



**FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**UNITED WAY OF TRI-COUNTY, INC.**

Contents  
June 30, 2019 and 2018

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## Independent Auditor's Report

To the Board of Directors of  
United Way of Tri-County, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Tri-County, Inc. (a Massachusetts corporation, not for profit) (the Organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, changes in net assets, cash flows and functional expenses 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***

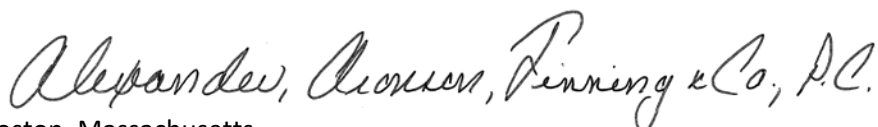
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 United Way of Tri-County, 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.



Boston, Massachusetts  
November 20, 2019

**UNITED WAY OF TRI-COUNTY, INC.**

Statements of Financial Position  
June 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current Assets:		
Cash	\$ 129,176	\$ 173,061
Pledges receivable, net of allowances for uncollectible pledges of approximately \$85,000 and \$100,000 at June 30, 2019 and 2018, respectively	624,251	665,987
Designations receivable, net of allowances for uncollectible designations of approximately \$219,000 and \$233,000 at June 30, 2019 and 2018, respectively	502,230	553,739
Accounts receivable	365,312	353,206
Current portion of contribution receivable - charitable lead trust	25,000	25,000
Inventory, net	24,484	25,760
Prepaid expenses	12,652	4,905
Total current assets	1,683,105	1,801,658
Investments	426,764	404,768
Contribution Receivable - Charitable Lead Trust, net of current portion	168,027	194,642
Property and Equipment, net	2,238,446	2,327,763
Security Deposits	12,115	9,700
Total assets	\$ 4,528,457	\$ 4,738,531
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Current portion of long-term debt	\$ 76,941	\$ 79,434
Current portion of capital lease obligation	14,493	13,893
Current portion of deferred revenue	21,500	21,500
Accounts payable, accrued expenses and other	295,075	224,860
Accrued designations	502,230	553,739
Designations payable	327,079	326,857
Total current liabilities	1,237,318	1,220,283
Long-Term Debt, net of current portion	1,469,786	1,570,894
Deferred Revenue, net of current portion	129,000	150,500
Capital Lease Obligation, net of current portion	12,555	27,047
Total liabilities	2,848,659	2,968,724
Net Assets:		
Without donor restrictions:		
Operating	734,290	808,979
Property and equipment	547,832	535,387
Board designated	79,817	79,817
Total without donor restrictions	1,361,939	1,424,183
With donor restrictions	317,859	345,624
Total net assets	1,679,798	1,769,807
Total liabilities and net assets	\$ 4,528,457	\$ 4,738,531

**UNITED WAY OF TRI-COUNTY, INC.**

 Statement of Activities  
 For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenues:</b>			
Gross campaign results	\$ 2,878,084	\$ -	\$ 2,878,084
Less - donor designations, net of service fees of \$248,604	829,309	-	829,309
Less - provision for uncollectible pledges and designations	303,746	-	303,746
Net campaign revenue	<u>1,745,029</u>	<u>-</u>	<u>1,745,029</u>
Product Philanthropy:			
Donated products	895,157	-	895,157
Less - cost of goods donated to the community	896,433	-	896,433
	<u>(1,276)</u>	<u>-</u>	<u>(1,276)</u>
Distribution services portage fees and member dues	276,284	-	276,284
Net Product Philanthropy	<u>275,008</u>	<u>-</u>	<u>275,008</u>
Other public support and revenues:			
Donated goods and services	2,101,375	-	2,101,375
Management fees	1,538,509	-	1,538,509
Special events	461,848	-	461,848
Grants and contributions	259,460	1,009	260,469
Service fees	248,604	-	248,604
Miscellaneous income	110,850	-	110,850
Investment earnings used for operations under the spending policy	7,460	-	7,460
Net assets released from program restrictions	1,762	(1,762)	-
Net assets released from time restrictions	25,000	(25,000)	-
Total other public support and revenues	<u>4,754,868</u>	<u>(25,753)</u>	<u>4,729,115</u>
Total public support and revenues	<u>6,774,905</u>	<u>(25,753)</u>	<u>6,749,152</u>
<b>Operating Expenses:</b>			
Program services:			
Allocations	387,433	-	387,433
United Way Distribution Services	742,309	-	742,309
Call Center	1,375,009	-	1,375,009
Food Security	2,467,868	-	2,467,868
Other Program Services	668,061	-	668,061
Total program services	<u>5,640,680</u>	<u>-</u>	<u>5,640,680</u>
Supporting services:			
General and administrative	516,234	-	516,234
Fundraising	695,214	-	695,214
Total supporting services	<u>1,211,448</u>	<u>-</u>	<u>1,211,448</u>
Total operating expenses	<u>6,852,128</u>	<u>-</u>	<u>6,852,128</u>
Changes in net assets from operations	(77,223)	(25,753)	(102,976)
<b>Non-Operating Revenue (Expenses):</b>			
Investment return, net	14,979	7,063	22,042
Change in value of charitable lead trust	-	(1,615)	(1,615)
Investment earnings used for operations under the spending policy	<u>-</u>	<u>(7,460)</u>	<u>(7,460)</u>
Changes in net assets	<u>\$ (62,244)</u>	<u>\$ (27,765)</u>	<u>\$ (90,009)</u>

The accompanying notes are an integral part of these statements.

