

**THE COMMUNITY CHEST OF
NEW BRITAIN AND BERLIN, INC.**

Financial Statements

December 31, 2015 and 2014

**THE COMMUNITY CHEST OF
NEW BRITAIN AND BERLIN, INC.**

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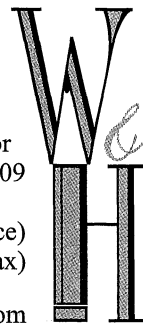
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
The Community Chest of New Britain and Berlin, Inc.

We have reviewed the accompanying statements of financial position of The Community Chest of New Britain and Berlin, Inc. (a nonprofit organization) as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of The Community Chest of New Britain and Berlin, Inc.'s management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement for it to be in accordance with accounting principles generally accepted in the United States of America.

Whittlesey & Hadley, P.C.

Hartford, Connecticut
April 13, 2016

Hartford • Hamden • Holyoke

**THE COMMUNITY CHEST OF
NEW BRITAIN AND BERLIN, INC.**

Statements of Financial Position

December 31, 2015 and 2014
(see independent accountants' review report)

<u>ASSETS</u>	December 31, 2015			December 31, 2014		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
ASSETS:						
Cash and cash equivalents	\$ 212,404	\$ -	\$ 212,404	\$ 195,263	\$ -	\$ 195,263
Investments	2,050	-	2,050	193,588	-	193,588
Prepaid expenses	4,032	-	4,032	4,246	-	4,246
Property and equipment, net	115,457	-	115,457	123,881	-	123,881
Beneficial interest in Foundation Fund	4,447,033	-	4,447,033	4,496,922	-	4,496,922
Perpetual trusts held by others	-	1,973,442	1,973,442	-	2,134,174	2,134,174
Total assets	<u>\$ 4,780,976</u>	<u>\$ 1,973,442</u>	<u>\$ 6,754,418</u>	<u>\$ 5,013,900</u>	<u>\$ 2,134,174</u>	<u>\$ 7,148,074</u>
<u>LIABILITIES AND NET ASSETS</u>						
LIABILITIES:						
Security deposits	\$ 9,180	\$ -	\$ 9,180	\$ 9,180	\$ -	\$ 9,180
Accounts payable and accrued expenses	-	-	-	3,664	-	3,664
Deferred income	1,752	-	1,752	1,750	-	1,750
Grants payable	126,006	-	126,006	95,600	-	95,600
Total liabilities	<u>136,938</u>	<u>-</u>	<u>136,938</u>	<u>110,194</u>	<u>-</u>	<u>110,194</u>
NET ASSETS:						
Unrestricted:						
Designated for operations	4,528,581	-	4,528,581	4,779,825	-	4,779,825
Plant and equipment	115,457	-	115,457	123,881	-	123,881
Total unrestricted	<u>4,644,038</u>	<u>-</u>	<u>4,644,038</u>	<u>4,903,706</u>	<u>-</u>	<u>4,903,706</u>
Permanently restricted	-	1,973,442	1,973,442	-	2,134,174	2,134,174
Total net assets	<u>4,644,038</u>	<u>1,973,442</u>	<u>6,617,480</u>	<u>4,903,706</u>	<u>2,134,174</u>	<u>7,037,880</u>
Total liabilities and net assets	<u>\$ 4,780,976</u>	<u>\$ 1,973,442</u>	<u>\$ 6,754,418</u>	<u>\$ 5,013,900</u>	<u>\$ 2,134,174</u>	<u>\$ 7,148,074</u>

See accompanying notes and independent accountants' review report.

**THE COMMUNITY CHEST OF
NEW BRITAIN AND BERLIN, INC.**

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2015 and 2014
(see independent accountants' review report)

