major Donors:

For the 2019 campaign, approximately 16% and 13% of the Organization's support was provided by contributions from two local corporations through its employee campaign and corporate gifts.

For the 2018 campaign, approximately 14% and 13% of the Organization's support was provided by contributions from two local corporations through its employee campaign and corporate gifts.

NOTE 5 – INVESTMENTS:

Investments, at fair value, consist of the following at June 30:

|                       | <u>2019</u>         | <u>2018</u>         |
|-----------------------|---------------------|---------------------|
| Marketable securities | \$ 1,156,900        | \$ 1,225,690        |
| Endowment             | <u>192,868</u>      | <u>195,803</u>      |
|                       | <u>\$ 1,349,768</u> | <u>\$ 1,421,493</u> |

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 – INVESTMENTS (Continued):

Investment income is comprised of the following for the years ended June 30, 2019 and 2018:

|   | <u>2019</u>      | <u>2018</u>       |
|---|------------------|-------------------|
| Dividend income                                 | \$ 24,111        | \$ 19,670         |
| Investment advisory fees                        | (8,839)          | (9,984)           |
| Net realized and unrealized gain on investments | <u>47,419</u>    | <u>90,797</u>     |
| Total investment return                         | <u>\$ 62,691</u> | <u>\$ 100,483</u> |

NOTE 6 – ENDOWMENT FUNDS:

The Organization's donor restricted endowment consists of two funds, which were established for the purpose of providing general operational support for the Organization. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All of the Organization's endowment funds are with donor restrictions.

The following summarizes changes in endowment net assets for the year ended June 30:

|                                     |                   |
|-------------------------------------|-------------------|
| Endowment net assets, July 1, 2017  | \$ 194,011        |
| Investment earnings                 | 13,168            |
| Appropriation                       | <u>( 11,376)</u>  |
| Endowment net assets, June 30, 2018 | 195,803           |
| Investment earnings                 | 7,881             |
| Appropriation                       | <u>( 10,816)</u>  |
| Endowment net assets June 30, 2019  | <u>\$ 192,868</u> |

NOTE 7 – BENEFICIAL INTEREST IN TRUSTS:

The Organization has been the recipient of several perpetual trusts held by various financial institutions. The trust agreements indicate that the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity.

The Organization will never receive the assets of the trust so the trusts are therefore recorded as net assets with donor restrictions. The trusts are recorded at fair market value as determined by the Trustees, which totaled \$652,120 and \$657,287 as of June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, current distributions from the trusts of \$28,460 and \$26,633 respectively, are included in net assets without donor restrictions as investment income. The change in the fair market value in excess of distributions of \$(5,167) and \$24,114, respectively, is recorded in net assets with donor restrictions as net increase (decrease) in trust values.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 – PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30, 2019 and 2018:

|   | <u>2019</u>      | <u>2018</u>      |
|---|------------------|------------------|
| Property and equipment                    | \$ 72,825        | \$ 72,868        |
| Software                                  | 13,121           | 14,885           |
| Accumulated depreciation and amortization | <u>(69,682)</u>  | <u>(66,322)</u>  |
|   | <u>\$ 16,264</u> | <u>\$ 21,431</u> |

NOTE 9 – LINE OF CREDIT:

The Organization has a revolving line of credit from a financial institution which carries a limit of \$200,000 with a variable interest rate at the prime rate (5.50% and 5.00% at June 30, 2019 and 2018). Interest on the line of credit is payable monthly. At June 30, 2019 and 2018, there was no outstanding balance on the line of credit.

NOTE 10 – AGENCY FUNDS:

Funds received and disbursed by the Organization which are considered agency transactions are recorded as increases and decreases to the appropriate asset and liability accounts rather than increases and decreases in the Organization's net assets. Balances of agency funds are included in accounts payable and accrued expenses and are as follows at June 30:

|   | <u>2019</u>       | <u>2018</u>       |
|---|-------------------|-------------------|
| Coalition for Children                  | \$ 92,219         | \$ 62,498         |
| Working Cities                          | 27,987            | 85,238            |
| Coalition on Housing                    | 25,467            | 29,616            |
| Healing Racism                          | 7,743             | 7,743             |
| Community Thanksgiving Project          | 5,400             | -                 |
| Refugee Resettlement Coalition          | 2,575             | -                 |
| Volunteer Income Tax Assistance Program | 1,499             | 980               |
| Diaper Drive                            | 295               | 295               |
| Middletown Early Childhood Program      | <u>-</u>          | <u>2,679</u>      |
|   | <u>\$ 163,185</u> | <u>\$ 189,049</u> |