**UNITED WAY OF TRI-COUNTY, INC.**

 Statement of Activities  
 For the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenues:</b>			
Gross campaign results	\$ 3,046,666	\$ -	\$ 3,046,666
Less - donor designations, net of service fees of \$270,240	880,596	-	880,596
Less - provision for uncollectible pledges and designations	332,378	-	332,378
Net campaign revenue	<u>1,833,692</u>	<u>-</u>	<u>1,833,692</u>
<b>Product Philanthropy:</b>			
Donated products	1,110,262	-	1,110,262
Less - cost of goods donated to the community	1,115,257	-	1,115,257
	(4,995)	-	(4,995)
Distribution services portage fees and member dues	315,667	-	315,667
Net Product Philanthropy	<u>310,672</u>	<u>-</u>	<u>310,672</u>
<b>Other public support and revenues:</b>			
Donated goods and services	2,305,637	-	2,305,637
Management fees	1,375,551	-	1,375,551
Special events	492,277	-	492,277
Grants and contributions	338,144	1,762	339,906
Service fees	270,240	-	270,240
Miscellaneous income	92,647	-	92,647
Investment earnings used for operations under the spending policy	7,091	-	7,091
Net assets released from program restrictions	2,097	(2,097)	-
Net assets released from time restrictions	25,000	(25,000)	-
Total other public support and revenues	<u>4,908,684</u>	<u>(25,335)</u>	<u>4,883,349</u>
Total public support and revenues	<u>7,053,048</u>	<u>(25,335)</u>	<u>7,027,713</u>
<b>Operating Expenses:</b>			
<b>Program services:</b>			
Allocations	488,535	-	488,535
United Way Distribution Services	706,384	-	706,384
Call Center	1,379,909	-	1,379,909
Food Security	2,628,809	-	2,628,809
Other Program Services	677,278	-	677,278
Total program services	<u>5,880,915</u>	<u>-</u>	<u>5,880,915</u>
<b>Supporting services:</b>			
General and administrative	493,358	-	493,358
Fundraising	702,703	-	702,703
Total supporting services	<u>1,196,061</u>	<u>-</u>	<u>1,196,061</u>
Total operating expenses	<u>7,076,976</u>	<u>-</u>	<u>7,076,976</u>
Changes in net assets from operations	(23,928)	(25,335)	(49,263)
<b>Non-Operating Revenue (Expenses):</b>			
Investment return, net	15,052	6,694	21,746
Change in value of charitable lead trust	-	1,044	1,044
Investment earnings used for operations under the spending policy	-	(7,091)	(7,091)
Changes in net assets	<u>\$ (8,876)</u>	<u>\$ (24,688)</u>	<u>\$ (33,564)</u>

The accompanying notes are an integral part of these statements.

**UNITED WAY OF TRI-COUNTY, INC.**

Statements of Changes in Net Assets  
For the Years Ended June 30, 2019 and 2018

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Balance, June 30, 2017</b>	\$ 1,433,059	\$ 370,312	\$ 1,803,371
Changes in net assets	<u>(8,876)</u>	<u>(24,688)</u>	<u>(33,564)</u>
<b>Balance, June 30, 2018</b>	1,424,183	345,624	1,769,807
Changes in net assets	<u>(62,244)</u>	<u>(27,765)</u>	<u>(90,009)</u>
<b>Balance, June 30, 2019</b>	<u>\$ 1,361,939</u>	<u>\$ 317,859</u>	<u>\$ 1,679,798</u>

**UNITED WAY OF TRI-COUNTY, INC.**

Statements of Cash Flows  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (90,009)	\$ (33,564)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Provision for uncollectible pledges	303,746	332,378
Depreciation	113,709	125,720
Investment return, net	(22,042)	(21,746)
Deferred revenue	(21,500)	(21,500)
Change in value of charitable lead trust	1,615	(1,044)
Changes in operating assets and liabilities:		
Pledges receivable	(42,823)	(29,002)
Designations receivable	(167,678)	(221,828)
Accounts receivable	(12,106)	249
Contribution receivable - charitable lead trust	25,000	25,000
Inventory	1,276	4,995
Prepaid expenses	(7,747)	10,960
Accounts payable, accrued expenses and other	70,215	46,345
Accrued designations	(51,509)	(10,784)
Designations payable	222	(61,234)
Net cash provided by operating activities	<u>100,369</u>	<u>144,945</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	206,820	315,664
Purchase of investments	(206,774)	(315,664)
Purchase of property and equipment	(24,392)	(33,653)
Increase in security deposits	(2,415)	-
Net cash used in investing activities	<u>(26,761)</u>	<u>(33,653)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt	-	60,000
Principal payments on long-term debt	(103,601)	(204,024)
Principal payments on capital lease obligation	(13,892)	(27,025)
Net cash used in financing activities	<u>(117,493)</u>	<u>(171,049)</u>
<b>Net Change in Cash</b>	(43,885)	(59,757)
<b>Cash:</b>		
Beginning of year	<u>173,061</u>	<u>232,818</u>
End of year	<u>\$ 129,176</u>	<u>\$ 173,061</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 74,917</u>	<u>\$ 87,376</u>
Unrealized loss on investments	<u>\$ (2,075)</u>	<u>\$ (13,215)</u>