	2015			2014		
	Unrestricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total
Support and Revenue:						
Contributions	\$ 159,240	\$ -	\$ 159,240	\$ 155,964	\$ -	\$ 155,964
Rental income	58,422	-	58,422	55,138	-	55,138
Investment income	3,731	-	3,731	8,675	-	8,675
Realized and unrealized loss on investments	(10,088)	-	(10,088)	(1,826)	-	(1,826)
Change in fair value in Foundation Fund	(299,889)	-	(299,889)	(139,515)	-	(139,515)
Investment income from trust held by others	98,420	-	98,420	88,903	-	88,903
Change in fair value in perpetual trusts held by others	-	(160,732)	(160,732)	-	(11,395)	(11,395)
Total support and revenue	<u>9,836</u>	<u>(160,732)</u>	<u>(150,896)</u>	<u>167,339</u>	<u>(11,395)</u>	<u>155,944</u>
Program and Operational Expenses:						
Grants	225,006	-	225,006	193,450	-	193,450
Management and general	42,832	-	42,832	37,641	-	37,641
Total program and operational expenses	<u>267,838</u>	<u>-</u>	<u>267,838</u>	<u>231,091</u>	<u>-</u>	<u>231,091</u>
Excess support and revenue over program and operational expenses	<u>(258,002)</u>	<u>(160,732)</u>	<u>(418,734)</u>	<u>(63,752)</u>	<u>(11,395)</u>	<u>(75,147)</u>
Nonoperating expenses:						
Investment management fees	1,666	-	1,666	2,742	-	2,742
Total nonoperating revenue and expenses	<u>1,666</u>	<u>-</u>	<u>1,666</u>	<u>2,742</u>	<u>-</u>	<u>2,742</u>
Change in net assets	(259,668)	(160,732)	(420,400)	(66,494)	(11,395)	(77,889)
Net assets, beginning of year	<u>4,903,706</u>	<u>2,134,174</u>	<u>7,037,880</u>	<u>4,970,200</u>	<u>2,145,569</u>	<u>7,115,769</u>
Net assets, end of year	<u>\$ 4,644,038</u>	<u>\$ 1,973,442</u>	<u>\$ 6,617,480</u>	<u>\$ 4,903,706</u>	<u>\$ 2,134,174</u>	<u>\$ 7,037,880</u>

See accompanying notes and independent accountants' review report.

**THE COMMUNITY CHEST OF
NEW BRITAIN AND BERLIN, INC.**

Statements of Cash Flows

For the years ended December 31, 2015 and 2014
(see independent accountants' review report)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (420,400)	\$ (77,889)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Realized and unrealized losses from investments	10,088	1,826
Change in fair value in Foundation Fund	299,889	139,515
Change in fair value in perpetual trusts held by others	160,732	11,395
Depreciation	8,424	10,482
Changes in operating assets and liabilities:		
Prepaid expenses	214	(218)
Accounts payable and accrued expenses	(3,664)	3,664
Deferred income	2	-
Grants payable	30,406	4,280
Net change in cash from operating activities	<u>85,691</u>	<u>93,055</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(7,850)
(Purchases)/sales of investments, net	<u>(68,550)</u>	<u>(78,648)</u>
Net change in cash from investing activities	<u>(68,550)</u>	<u>(86,498)</u>
Net change in cash and cash equivalents	17,141	6,557
Cash and cash equivalents at beginning of year	<u>195,263</u>	<u>188,706</u>
Cash and cash equivalents at end of year	<u><u>\$ 212,404</u></u>	<u><u>\$ 195,263</u></u>

See accompanying notes and independent accountants' review report.

**THE COMMUNITY CHEST OF
NEW BRITAIN AND BERLIN, INC.**

Notes to Financial Statements

December 31, 2015
(see independent accountants' review report)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Community Chest of New Britain and Berlin, Inc. (the "Organization") is an organization described under Internal Revenue Code (the "IRC") Section 501(c)(3) and has been recognized by the Internal Revenue Service as an organization generally exempt from income taxes under IRC Section 501(a).

Basis of Accounting and Presentation - The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

The Organization has unrestricted and permanently restricted net assets.

Unrestricted Net Assets - These net assets are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions.

Permanently Restricted Net Assets - These net assets include contributions and other inflows of assets whose use by the Organization is subject to explicit donor-imposed stipulations that they be maintained permanently by the Organization.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized, unless their use is restricted by explicit donor stipulation or by law. All other donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, either when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Risks and Uncertainties - The Organization invests in a variety of investment vehicles, including mutual funds, debt and equity securities. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is possible that these factors will result in changes in the value of the Organization's investments in the near term and such changes could materially affect amounts reported in the financial statements.

Use of Estimates - The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts and disclosures in the combined financial statements. Actual results may differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include cash and all highly liquid instruments with an original maturity of three months or less. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Investments in marketable debt securities, equity securities, money market funds and mutual funds with readily determinable fair values are stated at fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

Investment balances include investments that are held in the name of the Community Foundation of Greater New Britain, Inc., (“CFGNB”) but have been identified as the property of the Organization. These investment balances total \$2,050 and \$193,588 as of December 31, 2015 and 2014, respectively.

The Organization follows the investment policy of the CFGNB. The primary investment goals are to preserve the long term purchasing power of the Organization's assets for future generations, while providing the maximum funding possible for current community needs. The long-term investment return objective for the assets is to earn 5.0% above the rate of inflation as measured by the Urban Consumer Price Index, at a moderate level of risk. This target rate of return is based on a diversified asset allocation model that incorporates investments in domestic and international equities, fixed income, and alternative investments. The investment portfolio is overseen by the CFGNB's Finance and Investments Committee, under direction of the Organization's Board of Directors. The Organization's Board of Directors receives regular reports on investment performance from CFGNB. The Organization complies with the current Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) regulations in Connecticut.

