

***United Way of Central  
Massachusetts, Inc.***

*Financial Statements for the Years  
Ended June 30, 2019 and 2018  
and Independent Auditors' Report*

# UNITED WAY OF CENTRAL MASSACHUSETTS, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
United Way of Central Massachusetts, Inc.

We have audited the accompanying financial statements of United Way of Central Massachusetts, 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.

### *Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Massachusetts, 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.

  
November 8, 2019

# UNITED WAY OF CENTRAL MASSACHUSETTS, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 411,937	\$ 845,923
Pledges receivable, net (Note 3)	1,704,325	1,814,629
Accounts receivable and other assets	<u>180,817</u>	<u>212,072</u>
Total current assets	2,297,079	2,872,624
INVESTMENTS	6,821,075	6,414,208
BENEFICIAL INTEREST IN TRUSTS (Note 7)	1,533,251	1,277,539
PROPERTY AND EQUIPMENT, NET	<u>13,754</u>	<u>20,561</u>
TOTAL ASSETS	<u>\$ 10,665,159</u>	<u>\$ 10,584,932</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable	\$ 23,441	\$ 86,218
Accrued expenses	84,582	96,261
Community impact grants payable (Note 14)	2,152,979	2,410,787
Women's initiative grants payable	213,593	213,593
Designations payable	<u>279,026</u>	<u>293,622</u>
Total liabilities	<u>2,753,621</u>	<u>3,100,481</u>
NET ASSETS:		
Without donor restrictions	6,221,831	6,149,021
With donor restrictions	<u>1,689,707</u>	<u>1,335,430</u>
Total net assets	<u>7,911,538</u>	<u>7,484,451</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,665,159</u>	<u>\$ 10,584,932</u>

See notes to financial statements.

# UNITED WAY OF CENTRAL MASSACHUSETTS, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUE AND OTHER SUPPORT:			
Campaign revenue	\$ 4,361,338	\$ 562,298	\$ 4,923,636
Less:			
Designations	(651,927)	-	(651,927)
Administrative fees	(7,388)	-	(7,388)
Allowance for uncollectible pledges (Note 3)	(237,102)	-	(237,102)
Transfers (Note 8)	(364,558)	364,558	-
Net assets released from restrictions	599,391	(599,391)	-
Net campaign revenue	3,699,754	327,465	4,027,219
Donor designation fees	30,368	-	30,368
Grant, contribution, and sponsorship income (Note 16)	530,361	832,912	1,363,273
Dividend and interest income, net	11,509	19,150	30,659
Net assets released from restrictions	835,369	(835,369)	-
Total revenue and other support	5,107,361	344,158	5,451,519
EXPENSES:			
Community impact grants (Note 14)	1,685,136	-	1,685,136
Women's initiative grants (Note 14)	216,538	-	216,538
Other grants/sponsorships	450,096	-	450,096
Program services	1,982,663	-	1,982,663
Supporting services	1,355,419	-	1,355,419
Total expenses	5,689,852	-	5,689,852
Change in net assets from operating activities	(582,491)	344,158	(238,333)
NONOPERATING ACTIVITIES:			
Investment return, net	623,518	-	623,518
Change in beneficial interest in trusts (Note 7)	31,783	10,119	41,902
Total nonoperating activities	655,301	10,119	665,420
Change in net assets	72,810	354,277	427,087
NET ASSETS - BEGINNING	6,149,021	1,335,430	7,484,451
NET ASSETS - ENDING	\$ 6,221,831	\$ 1,689,707	\$ 7,911,538

See notes to financial statements.