UNITED WAY OF TRI-COUNTY, INC.

Statement of Functional Expenses  
For the Year Ended June 30, 2019

(With Summarized Comparative Totals for the Year Ended June 30, 2018)

	2019									2018	
	Program Services					Supporting Services				Total	
	Allocations	United Way Distribution Services	Call Center	Food Security	Other Program Services	Total Program Services	General and Adminis- trative	Fundraising	Total Supporting Services		
<b>Allocations:</b>											
Designations to nonprofits and United Ways	\$ 307,616	\$ -	\$ -	\$ -	\$ -	\$ 307,616	\$ -	\$ -	\$ -	\$ 307,616	\$ 373,718
Allocations to agencies	79,817	-	-	-	-	79,817	-	-	-	79,817	114,817
<b>Total allocations</b>	<b>387,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>387,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>387,433</b>	<b>488,535</b>
<b>Personnel and Related Costs:</b>											
Salaries and wages	-	410,182	915,230	349,883	194,395	1,869,690	114,396	309,127	423,523	2,293,213	2,240,147
Fringe benefits	-	49,884	83,089	66,027	46,979	245,979	23,330	55,396	78,726	324,705	334,127
Payroll taxes	-	42,145	93,153	32,454	16,698	184,450	7,365	22,464	29,829	214,279	196,263
<b>Total personnel and related costs</b>	<b>-</b>	<b>502,211</b>	<b>1,091,472</b>	<b>448,364</b>	<b>258,072</b>	<b>2,300,119</b>	<b>145,091</b>	<b>386,987</b>	<b>532,078</b>	<b>2,832,197</b>	<b>2,770,537</b>
<b>Other:</b>											
Donated goods and services	-	-	-	1,735,961	215,414	1,951,375	-	-	-	1,951,375	2,155,637
Occupancy	-	146,526	3,797	59,323	2,639	212,285	78,474	5,804	84,278	296,563	278,557
Telephone	-	13,241	114,075	8,350	3,577	139,243	13,746	5,614	19,360	158,603	165,646
Donated advertising	-	-	-	-	120,000	120,000	-	30,000	30,000	150,000	150,000
Computer/hosting fees	-	9,011	49,145	5,691	16,162	80,009	41,073	5,333	46,406	126,415	97,155
Campaign expenses	-	-	-	-	-	-	-	103,583	103,583	103,583	100,470
Special events	-	-	-	-	-	-	-	102,286	102,286	102,286	131,630
Professional fees and temporary labor	-	3,563	27,738	2,678	7,650	41,629	56,446	1,592	58,038	99,667	82,171
Travel and conferences	-	6,964	2,845	44,237	3,283	57,329	31,104	3,535	34,639	91,968	83,820
Miscellaneous	-	11,446	8,540	5,398	10,857	36,241	27,333	18,237	45,570	81,811	53,962
Interest	-	-	42,459	18,439	8,507	69,405	1,824	8,562	10,386	79,791	87,376
Supplies	-	21,631	1,944	31,750	456	55,781	22,444	700	23,144	78,925	90,133
Insurance	-	14,028	2,269	15,819	951	33,067	19,691	1,559	21,250	54,317	47,060
United Way dues	-	-	-	-	-	-	49,461	-	49,461	49,461	44,638
Food	-	668	66	37,570	3,954	42,258	169	500	669	42,927	62,447
Equipment rental	-	3,415	6,285	6,778	4,631	21,109	1,174	6,116	7,290	28,399	35,985
Postage and printing	-	3,045	2,108	758	887	6,798	11,786	4,114	15,900	22,698	25,497
<b>Total other</b>	<b>-</b>	<b>233,538</b>	<b>261,271</b>	<b>1,972,752</b>	<b>398,968</b>	<b>2,866,529</b>	<b>354,725</b>	<b>297,535</b>	<b>652,260</b>	<b>3,518,789</b>	<b>3,692,184</b>
<b>Depreciation</b>	<b>-</b>	<b>6,560</b>	<b>22,266</b>	<b>46,752</b>	<b>11,021</b>	<b>86,599</b>	<b>16,418</b>	<b>10,692</b>	<b>27,110</b>	<b>113,709</b>	<b>125,720</b>
<b>Total expenses</b>	<b>\$ 387,433</b>	<b>\$ 742,309</b>	<b>\$ 1,375,009</b>	<b>\$ 2,467,868</b>	<b>\$ 668,061</b>	<b>\$ 5,640,680</b>	<b>\$ 516,234</b>	<b>\$ 695,214</b>	<b>\$ 1,211,448</b>	<b>\$ 6,852,128</b>	<b>\$ 7,076,976</b>

The accompanying notes are an integral part of these statements.

