

**UNITED WAY OF THE  
GREATER SEACOAST, INC.**

**Financial Statements**

**For the Year Ended  
June 30, 2008**

**(With Independent Auditors' Report Thereon)**

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of the Greater Seacoast, Inc.  
Portsmouth, New Hampshire

We have audited the accompanying statement of financial position of United Way of the Greater Seacoast, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the United Way of the Greater Seacoast, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Greater Seacoast, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted

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accounting principles. Accordingly, such information should be read in conjunction with the United Way of the Greater Seacoast, Inc.'s financial statements for the year ended June 30, 2007, from which the summarized information was derived.

*Melanson, Heath + Company P.C.*

Nashua, New Hampshire  
November 20, 2008

UNITED WAY OF THE GREATER SEACOAST, INC.

Statement of Financial Position

June 30, 2008

(With Comparative Totals as of June 30, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,891,453	\$ 693,699	\$ 2,585,152	\$ 2,438,215
Investments	-	-	-	99,297
Pledges receivable, net of allowance for uncollectible	1,223,441	-	1,223,441	1,772,016
Prepaid expenses and other current assets	144,123	-	144,123	159,663
Total Current Assets	<u>3,259,017</u>	<u>693,699</u>	<u>3,952,716</u>	<u>4,469,191</u>
Property and equipment, net	<u>28,928</u>	-	<u>28,928</u>	<u>24,724</u>
TOTAL ASSETS	<u>\$ 3,287,945</u>	<u>\$ 693,699</u>	<u>\$ 3,981,644</u>	<u>\$ 4,493,915</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 20,240	\$ -	\$ 20,240	\$ 10,626
Accrued payroll and related liabilities	72,359	-	72,359	80,236
UWGS grants and designations payable	1,311,005	-	1,311,005	1,930,965
CFC distributions payable	489,987	-	489,987	469,618
Total Current Liabilities	<u>1,893,591</u>	<u>-</u>	<u>1,893,591</u>	<u>2,491,445</u>
Net Assets:				
Unrestricted:				
Undesignated	1,021,938	-	1,021,938	1,022,349
Board designated	372,416	-	372,416	315,480
Temporarily restricted	-	693,699	693,699	664,641
Total Net Assets	<u>1,394,354</u>	<u>693,699</u>	<u>2,088,053</u>	<u>2,002,470</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,287,945</u>	<u>\$ 693,699</u>	<u>\$ 3,981,644</u>	<u>\$ 4,493,915</u>

See accompanying notes to financial statements.

UNITED WAY OF THE GREATER SEACOAST, INC.

Statement of Activities  
For the Year Ended June 30, 2008  
(With Comparative Totals for the Year Ended June 30, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
Public Support and Revenue:				
United Way of the Greater Seacoast campaign	\$ 2,522,812	\$ -	\$ 2,522,812	\$ 3,314,738
New Hampshire/Southern Maine CFC	<u>929,258</u>	<u>-</u>	<u>929,258</u>	<u>942,514</u>
Gross campaign results	3,452,070	-	3,452,070	4,257,252
Less: Amounts designated by donors for specific organizations via:				
United Way of the Greater Seacoast campaign	(259,012)	-	(259,012)	(397,908)
New Hampshire/Southern Maine CFC	<u>(749,300)</u>	<u>-</u>	<u>(749,300)</u>	<u>(730,848)</u>
Less: Provision for uncollectible pledges	(224,177)	-	(224,177)	(342,646)
Write (off) recovery of prior campaign pledges	<u>129,720</u>	<u>-</u>	<u>129,720</u>	<u>102,263</u>
Net campaign revenue	2,349,301	-	2,349,301	2,888,113
Other revenues:				
Service fees	33,147	-	33,147	42,837
Investment income	74,915	-	74,915	81,530
Endowment income	37,295	-	37,295	33,472
Special events, net	32,164	-	32,164	40,447
Miscellaneous	83,402	-	83,402	39,484
In-kind contributions	262,597	-	262,597	84,465
Volunteer Action Center contributions	25,000	-	25,000	17,344
State Substance Abuse grant	151,300	-	151,300	-
Unrestricted contributions	90,144	-	90,144	-
Restricted contributions	<u>-</u>	<u>47,734</u>	<u>47,734</u>	<u>202,182</u>
Total other revenues	789,964	47,734	837,698	541,761
Net assets released due to satisfaction of restrictions	<u>18,676</u>	<u>(18,676)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	3,157,941	29,058	3,186,999	3,429,874
Functional Expenses:				
Program services and expenses:				
Grants to funded agencies and programs (net of designations)	1,210,280	-	1,210,280	1,802,588
Strategic Impact Grants	175,759	-	175,759	84,520
State Substance Abuse Grants	151,300	-	151,300	-
United Way of the Greater Seacoast community building activities, including Volunteer Action Center	<u>671,634</u>	<u>-</u>	<u>671,634</u>	<u>574,440</u>
Total program services and expenses	2,208,973	-	2,208,973	2,461,548
Supporting services and expenses:				
Fund raising	542,942	-	542,942	432,906
Operations	321,755	-	321,755	308,657
United Way of America dues	27,746	-	27,746	37,117
Total supporting services and expenses	<u>892,443</u>	<u>-</u>	<u>892,443</u>	<u>778,680</u>
Total Functional Expenses	3,101,416	-	3,101,416	3,240,228
Change in net assets	56,525	29,058	85,583	189,646
Net assets, beginning of year	<u>1,337,829</u>	<u>664,641</u>	<u>2,002,470</u>	<u>1,812,824</u>
Net assets, end of year	<u>\$ 1,394,354</u>	<u>\$ 693,699</u>	<u>\$ 2,088,053</u>	<u>\$ 2,002,470</u>