Spending Policy – The Organization’s beneficial interest in Foundation Fund is administered by the Community Foundation of Greater New Britain. CFGNB’s spending policy is based upon the total return concept, which emphasizes total investment return, consisting of investment income and realized and unrealized gains and losses. Under the spending policy, a distribution of investment return is independent of the cash yield and appreciation of investments in that year. This spending formula is designed specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time. CFGNB’s spending policy is 4.85% of the previous 20 quarters' average market values, subject to a floor of 4% and ceiling of 6% based on the September 30 market value. This calculation is used to protect funds from declines in real value during down markets. The amount available to the Organization for spending for the years ended December 31, 2015 and 2014 was \$197,800 and \$187,630, respectively. This amount is available for grant making and administrative fees to support the operation of the Organization.

Fair Value Measurements - The Organization adopted the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification, (FASB ASC 820) which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair values:

- | | |
|-----------|--|
| Level 1 — | Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. |
| Level 2 — | Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. |
| Level 3 — | Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability. |

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

The following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2015 and 2014. There have been no changes in the methodologies used.

Short-Term Investments: Cash and cash equivalents that can be converted into cash within 90 days are considered short-term investments and classified as Level 1.

Fund of Funds: The Organization invests in two fund of funds. The first is valued using Level 1 inputs of quoted prices in active markets for identical investments. The second fund of funds is valued at the net asset value of shares held by the Organization at year end which is classified as Level 2.

Investments held in trust by others: This category includes investments in trusts which invest in various cash, equity, fixed income and real estate funds. The fair values of these investments are determined by the trusts. One of the investments held in trust, is measured as the fair value of the ownership interest in the trust, which may not always be the fair value of the underlying net assets of the trust. Consideration is given to specific rights or obligations that pertain to the investments. Based on the observability of prices or inputs used to value the underlying portfolio instruments, investments held in trust by others are classified as Level 3 in the fair value hierarchy.

Property and Equipment - The Organization capitalizes all expenditures for property and equipment in excess of \$1,000 with a useful life of greater than three years. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives which range from 5 to 25 years.

Depreciation expense for the years ended December 31, 2015 and 2014 was \$8,424 and \$10,482, respectively.

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

Income Taxes - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

Endowment Assets and Investment Policies - The Organization adopted the Not-for-Profit Entities topic of the FASB Accounting Standards Codification, (FASB ASC 958) which describes the information that needs to be disclosed regarding its endowment funds. The topic requires certain minimum disclosures that are the description of the Organization's spending policy, as well as its endowment investment policies. It also requires the following disclosures regarding the composition of the Organization's endowment by net asset class and a reconciliation of the beginning and ending balance of the Organization's endowment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events Measurement Date - The Organization monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for fiscal year 2015 through April 12, 2016, the date on which the financial statements were available to be issued.

Reclassifications - Certain reclassifications were made to the December 31, 2014 financial statements to be consistent with the December 31, 2015 financial statements presentation.

NOTE 2 – INVESTMENTS

The following table presents the investment types measured at fair value as of December 31,:

	2015			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ 2,050	\$ -	\$ -	\$ 2,050
Beneficial interest in Foundation Fund	-	-	4,447,033	4,447,033
	<u>\$ 2,050</u>	<u>\$ -</u>	<u>\$ 4,447,033</u>	<u>\$ 4,449,083</u>

	2014			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ 4,960	\$ -	\$ -	\$ 4,960
Fund of Funds	96,669	91,959	-	188,628
Beneficial interest in Foundation Fund	-	-	4,496,922	4,496,922
	<u>\$ 101,629</u>	<u>\$ 91,959</u>	<u>\$ 4,496,922</u>	<u>\$ 4,690,510</u>

The following is a reconciliation of the Level 3 noted above in which significant unobservable inputs were used in determining values as of December 31, 2015 and 2014:

	Beneficial Interests
Balance at January 1, 2014	\$ 4,561,437
Transfers	75,000
Change in trust held by others	<u>(139,515)</u>
Balance at December 31, 2014	4,496,922
Transfers	250,000
Change in trust held by others	<u>(299,889)</u>
Balance at December 31, 2015	<u>\$ 4,447,033</u>

NOTE 2 – INVESTMENTS (CONTINUED)

The Organization adopted the Not-for-Profit Entities topic of the FASB Accounting Standards Codification, (FASB ASC 958) which describes the information that needs to be disclosed regarding its endowment funds. The topic requires certain minimum disclosures that are the description of the Organization's spending policy, as well as its endowment investment policies. It also requires the following disclosures regarding the composition of the Organization's endowment by net asset class and a reconciliation of the beginning and ending balance of the Organization's endowment.