UNITED WAY OF TRI-COUNTY, INC.

Statement of Functional Expenses  
For the Year Ended June 30, 2018

	Program Services					Supporting Services				
	Allocations	United Way Distribution Services	Call Center	Food Security	Other Program Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
<b>Allocations:</b>										
Designations to nonprofits and United Ways	\$ 373,718	\$ -	\$ -	\$ -	\$ -	\$ 373,718	\$ -	\$ -	\$ -	\$ 373,718
Allocation to agencies	114,817	-	-	-	-	114,817	-	-	-	114,817
Total allocations	488,535	-	-	-	-	488,535	-	-	-	488,535
<b>Personnel and Related Costs:</b>										
Salaries and wages	-	389,248	937,630	315,035	193,008	1,834,921	100,862	304,364	405,226	2,240,147
Fringe benefits	-	47,277	73,424	62,668	60,208	243,577	36,415	54,135	90,550	334,127
Payroll taxes	-	36,416	84,684	27,505	19,336	167,941	6,851	21,471	28,322	196,263
Total personnel and related costs	-	472,941	1,095,738	405,208	272,552	2,246,439	144,128	379,970	524,098	2,770,537
<b>Other:</b>										
Donated goods and services	-	-	-	1,928,941	226,696	2,155,637	-	-	-	2,155,637
Occupancy	-	140,448	4,741	62,445	3,154	210,788	62,104	5,665	67,769	278,557
Telephone	-	11,051	124,756	6,857	6,165	148,829	11,074	5,743	16,817	165,646
Donated advertising	-	-	-	-	120,000	120,000	-	30,000	30,000	150,000
Computer/hosting fees	-	10,733	45,988	5,858	7,495	70,074	20,441	6,640	27,081	97,155
Campaign expenses	-	-	-	-	-	-	-	100,470	100,470	100,470
Special events	-	-	-	-	-	-	-	131,630	131,630	131,630
Professional fees and temporary labor	-	1,530	-	1,530	1,650	4,710	77,461	-	77,461	82,171
Travel and conferences	-	2,259	6,758	44,813	1,764	55,594	26,232	1,994	28,226	83,820
Miscellaneous	-	15,577	4,625	3,937	10,014	34,153	15,156	4,653	19,809	53,962
Interest	-	39	40,152	17,955	8,066	66,212	12,829	8,335	21,164	87,376
Supplies	-	21,536	9,738	24,023	2,456	57,753	29,528	2,852	32,380	90,133
Insurance	-	11,691	1,746	16,615	798	30,850	14,783	1,427	16,210	47,060
United Way dues	-	-	-	-	-	-	44,638	-	44,638	44,638
Food	-	600	-	58,231	200	59,031	3,395	21	3,416	62,447
Equipment rental	-	9,061	9,458	7,138	4,009	29,666	1,087	5,232	6,319	35,985
Postage and printing	-	574	3,752	735	270	5,331	13,283	6,883	20,166	25,497
Total other	-	225,099	251,714	2,179,078	392,737	3,048,628	332,011	311,545	643,556	3,692,184
<b>Depreciation</b>	-	8,344	32,457	44,523	11,989	97,313	17,219	11,188	28,407	125,720
Total expenses	\$ 488,535	\$ 706,384	\$ 1,379,909	\$ 2,628,809	\$ 677,278	\$ 5,880,915	\$ 493,358	\$ 702,703	\$ 1,196,061	\$ 7,076,976

The accompanying notes are an integral part of these statements.

## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 1. OPERATIONS AND NONPROFIT STATUS

United Way of Tri-County, Inc. (the Organization) was incorporated through the merging of five United Way organizations: the United Way of Assabet Valley, United Way of Neponset Valley, the United Way of Metro-West, the Westborough United Way, and the Clinton Community United Way. The Organization is one of 1,340 locally managed and operated United Way organizations in America. Today the Organization provides services to thousands of our neighbors and friends in thirty-four communities throughout Norfolk, Middlesex, and Worcester Counties better known as the Metro-West/495 Corridor. Community investment is made through the funding of trusted community partner agencies and through direct service programming in the areas of Food Security, Information and Referral, Product Philanthropy, and Call2Talk, our Mental Health and Suicide and Prevention program. Specifically, the Organization operates three food pantries and two congregate meal programs in Framingham, Marlborough and Clinton, Massachusetts; operates the state-wide Mass 2-1-1 Information and Referral Hotline for the Commonwealth of Massachusetts, and operates the United Way Distribution Services Product warehouse in Framingham, Massachusetts. Day-to-day management of the Organization is the responsibility of the President and Chief Professional Officer who reports directly to the Board of Directors.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within IRC requirements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Recently Adopted Accounting Pronouncement

In fiscal year 2019, the Organization adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Organization has adjusted the presentation of these financial statements accordingly. The adoption of this ASU did not impact the Organization's net asset classes, results of operations, or cash flows for the year ended June 30, 2019. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit disclosures about liquidity and availability of resources for the fiscal year 2018 financial statements.