# UNITED WAY OF CENTRAL MASSACHUSETTS, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUE AND OTHER SUPPORT:			
Campaign revenue	\$ 4,509,055	\$ 666,885	\$ 5,175,940
Less:			
Designations	(526,152)	-	(526,152)
Administrative fees	(13,399)	-	(13,399)
Allowance for uncollectible pledges (Note 3)	(101,695)	-	(101,695)
Net assets released from restrictions	<u>604,979</u>	<u>(604,979)</u>	<u>-</u>
Net campaign revenue	4,472,788	61,906	4,534,694
Donor designation fees	32,819	-	32,819
Grant, contribution, and sponsorship income (Note 16)	100,147	817,634	917,781
Dividend and interest income, net	32,167	-	32,167
Net assets released from restrictions	<u>733,263</u>	<u>(733,263)</u>	<u>-</u>
Total revenue and other support	<u>5,371,184</u>	<u>146,277</u>	<u>5,517,461</u>
EXPENSES:			
Community impact grants (Note 14)	1,868,936	-	1,868,936
Women's initiative grants (Note 14)	217,593	-	217,593
Other grants/sponsorships	495,462	-	495,462
Program services	1,703,040	-	1,703,040
Supporting services	<u>1,490,541</u>	<u>-</u>	<u>1,490,541</u>
Total expenses	<u>5,775,572</u>	<u>-</u>	<u>5,775,572</u>
Change in net assets from operating activities	<u>(404,388)</u>	<u>146,277</u>	<u>(258,111)</u>
NONOPERATING ACTIVITIES:			
Investment return, net	758,363	-	758,363
Change in beneficial interest in trusts (Note 7)	<u>59,497</u>	<u>20,575</u>	<u>80,072</u>
Total nonoperating activities	<u>817,860</u>	<u>20,575</u>	<u>838,435</u>
Change in net assets	<u>413,472</u>	<u>166,852</u>	<u>580,324</u>
NET ASSETS - BEGINNING	<u>5,735,549</u>	<u>1,168,578</u>	<u>6,904,127</u>
NET ASSETS - ENDING	<u>\$ 6,149,021</u>	<u>\$ 1,335,430</u>	<u>\$ 7,484,451</u>

See notes to financial statements.

**UNITED WAY OF CENTRAL MASSACHUSETTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	PROGRAM SERVICES						SUPPORTING SERVICES				Total	
	Community Services	Mass 211	Labor Community Services	Community Impact	Youth Connect	Women's Initiative Community Impact	Other Programs (Note 16)	Total Program Services	Admin. & Finance	Marketing Fundraising		Supporting Services
Salaries and related expenses:												
Salaries	\$ 59,816	\$ -	\$ 79,217	\$ 153,967	\$ -	\$ 46,518	\$ 177,827	\$ 517,345	\$ 306,225	\$ 47,474	\$ 412,119	\$ 765,818
Payroll taxes	4,215	-	5,728	10,550	-	3,502	13,355	37,350	22,872	3,701	30,131	56,704
Health and other fringe benefits	12,193	-	15,567	37,691	-	11,613	21,884	98,948	57,648	27,174	102,192	187,014
Total salaries and related expenses	76,224	-	100,512	202,208	-	61,633	213,066	653,643	386,745	78,349	544,442	1,009,536
Other expenses:												
Professional fees and contract services	17,419	28,139	4,632	33,563	89,610	4,250	80,632	258,245	52,716	17,385	34,611	104,712
Directors and officers insurance	-	-	-	-	-	-	-	-	8,040	-	-	8,040
Supplies	247	-	18,801	816	-	158	1,638	21,660	4,722	192	2,396	7,310
Telephone	1,030	-	889	4,816	-	811	620	8,166	4,099	985	6,305	11,389
Postage	63	-	261	1,184	205	27	170	1,910	1,193	613	3,449	5,255
Occupancy (Note 10)	5,845	-	7,307	79,188	-	4,646	-	96,986	20,041	5,637	36,059	61,737
Promotion and publicity	753	239	2,181	1,200	1,294	203	350	6,220	731	11,838	10,491	23,060
Programs and events	14,828	-	585	15,630	744,863	15,255	63,420	854,581	-	14,428	39,075	53,503
Travel and professional development	-	-	597	8,057	450	163	18,169	27,436	9,852	259	6,325	16,436
Organization dues and subscriptions	250	-	-	-	-	-	516	766	1,697	-	835	2,532
Equipment rental and maintenance	663	-	574	3,092	-	527	-	4,856	2,213	639	4,048	6,900
Bank and credit card fees	-	-	-	24,574	-	-	-	24,574	-	-	-	24,574
Miscellaneous	-	-	-	-	-	-	42	42	14	-	84	98
Total other expenses	41,098	28,378	35,827	172,120	836,422	26,040	165,557	1,305,442	105,318	51,976	143,678	300,972
Total expenses before depreciation and national and state dues	117,322	28,378	136,339	374,328	836,422	87,673	378,623	1,959,085	492,063	130,325	688,120	1,310,508
National and state dues	3,482	-	3,015	9,513	-	2,767	-	18,777	11,627	3,357	21,265	36,249
Depreciation	829	-	718	2,267	-	659	328	4,801	2,785	799	5,078	8,662
Total expenses	\$ 121,633	\$ 28,378	\$ 140,072	\$ 386,108	\$ 836,422	\$ 91,099	\$ 378,951	\$ 1,982,663	\$ 506,475	\$ 134,481	\$ 714,463	\$ 1,355,419