See accompanying notes to financial statements.

UNITED WAY OF THE GREATER SEACOAST, INC.

Statement of Functional Expenses  
For the Year Ended June 30, 2008  
(With Comparative Totals for the Year Ended June 30, 2007)

	Community Building Activities Including Volunteer Action Center	Fund Raising	Operations	United Way of America Dues	2008	2007
Advertising	\$ 463	\$ 402	\$ 354	\$ -	\$ 1,219	\$ 1,343
Awards and recognition	839	729	640	-	2,208	4,345
Benefits and payroll taxes	55,717	48,386	42,521	-	146,624	131,198
Combined Federal Campaign fund raising	-	134,766	-	-	134,766	105,920
Contract services	-	44,468	-	-	44,468	-
Depreciation	2,315	2,011	1,767	-	6,093	6,050
Directors' and officers' liability insurance	1,412	1,226	1,077	-	3,715	3,715
Equipment related expenses	14,604	12,682	11,145	-	38,431	38,384
Hiring expense	7,351	6,384	5,610	-	19,345	13,177
In-kind contributions expended	240,438	19,398	2,761	-	262,597	84,465
Meetings	2,868	2,490	2,189	-	7,547	9,318
Memberships	777	674	592	-	2,043	3,174
Miscellaneous	6,707	4,874	15,793	-	27,374	59,698
Needs assessment	12,947	-	-	-	12,947	-
Occupancy	32,227	27,987	24,595	-	84,809	81,686
Postage	3,190	2,770	2,435	-	8,395	10,577
Professional fees	642	557	8,740	-	9,939	9,513
Salaries and wages	270,974	212,422	187,675	-	671,071	667,696
Supplies, printing, and other office	4,790	28,400	3,656	-	36,846	66,519
Telephone	1,980	1,720	1,511	-	5,211	5,135
Travel	6,394	5,553	4,879	-	16,826	15,580
United Way of America dues	-	-	-	27,746	27,746	37,117
Volunteer and staff development	4,999	4,340	3,815	-	13,154	17,694
Total	671,634	562,239	321,755	27,746	1,583,374	1,372,304
Reimbursement of CFC expenses	-	(19,297)	-	-	(19,297)	(19,184)
Total Functional Expenses	\$ 671,634	\$ 542,942	\$ 321,755	\$ 27,746	\$ 1,564,077	\$ 1,353,120

See accompanying notes to financial statements.

UNITED WAY OF THE GREATER SEACOAST, INC.

Statement of Cash Flows  
 For the Year Ended June 30, 2008  
 (With Comparative Totals for the Year Ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 85,583	\$ 189,646
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	6,093	6,050
(Increase) decrease in:		
Pledges receivable	548,575	(70,903)
Prepaid expenses and other current assets	15,540	(70,052)
Increase (decrease) in:		
Accounts payable and other current liabilities	9,614	(2,021)
Accrued payroll and related liabilities	(7,877)	13,781
Allocations and distributions payable	<u>(599,591)</u>	<u>620</u>
Net cash provided by operating activities	57,937	67,121
<b><u>Cash Flows From Investing Activities:</u></b>		
Acquisition of property and equipment	(10,297)	(6,878)
(Purchase) sale of investments	<u>99,297</u>	<u>(2,207)</u>
Net cash provided (used) by investing activities	<u>89,000</u>	<u>(9,085)</u>
Net increase	146,937	58,036
Cash and cash equivalents, beginning of year	<u>2,438,215</u>	<u>2,380,179</u>
Cash and cash equivalents, end of year	<u>\$ 2,585,152</u>	<u>\$ 2,438,215</u>

See accompanying notes to financial statements.