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

The Organization considers all cash balances not included in its investment portfolio to be cash for purposes of the statements of cash flows.

## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Description of Net Assets

##### *Net Assets Without Donor Restrictions*

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

**Operating** - represents funds available to carry on the operations of the Organization.

**Property and Equipment** - represents the net book value of the Organization's property and equipment, net of related debt.

**Board Designated** - represents funds set aside by the Board of Directors for future allocations. These funds may only be used with the approval of the Board of Directors.

##### *Net Assets With Donor Restrictions*

The Organization receives contributions and grants that are 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, whereby the donor has stipulated the funds be maintained in perpetuity and only the investment income can be spent. Perpetually restricted net assets consist of donor contributions to the Success by Six Endowment Fund.

Net assets with donor restrictions consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Time restricted	\$ 193,027	\$ 219,642
Perpetually restricted	115,338	115,338
Appreciation on endowment	8,485	8,882
Purpose restricted	<u>1,009</u>	<u>1,762</u>
	<u>\$ 317,859</u>	<u>\$ 345,624</u>

#### **Endowment Investment Spending Policy**

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of a donor, the Organization may appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the Organization.

The Board of Directors is in the process of implementing an investment policy to address specific returns and risk parameters as well as a spending policy to allow the Organization to designate a portion of the Organization's cumulative investment return for support of operations. Under the Organization's proposed spending policy, the Board of Directors may appropriate up to 5.40% of the fair value of the endowment to support operations. The Board of Directors has made appropriations totaling \$7,460 and \$7,091 to support operations for the years ended June 30, 2019 and 2018, respectively, based on the proposed spending policy.

## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition, Pledges and Designations Receivable/Payable

Gross campaign results, designations from other United Ways, grants without donor restrictions, and donated products are recorded as revenue when received or unconditionally committed. Grants and contributions with donor restrictions are reported as an increase in net assets with donor restrictions when received or unconditionally committed. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. Donor-restricted grants received and satisfied in the same period are included in net assets without donor restrictions. Special event revenue is recognized in the period in which the event takes place. Distribution Services membership dues are recognized at the time of enrollment. Portage fees are recognized at time of product distribution. Management fees, service fees and all other revenue are recorded as earned.

Pledges and designations receivable are recorded at their net present value when unconditionally committed (see Note 3). Collectability of pledges and designations receivable is analyzed by management based on the history of collections and management's judgment. The risk of not collecting the pledges and designations is mitigated by the Organization's policy to reduce payments of donor designations and allocations in the event that actual collections are lower than estimated amounts. Accordingly, accrued designations have been reduced by the same amount as the reserve amount on the designations receivable.

Donors to the campaign may designate all or part of their contributions to specific agencies. Such amounts made within the Organization's service area are not included as allocations to agencies and are recorded as designations to nonprofits and United Ways in the accompanying statements of functional expenses. Designations made by donors outside of the Organization's service area are recorded as a deduction from gross campaign results in the accompanying statements of activities as donor designations, net of service fees. The balances of donor designations to specific agencies that remain unpaid at year-end are reflected as designations payable in the accompanying statements of financial position. Service fees of \$248,604 and \$270,240 were deducted from donor designations to cover the costs incurred by the Organization in raising and processing them for the years ended June 30, 2019 and 2018, respectively. Donor designations include \$307,616 and \$373,718 in donor contributions from campaigns managed by the Organization that were designated to specific agencies and paid directly to third parties for the years ended June 30, 2019 and 2018, respectively. The Organization does not earn service fees on contributions that are paid in this manner.

#### Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as public support and revenues and operating expenses in the accompanying statements of activities. Non-operating revenue (expenses) includes investment activity.

#### Investments

Interest and dividends are recorded as investment return when earned. Gains and losses are recognized as incurred or based on fair value changes during the period.

#### Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is recorded based on management's analysis of specific accounts and their estimate of amounts that may be uncollectible.

## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair Value Measurements**

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### **Investments**

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. Investments are valued using Level 1 inputs as of June 30, 2019 and 2018.

#### **All Other Assets and Liabilities**

The carrying value of all other qualifying assets and liabilities, including contribution receivable - charitable lead trust and long-term debt, does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair value at the time of donation (see Note 4). Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building	40 years
Leasehold improvements	10 years or life of lease
Furniture and equipment	3 - 7 years
Vehicles	5 years
Website development	3 years

#### Inventory

The United Way Distribution Services program links Product Philanthropy (see Note 7) (office furniture, computers, supplies, etc.) donors, including Gifts In-Kind International and local companies and institutions throughout Central New England, to community partner agencies of the Organization who are in need of these supplies. At the time of the distribution of the goods, each distribution is recognized as a donation to the partner agency for the total fair market value of the distribution. Partner agencies pay a membership fee for participation in the program. In addition, each distribution is assessed a portage fee of 15% based on the fair market value of the total order. These fees are shown as distribution services portage fees and member dues in the accompanying statements of activities.