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 11 – DONOR DESIGNATIONS PAYABLE:

Donor designations represent cash contributions the Organization received that were passed through to the appropriate agency as specified by the donor. The total donor designated pledges received during the current year campaign will be paid in the following fiscal year as the funds are received. For the years ending June 30, 2019 and 2018, donor designations payable on the statement of financial position are stated net of the related service fees of \$18,492 and \$24,295, respectively.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS:

The Organization internally accounts for all net assets in accordance with the donors original intent as provided for in the gift instrument, as follows:

*Designated* – Represents funds for which the spending is designated for specified purpose or period.

*Perpetual* – Represents funds which have donor-imposed restrictions that require the principal to be maintained in perpetuity but permits the Organization to expense the income earned thereon in accordance with its spending policy.

Net assets with donor restrictions are as follows at June 30:

|  | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|
| Designated:                                  |                   |                   |
| Women’s initiative program                   | \$ 35,133         | \$ 36,149         |
| Homelessness prevention                      | 17,345            | 4,735             |
| Young leaders group                          | <u>5,358</u>      | <u>5,514</u>      |
| Total designated                             | 57,836            | 46,398            |
| Perpetual:                                   |                   |                   |
| Endowment funds (including earnings thereon) | 192,868           | 195,803           |
| Beneficial interest in trust                 | <u>652,120</u>    | <u>657,287</u>    |
| Total perpetual                              | <u>844,988</u>    | <u>853,090</u>    |
| Total net assets with donor restrictions     | <u>\$ 902,824</u> | <u>\$ 899,488</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restriction are as follows:

|  |                  |                  |
|--|------------------|------------------|
| Women’s initiative program                 | \$ 20,627        | \$ 12,800        |
| Homelessness prevention                    | 23,504           | 19,039           |
| Young leaders group                        | 6,753            | 7,537            |
| Endowment appropriated for expenditure     | <u>6,694</u>     | <u>11,376</u>    |
| Total net assets released from restriction | <u>\$ 57,578</u> | <u>\$ 50,752</u> |

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 13 – PENSION PLAN:

The Organization has a defined contribution pension plan in place covering substantially all employees. The Organization's contribution is based on 7% of each eligible participant's monthly compensation as defined by the Plan. Employees are fully and immediately vested in all contributions from their date of participation in the Plan. Pension expense amounted to \$35,240 and \$31,252 the years ending June 30, 2019 and 2018, respectively and is included in employee benefits on the statements of functional expenses.

NOTE 14 – LEASES:

The Organization has a non-interest bearing lease for computer equipment. The lease calls for a monthly payment of \$275 through September 30, 2021. This obligation is treated as a capital lease and has been recorded in the accompanying financial statements at the value of future minimum payments. The capitalized cost of \$16,500 less accumulated depreciation of \$9,075 and \$5,775 is included in property and equipment at June 30, 2019 and 2018, respectively. Depreciation expense relating to this equipment totaled \$3,300 for the years ended June 30, 2019 and 2018. Total payments made for the years ended June 30, 2019 and 2018 related to this lease totaled \$3,300. The balance on the capital lease totaled \$7,425 at June 30, 2019 and \$10,725 at June 30, 2018.

The Organization leases office space under a lease agreement most recently amended on April 1, 2018 and expiring on November 30, 2023. The base rent is \$3,100 per month through November 30, 2019, \$3,200 per month through November 30, 2021 and \$3,300 per month through November 30, 2023. Rental expense for each of the years ended June 30, 2019 and 2018 totaled \$37,200.

The Organization leases office equipment under operating leases that expire at various times through 2020. For the years ended June 30, 2019 and 2018, expense under these leases amounted to \$6,954 and \$7,104, respectively.