See notes to financial statements.

**UNITED WAY OF CENTRAL MASSACHUSETTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM SERVICES						SUPPORTING SERVICES					
	Community Services	Mass 211	Labor Community Services	Community Impact	Youth Connect	Women's Initiative Community Impact	Other Programs (Note 16)	Total Program Services	Admin. & Finance	Marketing Fundraising	Total Supporting Services	
Salaries and related expenses:												
Salaries	\$ 68,541	\$ -	\$ 77,161	\$ 187,375	\$ -	\$ 40,318	\$ 143,643	\$ 517,038	\$ 337,350	\$ 68,581	\$ 471,930	\$ 877,861
Payroll taxes	4,838	-	5,552	12,769	-	3,004	11,093	37,256	25,280	4,995	33,737	64,012
Health and other fringe benefits	11,421	-	18,180	38,332	-	9,558	8,557	86,048	67,373	13,226	94,918	175,517
Total salaries and related expenses	84,800	-	100,893	238,476	-	52,880	163,293	640,342	430,003	86,802	600,585	1,117,390
Other expenses:												
Professional fees and contract services	23,922	28,639	4,266	46,553	79,889	2,110	145,320	330,699	60,410	6,706	50,245	117,361
Directors and officers insurance	-	-	-	-	-	-	-	-	6,229	-	-	6,229
Supplies	349	-	26,428	1,169	27	273	2,643	30,889	6,159	1,119	2,838	10,116
Telephone	1,284	-	879	5,985	-	436	409	8,993	4,484	566	6,115	11,165
Postage	1,135	-	304	178	3	103	239	1,624	1,624	21	4,666	6,311
Occupancy (Note 10)	7,035	-	6,931	86,862	2,068	2,482	-	105,378	23,000	3,098	33,368	59,466
Promotion and publicity	4,558	210	1,039	2,557	-	79	809	9,252	2,244	14,421	12,681	29,346
Programs and events	23,979	-	-	20,608	393,014	12,399	52,661	502,661	83	15,519	28,232	43,834
Travel and professional development	308	-	284	8,166	1,200	826	8,947	19,731	15,181	36	20,399	35,616
Organization dues and subscriptions	250	-	-	-	-	-	483	733	2,672	518	162	3,352
Equipment rental and maintenance	805	-	551	5,565	-	273	-	7,194	2,589	354	4,260	7,203
Bank and credit card fees	-	-	-	24,088	-	-	-	24,088	-	-	-	24,088
Miscellaneous	-	-	-	991	-	-	64	1,055	53	-	622	675
Total other expenses	63,625	28,849	40,682	202,722	476,201	18,981	211,575	1,042,635	124,728	42,358	163,588	330,674
Total expenses before depreciation and national and state dues	148,425	28,849	141,575	441,198	476,201	71,861	374,868	1,682,977	554,731	129,160	764,173	1,448,064
National and state dues	4,596	-	3,150	8,549	-	1,559	-	17,854	14,766	2,025	21,790	38,581
Depreciation	418	-	299	791	-	40	661	2,209	1,442	55	2,399	3,896
Total expenses	\$ 153,439	\$ 28,849	\$ 145,024	\$ 450,538	\$ 476,201	\$ 73,460	\$ 375,529	\$ 1,703,040	\$ 570,939	\$ 131,240	\$ 788,362	\$ 1,490,541
												\$ 3,193,581

See notes to financial statements.