Inventory consists of Product Philanthropy items received that have not been distributed to community partner agencies. This inventory is accounted for at the lower of donation value (see Note 7) (as determined by the first-in, first-out (FIFO) method) or market.

Inventory reserve is recorded in an amount that would bring the net inventory amount down to the expected sales price (portage fees). The inventory reserve was \$139,009 and \$146,240 as of June 30, 2019 and 2018, respectively.

#### Grants and Allocations Payable

The Organization reserves the right to exercise variance authority over all grants and, as such, has no legal liability to pay the balance of any grant. Accordingly, grants and allocations are expensed based on predetermined payment schedules. Any grants and allocations that are due and not paid as of year-end in accordance with the predetermined payment schedule are recorded as a liability by the Organization.

#### Allocations to Agencies

Non-designated Community Care contributions are allocated to community partner agencies after completion of the fundraising campaign and upon approval of the Board of Directors.

## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; occupancy and depreciation, which are allocated on a square footage basis; and certain other costs, which are allocated based on usage studies conducted annually.

#### Advertising Costs

The Organization expenses advertising costs as they are incurred.

#### Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2019 and 2018. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

#### Subsequent Events

Subsequent events have been evaluated through November 20, 2019, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 3. PLEDGES AND DESIGNATIONS RECEIVABLE

Pledges and designations receivable were comprised of the following as of June 30:

	<u>2019</u>	
	<u>Pledges</u>	<u>Designations</u>
Pledges and designations receivable	\$ 708,810	\$ 721,417
Less - allowance for uncollectible accounts	<u>84,559</u>	<u>219,187</u>
Pledges and designations receivable, net	<u>\$ 624,251</u>	<u>\$ 502,230</u>
	<u>2018</u>	
	<u>Pledges</u>	<u>Designations</u>
Pledges and designations receivable	\$ 765,752	\$ 786,351
Less - allowance for uncollectible accounts	<u>99,765</u>	<u>232,612</u>
Pledges and designations receivable, net	<u>\$ 665,987</u>	<u>\$ 553,739</u>

All pledges and designations receivable are expected to be collected within one year.



## UNITED WAY OF TRI-COUNTY, INC.

Notes to Financial Statements  
June 30, 2019 and 2018

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### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 215,000	\$ 215,000
Building	2,036,593	2,036,593
Leasehold improvements	130,639	130,639
Furniture and equipment	437,596	765,169
Vehicles	192,285	209,897
Website development	<u>37,376</u>	<u>46,376</u>
	3,049,489	3,403,674
Less - accumulated depreciation	<u>811,043</u>	<u>1,075,911</u>
	<u>\$ 2,238,446</u>	<u>\$ 2,327,763</u>

On June 29, 2016, the Organization purchased the building it had previously leased for programmatic and administrative space. As part of completing this deal, the Organization purchased the building at a discount of \$215,000 and entered into a ten-year lease agreement with its former landlord to leaseback office space in the Organization's facility at a discounted price of \$100 per month (see Note 10). The property was recorded at fair value and the difference between fair value and the property's purchase price is recorded as deferred revenue in the accompanying statements of financial position. The Organization records rental income at fair value and amortizes the deferred revenue over the life of the lease. The Organization recognized \$21,500 of related rental income for the years ended June 30, 2019 and 2018, which is included in miscellaneous income in the accompanying statements of activities.

### 5. INVESTMENTS

Investments consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	\$ 2,087	\$ 1,681
Mutual funds:		
Bond funds	115,273	104,722
Global markets - equity	82,093	74,944
Domestic markets - equity	<u>227,311</u>	<u>223,421</u>
	<u>\$ 426,764</u>	<u>\$ 404,768</u>

Investments have been classified as non-current assets as it is management's intent to invest these funds for long-term purposes. Investments are not insured and are subject to market fluctuations.

### 6. DONATED GOODS AND SERVICES

Donated services are recognized if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not provided by donation.

The financial statements do not include amounts for donated services for which an objective basis of measurement of the value of such services is not available, and these services are not specialized as defined in the standard for *Contributions Received* under U.S. GAAP. However, volunteers have donated significant amounts of their time and energy to the Organization. Based on management's estimate, volunteers donated approximately 95,700 and 87,500 hours to the Organization during the years ended June 30, 2019 and 2018, respectively.