# UNITED WAY OF THE GREATER SEACOAST, INC.

## Notes to Financial Statements

### 1. Organization:

United Way of the Greater Seacoast, Inc. (the United Way) is a not-for-profit organization incorporated November 10, 1966 whose purpose is to bring people together, find solutions, and change lives. Its mission statement is "rallying resources to address the community's most pressing needs." The organization is governed by a volunteer Board of Directors.

Through our Volunteer Action Center and Day of Caring events, United Way engages thousands of individuals, families, and businesses. Every day these volunteers give their talents, time and goods to improve people's lives and strengthen nonprofit organizations.

United Way has a long history of supporting nonprofit agencies that provide direct services to people in need. We will continue to do so by fundraising conducted within companies and individuals and investing in those non-profit organizations that work best. We also make strategic investments that focus on the underlying causes of priority community issues such as healthcare, housing, substance abuse, and transportation.

No other organization in the Seacoast region is in a better position to work for community improvement across our issue areas. United Way brings together businesses, service providers, policy makers and concerned citizens to work on collaborative solutions to our community challenges.

### 2. Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies of the United Way used in preparing and presenting the accompanying financial statements.

#### Accounting for Contributions and Financial Statement Presentation

The United Way follows the provisions of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statements of Not-for-Profit Organizations*. Statement No. 116 requires the United Way to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general purpose external financial statements of not-for-profit organizations and

requires a statement of financial position, a statement of activities, and a statement of cash flows.

The United Way acts as an agent for other nonprofit and United Way organizations. Donations are received by the United Way, which are designated to the other organizations. These donations are not considered contributions to the United Way under Statement No. 116. Thus, the United Way has reduced both the revenues and expenses by the amount designated for other organizations.

#### Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. Under this basis, revenues, other than contributions, and expenses are reported when incurred without regard to the date of receipt or payment of cash. Contributions are reported in accordance with SFAS No. 116.

#### Recognition of Donor Restricted Contributions

Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The United Way has elected not to report restricted assets that are received during the year for which restrictions are met in the same year as being released from restrictions.

#### Property and Equipment

Property and equipment are stated at cost or, if donated, at their estimated value at date of receipt. Maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets.

#### Donated Services and Assets

The United Way receives donated services from a variety of unpaid volunteers assisting the United Way in its programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. The estimated fair market value at the date of receipt of donated fixed assets are reported in the statement of activities and are capitalized in the statement of financial position. The United Way also records the value of in-kind contributions of materials and supplies in the statement of activities.

### Estimates

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

### Cash and Cash Equivalents

For the purposes of reporting cash flows, the United Way considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

At June 30, 2008 deposits exceeded insured limits by \$ 260,096. The United Way has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

### Investments

Investments are comprised of U.S. government bonds carried at market value. Quoted market prices are used to determine the fair market value of investments. Unrealized gains and losses are included in the statement of activities.

### Income Taxes

United Way of the Greater Seacoast, Inc. is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The United Way has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions. However, income from activities not directly related to the United Way's tax exempt purpose is subject to taxation as unrelated business income.

### Functional Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and wages are allocated to activities based on estimates of time spent by members of the staff. Expenses that are not directly attributable, but are a function of time spent on activities, are allocated based on staff time distribution.

### Reclassifications

Certain items in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

### 3. Pledges Receivable, net:

As of June 30, pledges receivable consisted of the following:

	<u>2008</u>	<u>2007</u>
Pledges receivable:		
UWGS campaign	\$ 936,304	\$ 1,624,478
CFC campaign	<u>511,314</u>	<u>490,184</u>
	1,447,618	2,114,662
Less: allowance for uncollectible pledges:		
UWGS campaign	( 194,393)	( 302,182)
CFC campaign	<u>( 29,784)</u>	<u>( 40,464)</u>
Total	\$ <u>1,223,441</u>	\$ <u>1,772,016</u>

The provision for uncollectible pledges is computed based on a three year historical average adjusted by management estimates of current economic factors applied to gross campaign revenue including designations.