# UNITED WAY OF CENTRAL MASSACHUSETTS, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 427,087	\$ 580,324
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	13,463	6,105
Allowance for uncollectible pledges	1,516	27,418
Realized gain on investments	(67,277)	(770,838)
Unrealized (gain) loss on investments	(556,241)	12,475
Change in beneficial interest trusts	(255,712)	(37,022)
Changes in operating assets and liabilities:		
Pledges receivable	108,788	(93,030)
Accounts receivable and other assets	31,255	(3,199)
Accounts payable	(62,777)	74,845
Accrued expenses	(11,679)	5,977
Community impact grants payable	(257,808)	(412,564)
Women's initiative grants payable	-	(39,760)
Designations payable	(14,596)	(76,050)
Net cash used in operating activities	<u>(643,981)</u>	<u>(725,319)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(6,656)	(7,163)
Acquisition of investments	(1,769,612)	(5,874,627)
Proceeds from sale of investments	<u>1,986,263</u>	<u>6,057,410</u>
Net cash provided by investing activities	<u>209,995</u>	<u>175,620</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(433,986)	(549,699)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>845,923</u>	<u>1,395,622</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 411,937</u>	<u>\$ 845,923</u>

See notes to financial statements.

# UNITED WAY OF CENTRAL MASSACHUSETTS, INC.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2019 AND 2018

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### 1. ORGANIZATION

United Way of Central Massachusetts, Inc. (the “Organization”) is a not-for-profit organization which mission is to connect people and resources to improve the Central Massachusetts community. The Organization’s major focus is to invest in educational opportunities, support strong families and build healthy communities.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of presentation*** – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

***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 the Organization’s management and the board of directors.

***Net assets 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

***Accounting principle adoption*** – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The Organization was required to implement ASU 2016-14 as of July 1, 2018. Changes resulting from the implementation have been applied retroactively to all periods presented.

***Measure of operations*** – The statement of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing programs to improve the Central Massachusetts community. Nonoperating activities are limited to investment return and other activities considered to be of a more unusual or nonrecurring nature.

***Cash and cash equivalents*** – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid deposits to be cash and cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses in such accounts.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Pledges receivable*** – Pledges receivable consist of contributions unconditionally committed to the annual campaign. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on historical actual write offs (see Note 3).

***Investments*** – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment securities are exposed to various risks including, but not limited to, interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The Organization seeks to minimize market risk by diversifying its investment portfolio.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The Organization has adopted a spending policy of 5% of the average market value of the investments over the preceding twenty quarters. The spending rate takes into account any management fees assessed on the investments.

***Property and equipment*** – Property and equipment are recorded at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments in excess of \$1,000 with a useful life over one year are capitalized as additions to property and equipment. Depreciation is provided over the estimated useful lives of the assets, which range from 3 to 25 years, of each class of depreciable asset and is computed using the straight-line method.

***Revenue recognition*** – Campaign revenue is recorded as revenue when the pledge is verified or received. Grants, contributions, and sponsorship income are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions, when cash is received or acknowledgment of intent is received. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

Donors may designate their gifts to specific United Way affiliated and non-affiliated agencies. Non-affiliated agencies are required to provide the Organization with documentation of their tax-exempt status. Donor designations to specific agencies are not included in total revenue and other support in the accompanying Statements of Activities.

The Organization receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the recognition criteria of generally accepted accounting principles for nonprofit organizations.

***Designations*** – Agency-specific designations as specified by the donor are recorded upon receipt of the contribution and are reflected as an offset to recorded campaign revenue in the Statement of Activities and, until distributed to the agency, as a liability in the Statement of Financial Position.

***Advertising*** – Advertising costs are charged to operations as incurred. These costs were approximately \$4,900 and \$5,700 in 2019 and 2018, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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. Actual results could differ from those estimates.

*Income tax status* – The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

*Functional expense allocation* – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising. Such allocations are determined by management on the basis of estimates of time and effort.

## 3. PLEDGES RECEIVABLE

Pledges receivable consists of the following at June 30:

	<b>2019</b>	<b>2018</b>
Campaign in 2019	\$ 7,420	\$ -
Campaign in 2018	1,696,905	11,113
Campaign in 2017	-	1,803,516
	<u>\$ 1,704,325</u>	<u>\$ 1,814,629</u>

Pledges receivable are presented net of an allowance for uncollectible pledges of \$435,660 and \$366,168 in 2019 and 2018, respectively.