**UNITED WAY OF TRI-COUNTY, INC.**Notes to Financial Statements  
June 30, 2019 and 2018**6. DONATED GOODS AND SERVICES (Continued)**

Those goods and services that are able to be valued are reflected in the accompanying financial statements based upon the estimated value (donation value) assigned to them by the donating agencies or by management. The value of donated goods and services was as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Food	\$ 1,735,961	\$ 1,928,941
Holiday Giving Program and other	215,414	226,696
Advertising	<u>150,000</u>	<u>150,000</u>
	<u>\$ 2,101,375</u>	<u>\$ 2,305,637</u>

**7. PRODUCT PHILANTHROPY**

Product Philanthropy represents donated goods received by the Organization for its United Way Distribution Services (see Note 2). Of the Product Philanthropy goods received, \$761,841 and \$945,843 were distributed to community partner agencies during fiscal years 2019 and 2018, respectively. These amounts are included in cost of goods donated to the community in the accompanying statements of activities. The balance of these goods (\$24,484 and \$25,760) is shown as inventory, net in the accompanying statements of financial position as of June 30, 2019 and 2018, respectively, and reflect goods to be distributed in a future period.

**8. LONG-TERM DEBT**

Long-term debt consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
5% note payable to a realty trust (seller-financed note), due in monthly installments of principal and interest of \$9,000. This note matures on April 1, 2034, and may not be prepaid prior to July 1, 2021, without the written consent of the lender. This note is secured by a second mortgage on the property.	\$ 1,129,088	\$ 1,175,530
Note payable to Avidia Bank, due in monthly installments of principal and interest of \$2,388. This note accrues interest at 4.75% through June 29, 2026, at which time the interest rate will reset, and again on June 29, 2036, to the Federal Home Loan Bank rate, plus 2.5%, subject to a floor of 4.75%. This note matures on June 29, 2041, and is secured by a first mortgage on the property.	388,104	397,814
5.56% note payable to Rockland Trust, due in monthly installments of principal and interest of \$1,150 through April 2023. This note is secured by certain business assets. During fiscal year 2019, the Organization made additional principal payments of \$26,964.	20,504	58,261

**UNITED WAY OF TRI-COUNTY, INC.**Notes to Financial Statements  
June 30, 2019 and 2018**8. LONG-TERM DEBT (Continued)**

	<u>2019</u>	<u>2018</u>
Non-interest bearing note payable to a nonprofit organization, due in monthly principal-only installments of \$300 until the note is paid off (approximately December 2021 based on current payments). This note is unsecured.	9,031	12,631
6.1% note payable to a financial institution for a vehicle, due in monthly installments of principal and interest of \$780 through March 2019. This note was secured by the vehicle.	-	6,092
	<u>1,546,727</u>	<u>1,650,328</u>
Less - current portion	<u>76,941</u>	<u>79,434</u>
	<u>\$ 1,469,786</u>	<u>\$ 1,570,894</u>

Maturities of long-term debt over the next five years are as follows:

2020	\$ 76,941
2021	\$ 77,863
2022	\$ 70,353
2023	\$ 71,748
2024	\$ 75,710

These notes contain certain non-financial covenants which the Organization was not in compliance with as of June 30, 2019. Management received a covenant wavier from the bank.

**9. RETIREMENT PLANS**

The Organization sponsors an employee pension plan for all full-time employees. For the years ended June 30, 2019 and 2018, the Organization's contributions based on a percentage of employee salaries totaled \$119,512 and \$128,662, respectively, and are included in fringe benefits in the accompanying statements of functional expenses.

The Organization also maintains an IRC Section 403(b) Tax-Deferred Annuity Plan. The Tax-Deferred Annuity Plan covers all eligible employees as defined in the plan. The Organization does not contribute to this plan.

**10. LEASE AGREEMENTS**

The Organization maintains an agreement to lease programmatic space through April 30, 2021. Monthly payments under this agreement were \$4,200 for the first two years and escalate to \$6,615 in May 2019 for the remainder of the lease term.

In addition, the Organization leases additional program space under several tenant-at-will agreements for aggregate payments of approximately \$3,500 and \$3,200 per month for fiscal years 2019 and 2018, respectively. Facility rent expense for the years ended June 30, 2019 and 2018, was \$97,278 and \$89,772, respectively, and is included in occupancy in the accompanying statements of functional expenses.

The Organization also leases various equipment under operating lease agreements that expire through October 2019. The leases require aggregate monthly payments of approximately \$1,400 for fiscal years 2019 and 2018. Total lease expense on all equipment was \$16,087 for the years ended June 30, 2019 and 2018, and is included in equipment rental in the accompanying statements of functional expenses.

**UNITED WAY OF TRI-COUNTY, INC.**

Notes to Financial Statements  
June 30, 2019 and 2018

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**10. LEASE AGREEMENTS (Continued)**

Future minimum lease payments under non-cancelable operating leases are as follows:

	<u>Facilities</u>	<u>Equipment</u>
2020	\$ 79,380	\$ 4,540
2021	\$ 66,150	\$ -

The Organization leases a vehicle with a cost of \$87,134 through a capital lease agreement as of June 30, 2019 and 2018. The agreement bears interest of 4.2% and is due in monthly installments of principal and interest of \$1,280 as of June 30, 2019, maturing through April 2021.