Future minimum lease payments for each of the years succeeding June 30, 2019 under non-cancelable leases are as follows:

| <u>Year</u> | <u>Capital<br/>Lease</u> | <u>Operating<br/>Lease</u> | <u>Total</u>      |
|-------------|--------------------------|----------------------------|-------------------|
| 2020        | \$ 3,300                 | \$ 42,208                  | \$ 45,508         |
| 2021        | 3,300                    | 39,477                     | 42,777            |
| 2022        | 825                      | 39,100                     | 39,925            |
| 2023        | <u>-</u>                 | <u>16,500</u>              | <u>16,500</u>     |
| Total       | <u>\$ 7,425</u>          | <u>\$ 137,285</u>          | <u>\$ 144,710</u> |

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 15 – FAIR VALUE MEASUREMENTS:

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which established a framework for identifying and measuring fair value. FASB ASC 820 provides a fair value hierarchy, giving the highest priority to quoted prices in active markets, and is also applied to fair value measurements of derivative contracts that are subject to mark to market accounting and other assets and liabilities reported at fair value.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is 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.

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and established a fair value hierarchy that distinguishes between assumptions based on market data obtained from independent sources and those based on the entity's own assumptions. The hierarchy prioritizes the inputs to fair value measurements into three levels.

*Level 1* – measurements utilize unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access. These consist primarily of listed equity securities; exchange traded fixed income securities, derivatives and certain U.S. government treasury securities.

*Level 2* – measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals. These consist primarily of non-exchange traded derivatives such as swaps, forward contracts of options and most fixed income securities.

*Level 3* – measurements use unobservable inputs for assets or liabilities, are based on the best information available and might include the entity's own data. In some valuations, the inputs used may fall into different levels of hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These consist mainly of assets and liabilities valued through an internal modeling process.

The following section describes the valuation methodologies used by the Organization to measure different financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes the details of the valuation models, the key inputs to those models, and any significant assumptions.

Available-for-Sale Securities – the Organization uses pricing computed by the custodian based on the quoted market prices of the securities underlying accounts to determine fair value for these classes of securities. Since these financial assets consist of exchange traded fixed income and equity securities, they are classified in Level 1 of the financial hierarchy.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 15 – FAIR VALUE MEASUREMENTS (Continued):

Endowment – the Organization’s Endowment investments consist of a variety of stock and fixed income mutual funds. The fair value of the assets are determined from information provided by the Community Foundation of Middlesex County (CFMC) based on the Organization’s undivided interests in the portfolio. A substantial portion of the underlying assets at CFMC are measured at fair value using Level 1 and Level 2 inputs.

Beneficial interest in trusts – the Organization’s beneficial interest in trusts is valued based upon their undivided interests in these portfolios held by the respective trust. A substantial portion of the underlying assets are measured at fair value using Level 1 and Level 2 inputs.

The following tables present information about the Organization’s respective assets measured at fair value on a recurring basis at June 30, 2019 and 2018, including the fair value measurements and the level of inputs used in determining those fair values:

June 30, 2019:

| <u>Description</u>             | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u>    | <u>Total</u>        |
|--------------------------------|---------------------|-------------------|-------------------|---------------------|
| Beneficial interest in trusts  | \$ –                | \$ –              | \$ 652,120        | \$ 652,120          |
| Available-for-Sale Securities: |                     |                   |                   |                     |
| Fixed income                   | 520,343             | –                 | –                 | 520,343             |
| Equity large cap               | 163,276             | –                 | –                 | 163,276             |
| Equity mid-cap                 | 151,108             | –                 | –                 | 151,108             |
| Equity international           | 182,672             | –                 | –                 | 182,672             |
| Equity small cap               | 107,509             | –                 | –                 | 107,509             |
| Fixed income international     | 31,992              | –                 | –                 | 31,992              |
| Endowment - CFMC               | –                   | 192,868           | –                 | 192,868             |
|                                | <u>\$ 1,156,900</u> | <u>\$ 192,868</u> | <u>\$ 652,120</u> | <u>\$ 2,001,888</u> |