	Unrestricted	
	2015	2014
Beginning balance	\$ 4,690,510	\$ 4,753,203
Interest and dividends, net	2,065	5,933
Net depreciation	(10,088)	(1,826)
Change in fair value in foundation fund	(299,889)	(139,515)
Additions	66,485	72,715
Ending balance	<u>\$ 4,449,083</u>	<u>\$ 4,690,510</u>

NOTE 3 – INVESTMENTS HELD IN TRUST BY OTHERS

Investments held in trust by others represent the fair value of the Organization's rights to split-interest agreements. The interest in the trust's assets is carried as a permanently restricted net asset in the Statement of Financial Position. The income from these investments is recorded as unrestricted revenue when received, as there are no restrictions on the use of these funds. The fair value as of December 31, 2015 and 2014 was \$1,973,442 and \$2,134,174 respectively. One of these trusts, as described in Note 6, will terminate in the year 2072 at which time the investments will be distributed to the Organization.

NOTE 4 – BENEFICIAL INTEREST IN FOUNDATION FUND

Beneficial interest in Foundation Fund represents the fair value of the Organization's rights to an agency endowment with CFGNB. The interest in the agency endowment is carried as an unrestricted net asset in the Statement of Financial Position. The income from these investments is recorded as unrestricted revenue when received, as there are no restrictions on the use of these funds. The fair value as of December 31, 2015 and 2014 was \$4,447,033 and \$4,496,922, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, less accumulated depreciation, is summarized as follows at December 31:

	2015	2014
Land	\$ 62,462	\$ 62,462
Buildings and improvements	529,191	529,191
	<u>591,653</u>	<u>591,653</u>
Less accumulated depreciation	476,196	467,772
Net property and equipment	<u>\$ 115,457</u>	<u>\$ 123,881</u>

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted for investment in perpetuity. Amounts consist of the following:

	<u>2015</u>	<u>2014</u>
Investment in perpetuity, the income from which is expendable to support any activities of the Organization	\$ 1,392,542	\$ 1,511,465
Investments held in trust by others, the accumulated income and principal which will be distributed to the Organization as an endowment in 2072	<u>580,900</u>	<u>622,709</u>
Total	<u><u>\$ 1,973,442</u></u>	<u><u>\$ 2,134,174</u></u>

NOTE 7 – LEASES

The Organization leases building space to unrelated not-for-profit agencies. The leases expire at various times through June 30, 2017. Rental income for the twelve months ended December 31, 2015 and 2014 was \$58,422 and \$55,138, respectively. The minimum amount of future rental income from noncancelable leases is as follows:

Year Ended December 31,	
2016	\$ 59,169
2017	46,522

NOTE 8 – COMPOSITION OF MANAGEMENT AND GENERAL EXPENSES

Management and general expenses comprised of the following as of December 31,:

	<u>2015</u>	<u>2014</u>
Administrative fees	\$ 13,750	\$ 13,750
Professional fees	4,500	4,500
Depreciation	8,424	10,482
Insurance	6,581	5,338
Repairs and maintenance	7,810	1,731
Other	<u>1,767</u>	<u>1,840</u>
	<u><u>\$ 42,832</u></u>	<u><u>\$ 37,641</u></u>

NOTE 9 – SUPPORTING ORGANIZATION

The Organization entered into a Supporting Organization agreement with CFGNB, a related party. CFGNB is its own nonprofit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The agreement states that the CFGNB nominate a majority of all the Organization's Directors. However, the Organization retains its ability to unilaterally act to make grants without oversight or approval by the CFGNB, to adopt its own Asset Allocation Strategy for its investments, and to adopt its own annual spending policy. The Supporting Organization Agreement outlines a broad set of services which the Organization will receive from the CFGNB and the fees to be charged for those services. Of the Organization's total assets as of December 31, 2015 and 2014, \$2,050 and \$193,588, respectively, are in the name of the CFGNB. However, the Organization has the right to request these funds in accordance with their supporting organization agreement.

CFGNB appoints "one-half plus one" members of the Organization's Board of Directors. This group is referred to as the "CFGNB class" of the Organization's Board of Directors. Some members of the CFGNB's Board of Directors are also part of this "CFGNB class." The Organization paid foundation fiduciary fees to CFGNB of \$13,750 and \$13,750 for the years ended December 31, 2015 and 2014, respectively.