Future minimum lease payments under these agreements are as follows:

2020	\$ 15,360
2021	<u>12,800</u>
Total future minimum lease payments	28,160
Less - amounts representing interest	<u>1,112</u>
Present value of minimum lease payments	27,048
Less - current portion	<u>14,493</u>
	<u>\$ 12,555</u>

For the years ended June 30, 2019 and 2018, depreciation expense on the vehicle purchased under the capital lease was \$17,427.

**Rental Income**

The Organization maintains a ten-year lease agreement with its former landlord to lease office space in the Organization's facility. Monthly payments of \$100 are due through June 30, 2026.

Future minimum rental receipts are as follows:

2020	\$ 1,200
2021	\$ 1,200
2022	\$ 1,200
2023	\$ 1,200
2024	\$ 1,200
Thereafter	\$ 2,400

**11. COMMITMENTS**

The Organization entered into an agreement to provide comprehensive operational and management services on behalf of Mass211, Inc. (Mass211) through June 30, 2019, at a management fee equal to the direct costs incurred to carry out the services required by Mass211's grants and contracts. During fiscal years 2019 and 2018, the Organization incurred direct costs of approximately \$1,377,000 and \$1,376,000, respectively, which were billed to Mass211 for the years ended June 30, 2019 and 2018. These fees are included in management fees in the accompanying statements of activities. These fees comprised 20% of total public support and revenues for the years ended June 30, 2019 and 2018. The Organization is currently negotiating a new agreement with Mass211, and the old agreement stays in effect until the new agreement is finalized.

**UNITED WAY OF TRI-COUNTY, INC.**

Notes to Financial Statements  
June 30, 2019 and 2018

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**11. COMMITMENTS (Continued)**

The Organization entered into an agreement to provide comprehensive operational and management services to the United Way of Pioneer Valley, Inc. effective October 1, 2018, through April 1, 2021, at a management fee equal to 10% of gross revenue as defined in the agreement. The Organization recognized \$162,000 of management fee revenue which is included in management fees in the accompanying fiscal year 2019 statement of activities. Either party can terminate this agreement without cause within 120 days prior written notice of termination.

**12. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in multiple banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts at certain banks. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

**13. ENDOWMENT**

A reconciliation of endowment activities for fiscal years 2019 and 2018 is as follows:

Endowment net assets, June 30, 2017	\$ 124,617
Investment return, net	6,694
Appropriations to operations	<u>(7,091)</u>
Endowment net assets, June 30, 2018	124,220
Investment return, net	7,063
Appropriations to operations	<u>(7,460)</u>
Endowment net assets, June 30, 2019	<u>\$ 123,823</u>

**14. ALLOCATIONS**

Allocations to agencies consist of the following for the years ended June 30:

Agency	Amount	
	2019	2018
Boys & Girls Clubs of MetroWest	\$ 60,000	\$ 70,000
Mass 211, Inc.	19,817	19,817
South Middlesex Opportunity Council	<u>-</u>	<u>25,000</u>
Total allocation to agencies	<u>\$ 79,817</u>	<u>\$ 114,817</u>

**UNITED WAY OF TRI-COUNTY, INC.**

Notes to Financial Statements  
June 30, 2019 and 2018

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**15. CHARITABLE LEAD TRUST**

The Organization is a beneficiary of a charitable lead annuity trust. The Organization is entitled to one-third of the fair value of the trust. The Organization received distributions of \$25,000 during fiscal years 2019 and 2018 and will receive annual distributions of \$25,000 until the trust is exhausted. The Organization's share of the trust of \$193,027 and \$219,642 is included in net assets with donor restrictions and contribution receivable - charitable lead trust in the accompanying statements of financial position as of June 30, 2019 and 2018, respectively. The Organization recorded a change in value of charitable lead trust of \$(1,615) and \$1,044 in the accompanying statements of activities for the years ended June 30, 2019 and 2018, respectively.

**16. CONTINGENCIES**

The Organization, from time-to-time, is the defendant in lawsuits. It is management's experience that the results of these infrequent actions will not have a material impact on the statement of financial position or the statement of activities of the Organization. Accordingly, no amounts have been reflected in the accompanying financial statements.

**17. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for use by the Organization within one year from the statement of financial position date as of June 30, 2019, are as follows:

Cash	\$ 129,176
Pledges receivable, net	624,251
Accounts receivable	365,312
Current portion of contribution receivable - charitable lead trust	25,000
Investment return appropriation	7,500
Less - Board designated funds	(79,817)
Less - donor contributions restricted for specific purposes	<u>(1,009)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,070,413</u>

The Organization holds funds enough to meet daily operating needs in cash. In the event of an unanticipated liquidity need, management could utilize non-endowment investments which totaled \$302,941 at June 30, 2019. In addition, the Organization's governing board has designated a portion of its unrestricted resources for making allocations to other agencies (see page 10 and Note 14). Those amounts are identified as Board designated funds in the table above and are generally not available for liquidity purposes. These funds may be spent at the discretion of the Board.