## 4. INVESTMENTS

Investments are stated at fair value and consist primarily of mutual funds and equity. Fair values and unrealized appreciation (depreciation) at June 30, 2019 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation
Mutual funds	\$ 1,805,063	\$ 1,862,970	\$ 57,907
Equity	3,337,471	4,743,435	1,405,964
Limited partnership	206,000	214,670	8,670
	<u>\$ 5,348,534</u>	<u>\$ 6,821,075</u>	<u>\$ 1,472,541</u>

#### 4. INVESTMENTS (CONTINUED)

Fair values and unrealized appreciation (depreciation) at June 30, 2018 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual funds	\$ 1,779,780	\$ 1,773,795	\$ (5,985)
Equity	3,501,327	4,415,757	914,430
Limited partnership	206,000	224,656	18,656
	<u>\$ 5,487,107</u>	<u>\$ 6,414,208</u>	<u>\$ 927,101</u>

The Organization realized a net gain of \$67,277 and \$770,838 from the sale of investments during 2019 and 2018, respectively. The Organization incurred investment custodial and advisory fees of \$56,399 and \$57,788 during 2019 and 2018, respectively. The Organization appropriated for operations \$313,694 and \$285,143 from its investments during 2019 and 2018, respectively.

#### 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Building and improvements	\$ 1,141,426	\$ 1,141,426
Equipment	483,311	476,655
Furniture and fixtures	204,916	204,916
	<u>1,829,653</u>	<u>1,822,997</u>
Accumulated depreciation	<u>(1,815,899)</u>	<u>(1,802,436)</u>
	<u>\$ 13,754</u>	<u>\$ 20,561</u>

#### 6. LINE OF CREDIT

The Organization maintains a line of credit agreement with an available borrowing limit of \$1,000,000. The line of credit bears interest at the British Bankers Association LIBOR Rate (“BBA LIBOR”) plus 3.75% (6.15% at June 30, 2019). The line of credit expires on December 31, 2019. There were no outstanding borrowings as of June 30, 2019 and 2018.

#### 7. BENEFICIAL INTEREST IN TRUSTS

The Organization is the sole beneficiary of two trusts administered by Greater Worcester Community Foundation (“GWCF”).

##### United Way of Central Massachusetts Fund

In August of 1987 the Organization established the United Way of Central Massachusetts Fund (the “Fund”) at GWCF. The purpose of the Fund is to provide additional financial support for participating agencies of the Organization and to underwrite administrative costs of the Organization. The Fund consists of an amount contributed by the Organization, having a market value of \$1,188,992 and \$943,399 as of June 30, 2019 and 2018, respectively. In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958-605, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the Organization’s initial contribution to the Fund is reflected as an asset (“Beneficial interest in trusts”) and is included in net assets without restrictions on the Statement of Financial Position. Changes in market value of the Fund are recorded as a change in beneficial interest in trusts on the statement of activities.

## 7. BENEFICIAL INTEREST IN TRUSTS (CONTINUED)

During 2019 and 2018, \$36,190 and \$35,050, respectively, was distributed to the Organization. During 2019, the Organization transferred \$250,000 into the Fund.

### Women's Initiative Fund in Honor of Lois B. Green

On October 30, 2009, the Organization established the Women's Initiative Fund (the "WI Fund") in Honor of Lois B. Green at GWCF. The WI Fund shall be used for support of the charitable or educational purposes of the Women's Initiative of the UWCM and its affiliated agencies. The WI Fund shall be maintained by GWCF as a with donor restrictions - permanent endowment. The WI Fund consists of an amount contributed by the Organization, having a market value of \$344,259 and \$334,140 as of June 30, 2019 and 2018, respectively. In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 958-605, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, the market value of the Organization's initial contribution to the WI Fund is reflected as an asset ("Beneficial interest in trusts") and is included in with restrictions net assets on the Statement of Financial Position. There were no contributions received in 2019 and 2018. Changes in market value of the WI Fund are recorded as a change in beneficial interest in trusts on the statement of activities. There were no distributions from the WI Fund during 2019. During 2018, \$8,000 was distributed to the Organization.