June 30, 2018:

| <u>Description</u>             | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u>    | <u>Total</u>        |
|--------------------------------|---------------------|-------------------|-------------------|---------------------|
| Beneficial interest in trusts  | \$ –                | \$ –              | \$ 657,287        | \$ 657,287          |
| Available-for-Sale Securities: |                     |                   |                   |                     |
| Fixed income                   | 558,880             | –                 | –                 | 551,394             |
| Equity large cap               | 156,137             | –                 | –                 | 177,338             |
| Equity mid-cap                 | 182,070             | –                 | –                 | 152,465             |
| Equity international           | 183,680             | –                 | –                 | 174,831             |
| Equity small cap               | 115,023             | –                 | –                 | 155,589             |
| Fixed income international     | 29,900              | –                 | –                 | 29,743              |
| Endowment - CFMC               | –                   | 195,803           | –                 | 195,803             |
|                                | <u>\$ 1,225,690</u> | <u>\$ 195,803</u> | <u>\$ 657,287</u> | <u>\$ 2,078,780</u> |



MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 15 – FAIR VALUE MEASUREMENTS (Continued):

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether, for various reasons, significant inputs become observable or unobservable. During the years ended June 30, 2019 and 2018, there were no significant transfers into and out of each level of the fair value hierarchy for assets measured at fair value.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value positions that the Organization has classified within the Level 3 category. As a result, unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value were as follows for the years ended June 30, 2019 and 2018:

|                              |    |                |
|------------------------------|----|----------------|
| Balance July 1, 2017         | \$ | 633,173        |
| Net increase in trust values |    | 24,114         |
| Transfers                    |    | -              |
| Balance June 30, 2018        |    | <u>657,287</u> |
| Net decrease in trust values |    | (5,167)        |
| Transfers                    |    | -              |
| Balance June 30, 2019        | \$ | <u>652,120</u> |

NOTE 16 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appreciations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

MIDDLESEX UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 16 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (Continued):

The following table reflects the Organization’s financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year:

|  |    |                         |
|--|----|-------------------------|
| Financial assets:  |    |                         |
| Cash and cash equivalents  | \$ | 95,780                  |
| Campaign pledges receivable, net   |    | 457,632                 |
| Investments  |    | <u>1,156,900</u>        |
| Financial assets, at year end  |    | 1,710,312               |
| Less those unavailable for general expenditure within one year, due to:                |    |                         |
| Agency funds   |    | (163,185)               |
| Donor designations payable, net  |    | (109,288)               |
| Net assets restricted – designated   |    | <u>(57,836)</u>         |
| Financial assets available to meet cash needs for general expenditures within one year | \$ | <u><u>1,380,003</u></u> |

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$200,000, which it could draw upon.

ADDITIONAL INFORMATION

MIDDLESEX UNITED WAY, INC.

SCHEDULE I - SCHEDULE OF COMMUNITY PARTNER GRANTS

YEARS ENDED JUNE 30, 2019 AND 2018

|               | Approved<br><u>2019</u> | Approved<br><u>2018</u> | Paid<br><u>2018</u> |
|---------------|-------------------------|-------------------------|---------------------|
| Health        | \$ 361,109              | \$ 386,772              | \$ 374,134          |
| Education     | 105,420                 | 105,420                 | 105,420             |
| Housing       | 92,903                  | 92,903                  | 92,903              |
| Income        | 43,435                  | 43,635                  | 43,635              |
| 211/ infoline | <u>13,100</u>           | <u>13,100</u>           | <u>12,625</u>       |
|               | <u>\$ 615,967</u>       | <u>\$ 641,830</u>       | <u>\$ 628,717</u>   |

MIDDLESEX UNITED WAY, INC.

SCHEDULE II - SCHEDULE OF SPECIAL ALLOCATIONS AND OTHER DISTRIBUTIONS

YEARS ENDED JUNE 30, 2019 AND 2018

|                                      | <u>2019</u>      | <u>2018</u>      |
|--------------------------------------|------------------|------------------|
| Middlesex County homeless prevention | \$ 23,504        | \$ 19,039        |
| Women's initiative grant             | 20,627           | 12,800           |
| Young leaders group                  | 6,754            | 7,537            |
| Additional allocations               | (113)            | 6,795            |
| Sponsorship designations             | 3,500            | 3,500            |
|                                      | <u>\$ 54,272</u> | <u>\$ 49,671</u> |