Pledges receivable, which are generally received within one year, are stated at their estimated realizable values and are recorded as receivables when made by the donor.

### 4. Prepaid Expenses and Other Current Assets:

As of June 30, prepaid expenses and other current assets consisted of the following:

	<u>2008</u>	<u>2007</u>
United Ways of New England receivable	\$ 106,189	\$ 100,600
Contributions	25,000	20,000
Other receivables	7,479	23,117
Community Response Network receivable	-	10,276
Prepaid expenses	1,968	2,468
Prepaid CFC campaign expenses	<u>3,487</u>	<u>3,202</u>
Total	\$ <u>144,123</u>	\$ <u>159,663</u>

5. **Property and Equipment, net:**

The following is a summary of property and equipment as of June 30:

	<u>2008</u>	<u>2007</u>
Computer hardware	\$ 101,089	\$ 101,089
Computer software	82,396	82,396
Leasehold improvements	13,554	13,554
Furniture and equipment	60,041	60,041
Construction in progress	<u>10,297</u>	<u>-</u>
Total	267,377	257,080
Less: accumulated depreciation	<u>(238,449)</u>	<u>(232,356)</u>
Property and equipment, net	\$ <u>28,928</u>	\$ <u>24,724</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$ 6,093 and \$ 6,050, respectively.

6. **Accounts Payable and Accrued Liabilities:**

Accounts payable and accrued liabilities consist mainly of accrued payroll, compensated absences and related liabilities.

7. **Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Future campaign	\$ 18,812	\$ 15,812
Capital campaign	568,608	540,874
Community Response Fund	89,279	89,279
Needs assessment	17,000	-
Volunteer Action Center - Points of Light grant for Corporate Volunteer Council	-	1,176
Endowment for Health	<u>-</u>	<u>17,500</u>
Total	\$ <u>693,699</u>	\$ <u>664,641</u>

**8. Board Designated Unrestricted Net Assets:**

The Board of Directors has designated the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Strategic Impact Investments	\$ 339,722	\$ 315,480
Endowment for Health match	<u>32,694</u>	<u>-</u>
Total	\$ <u>372,416</u>	\$ <u>315,480</u>

The Strategic Impact investments are to support systems level change in the areas of housing, healthcare, substance abuse and transportation. The Endowment for Health match is to be used towards building a functional infrastructure of Community Support Organizations.

**9. Pension Plan:**

In fiscal year 2005 the United Way had a Simplified Employee Pension Plan (SEP-IRA) covering all of its personnel who met certain age and experience requirements. Effective January 1, 2005 the United Way adopted a SIMPLE plan covering all personnel who meet its' requirements. Required matching contributions are made in an amount equal to the lesser of the employee's deferral or 3% of the employee's compensation. Contributions for the years ended June 30, 2008 and 2007 were \$ 14,165 and \$ 14,025, respectively.

**10. Endowment Fund:**

In order to provide income to offset supporting services expenses, the United way has entered into agreements with the New Hampshire Charitable Foundation (NHCF), to establish permanent endowment funds for the benefit of the United Way. Under these agreements, amounts that are donor designated for this purpose are transferred permanently to NHCF. In accordance with Statement of Financial Accounting Standards No. 136, amounts received for the endowment fund are not recorded as income and are not included as assets in these financial statements.

Rather, the contributions are recorded as assets and as income of the NHCF. The fair market value of these endowment funds was \$ 1,394,333 and \$ 1,033,250 at June 30, 2008 and 2007, respectively.

In accordance with its spending policy, the NHCF makes distributions from the funds to the United Way to offset its supporting services expenses. Annual distributions are approximately five percent of the market value of the funds.

**11. Operating Lease Commitments:**

The United Way rented office space under a non-cancelable five-year lease agreement ending in July 2008. Under the agreement the United Way is responsible for insurance and other operating and maintenance expenses incident to the lease. Total rental expense under this lease was \$ 59,392 in 2008. In June 2008, the United Way entered into an agreement to rent a new office at an annual rate of \$52,200. The United Way has an option to renew the lease for an additional two three year terms.

**12. Net Assets Released from Restrictions:**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the other events, including the passage of time, specified by donors.

**13. Fair Values of Financial Instruments:**

The United Way's financial instruments, none of which are held for trading purposes, include cash, receivables, and payables. The United Way estimates that the fair value of all financial instruments at year-end does not materially differ from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the United Way using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts the United Way could realize in a current market exchange.