## 8. NET ASSETS

Net assets with donor restrictions are as follows at June 30, 2019 and 2018:

With donor restrictions – temporarily restricted net assets are available for the following purposes:

	<b>2019</b>	<b>2018</b>
Future campaign revenue	\$ 14,610	\$ 18,501
Women's Initiative (WI)	555,175	207,494
Appreciation on WI Fund	105,251	95,132
Small capital grant awards	58,628	58,018
Investing in Girls Alliance (Note 16)	25,747	42,328
Worcester Education Collaborative (Note 16)	163,592	147,888
Ramp program	74,400	87,776
Summer Strong and Beyond	109,864	78,517
YouthConnect summer program	14,441	53,939
Other programs	62,991	40,829
	<u>\$ 1,184,699</u>	<u>\$ 830,422</u>

During 2019, management became aware that a without restrictions contribution of \$300,000 which was received and recorded in 2014 was actually a with restrictions contribution for the Women's Initiative program. Management calculated the estimated earnings on the contribution as if it had been invested with the Organization's investments since 2014. The original contribution plus estimated earnings net of distributions and expenses was transferred to with restrictions net assets – temporarily restricted for the Women's Initiative program in 2019. A total of \$364,558 was transferred and is presented as a transfer in the statement of activities for the year ended June 30, 2019.

## 8. NET ASSETS (CONTINUED)

With donor restrictions – permanently restricted net assets are as follows:

	<b>2019</b>	<b>2018</b>
UWCM endowment fund	\$ 60,000	\$ 60,000
Women's Initiative endowment fund	239,008	239,008
Cutler endowment fund	206,000	206,000
	<u>\$ 505,008</u>	<u>\$ 505,008</u>

Net assets released from net assets with donor restrictions are as follows:

	<b>2019</b>	<b>2018</b>
Future campaign revenue	\$ 18,501	\$ 9,657
Women's Initiative	407,911	407,276
Distribution from WI Fund	-	8,000
Small capital grant awards	54,390	55,602
Investing in Girls Alliance	106,581	102,084
Worcester Education Collaborative	331,013	307,217
Summer Strong and Beyond	75,314	62,874
YouthConnect summer program	211,053	62,686
Other programs and events	229,997	322,846
	<u>\$ 1,434,760</u>	<u>\$ 1,338,242</u>

## 9. GROSS CAMPAIGN REVENUE

Gross campaign revenue by campaign year (October 1 – September 30) consists of the following:

	<b>Campaign 2019</b>	<b>Campaign 2018</b>	<b>Campaign 2017</b>
June 30, 2019	\$ 14,610	\$ 4,854,788	\$ 54,238
June 30, 2018	-	18,501	5,103,084
June 30, 2017	-	-	9,657
	<u>\$ 14,610</u>	<u>\$ 4,873,289</u>	<u>\$ 5,166,979</u>

## 10. RENTAL PROPERTY

The Organization owns office condominium space which it does not currently occupy. The Organization did not receive any rental payments from this office space during 2019 and 2018. However, the Organization paid condominium fees and other building related expenses of \$51,887 and \$51,214 during 2019 and 2018, respectively. The Organization allows a non-profit agency to use the office space free of charge to provide programs. The carrying value of the office condominium not currently occupied is \$191,095 and is currently fully depreciated.

## 11. LEASE COMMITMENTS

The Organization leases office equipment under three operating lease agreements which began in November 2017 and June 2018 requiring a combined monthly payment of \$839. One lease will expire in November 2022 and two will expire in July 2021. Future minimum lease payments under the operating leases for office equipment at June 30, 2019 are as follows:

	<u>Amount</u>
2020	\$ 10,638
2021	10,638
2022	2,166
2023	<u>722</u>
Total minimum lease payments	<u>\$ 24,164</u>

Total expense under the office equipment leases amounted to \$10,446 and \$10,522 in 2019 and 2018, respectively.

## 12. EMPLOYEE BENEFIT PLAN

The Organization maintains a contributory retirement plan covering all eligible employees. Each year the Organization at its discretion may make an employer contribution to the plan. The employer's contribution is determined annually, by the Board of Directors. The employer's contribution charged to expense was \$32,907 and \$35,332 in 2019 and 2018, respectively.

In addition, incorporated into the plan are the provisions of Section 401(k) of the Internal Revenue Code, which allows employees to contribute to their accounts on a pretax basis. The Organization may make a discretionary match contribution up to a maximum of 2% of employees' annual compensation. The match contribution for 2019 and 2018 was \$14,329 and 16,724, respectively.

## 13. GREATER WORCESTER COMMUNITY FOUNDATION FUNDS

The following funds are considered assets of the GWCF and therefore are not included in the financial statements of the Organization. The information is included for disclosure purposes only.

The Arthur J. Remillard, Jr. Fund (the "AJR Fund") is a donor-designated fund established at GWCF to provide financial support to the Organization. A three-person advisory board, consisting of the chief executive officer, a current or past president of the Board of Directors of the Organization and a current or past president of the Board of Directors of GWCF, determines the annual pledge to the Organization. The advisory board awarded the Organization a total of \$20,702 in 2019 and \$22,100 in 2018, respectively. As of and for the years ended June 30, 2019 and 2018, the AJR Fund had a fair market value of \$591,593 and \$598,994, respectively.

The Organization and participating agencies are designated beneficiaries of three additional funds with GWCF, however variance power and ultimate control resides with GWCF board of directors. Accordingly, the market values of these funds are reported as assets of GWCF. The market value of these funds is equal to \$2,679,706 at June 30, 2019 and \$2,704,515 at June 30, 2018. During 2019 and 2018, a total of \$102,640 and \$101,120, respectively, was distributed to the Organization from these funds.



#### 14. COMMUNITY IMPACT AND WOMEN'S INITIATIVE

Community Impact grants of without restrictions funds to selected programs are determined annually by the Board of Directors based on recommendations from the Community Impact Committee. Women's Initiative grants and sponsorships are also determined by the Board of Directors based on recommendations from the Women's Initiative Community Investment Committee. Grants are payable on a monthly basis during subsequent fiscal years. Sponsorships are paid based on the timing of the sponsored events.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, the Organization recognizes the full amount of the committed grant as an expense in the year in which the commitment is made.

#### 15. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Input prices quoted in an active market for identical financial assets or liabilities.
- Level 2: Inputs other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Input prices quoted that are significant to the fair value of the financial assets or liabilities which are not observable nor supported by an active market.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Equity securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Limited partnership:* Represents the Organization's ownership interest in an investment limited partnership. Valued at the net asset value of the Organization's membership interest in the partnership capital as reported by the limited partnership.

*Beneficial interest in trusts:* Consist of beneficial interest in the UWCM Fund and in the Women's Initiative Fund in Honor of Lois B. Green. The fair value of these funds (and its underlying assets) is based on independent reports obtained from Greater Worcester Community Foundation (GWCF), an independent party.

## 15. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organizations assets at fair value at June 30:

	2019			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds:				
Short-term bond	\$ 1,862,970	\$ -	\$ -	\$ 1,862,970
Equity securities:				
Consumer discretionary	813,113	-	-	813,113
Consumer staples	97,776	-	-	97,776
Energy	80,747	-	-	80,747
Financials	340,293	-	-	340,293
Health care	602,898	-	-	602,898
Industrials	457,694	-	-	457,694
Information technology	1,657,060	-	-	1,657,060
Telecommunication services	613,096	-	-	613,096
Real estate	80,758	-	-	80,758
Total equity securities	4,743,435	-	-	4,743,435
Limited partnership	-	-	214,670	214,670
Beneficial interest in trusts	-	-	1,533,251	1,533,251
	<u>\$ 6,606,405</u>	<u>\$ -</u>	<u>\$ 1,747,921</u>	<u>\$ 8,354,326</u>
	2018			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds:				
Short-term bond	\$ 1,773,795	\$ -	\$ -	\$ 1,773,795
Equity securities:				
Consumer discretionary	847,864	-	-	847,864
Consumer staples	251,393	-	-	251,393
Financials	244,003	-	-	244,003
Health care	575,165	-	-	575,165
Industrials	477,534	-	-	477,534
Information technology	1,846,132	-	-	1,846,132
Materials	112,394	-	-	112,394
Real estate	61,272	-	-	61,272
Total equity securities	4,415,757	-	-	4,415,757
Limited partnership	-	-	224,656	224,656
Beneficial interest in trusts	-	-	1,277,539	1,277,539
	<u>\$ 6,189,552</u>	<u>\$ -</u>	<u>\$ 1,502,195</u>	<u>\$ 7,691,747</u>

## 15. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth a summary of changes in the fair value of the Organization's beneficial interest in trusts and limited partnership (level 3) for the years ended June 30:

	<b>2019</b>	
	<b>Beneficial Interest in Trusts</b>	<b>Limited Partnership</b>
Balance, beginning of year	\$ 1,277,539	\$ 224,656
Earnings and investment gain	49,334	1,865
Grants received	250,000	-
Grants authorized	(36,190)	(10,800)
Administrative fees	(7,432)	(1,051)
Balance, end of year	<u>\$ 1,533,251</u>	<u>\$ 214,670</u>

  

	<b>2018</b>	
	<b>Beneficial Interest in Trusts</b>	<b>Limited Partnership</b>
Balance, beginning of year	\$ 1,240,517	\$ 195,705
Earnings and investment gain	86,503	14,718
Grants received	-	26,000
Grants authorized	(43,050)	(10,800)
Administrative fees	(6,431)	(967)
Balance, end of year	<u>\$ 1,277,539</u>	<u>\$ 224,656</u>

## 16. FISCAL SPONSOR

The Organization serves as the fiscal sponsor for the Worcester Education Collaborative, the Investing in Girls Alliance, E3 (Engage, Educate, Empower), Amor para Puerto Rico and Worcester Health Baby Collaborative (WHBC). The Organization maintains legal and fiduciary responsibility for the employees and activities of these programs. Total revenue for these programs is reported as grant, contribution, and sponsorship income on the statements of activities. Total revenue for these programs during 2019 and 2018 was \$440,927 and \$425,907, respectively. Total expense for these programs during 2019 was \$437,594 of which \$12,725 and \$30,888 was allocated to administration and finance and fundraising, respectively. Total expense for these programs during 2018 was \$434,401 of which \$9,937 and \$23,635 was allocated to administration and finance and fundraising, respectively. A total of \$201,969 and \$198,633 of fiscal sponsor program assets are reported as with restrictions net assets - temporarily restricted as of June 30, 2019 and 2018.

## 17. CONTINGENCIES

The Organization owns and occupies condominium space in a building in Worcester, Massachusetts. The Organization is the largest owner of the condominium space, owning fifteen percent. Due to the age of the building, the Organization may be subject to special assessments to maintain and repair the building. As of June 30, 2019, the Organization is unable to estimate the extent of or dollar amount of future special assessments. The special assessments, when they occur, may have a material impact on the Organization's financial statements.

The Organization may become involved in litigation or other claims in the ordinary course of business. Management is not aware of any claims that will have a material adverse effect on the financial condition of the Organization.

## 18. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 411,937
Pledges receivable, current	1,704,325
Accounts receivable and other assets	180,817
Investments	<u>6,821,075</u>
Total financial assets	<u>9,118,154</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	1,689,707
Less net assets with purpose restrictions to be met in less than one year	<u>1,184,699</u>
	<u>505,008</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,613,146</u>

The Organization has a goal to maintain financial assets to meet 90 days of normal operating expenses (approximately \$1,422,000).

The Organization has available a \$1,000,000 line-of-credit with its primary financial institution. The annual return (interest, dividends and appreciation) from the investments will also be available (based on the investment spending policy in Note 2) to support the Organization's programs and operating expenses.

## 19. SUBSEQUENT EVENT

On October 8, 2019, the Organization set up the Jeanne Y. Curtis Women's Initiative Fund (the "Curtis Fund") with the Greater Worcester Community Foundation for which the Organization's Women's Initiative program is the sole beneficiary. The initial deposit into the Curtis Fund amounted to \$555,664. The purpose of the Curtis Fund is to provide additional financial support for the Organization's Women's Initiative program. Distributions from the Curtis Fund are made at the discretion of the Organization's Women's Initiative Committee.

Management has evaluated all subsequent events through November 8, 2019, the date the financial statements were available to be issued.

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