

MONADNOCK UNITED WAY
FINANCIAL STATEMENTS
DECEMBER 31, 2018
AND
INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monadnock United Way:

We have audited the accompanying financial statements of Monadnock United Way (a New Hampshire nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 auditors consider 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 Monadnock United Way as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Monadnock United Way's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

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

Oster & Wheeler, P.C.

Keene, New Hampshire
November 14, 2019

MONADNOCK UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash	\$ 1,630,258	\$ 1,592,814
Marketable securities	102	170,530
Pledges receivable, less allowance for uncollectible pledges of \$75,000 as of December 31, 2018 and 2017	767,807	827,378
Other current assets	<u>4,906</u>	<u>20,910</u>
Total current assets	<u>2,403,073</u>	<u>2,611,632</u>
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Building and improvements	102,049	99,764
Office furniture and equipment	77,554	75,170
Land	<u>4,430</u>	<u>4,430</u>
	184,033	179,364
Less - Accumulated depreciation	<u>171,638</u>	<u>167,920</u>
Net property, plant and equipment	<u>12,395</u>	<u>11,444</u>
OTHER ASSETS:		
Website development	7,330	4,580
Beneficial interest in foundation assets	<u>266,905</u>	<u>289,399</u>
Total other assets	<u>274,235</u>	<u>293,979</u>
Total assets	<u>\$ 2,689,703</u>	<u>\$ 2,917,055</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Unpaid allocations to agencies	\$ 106,150	\$ 118,873
Deferred grant	18,416	20,532
Accounts payable and accrued expenses	<u>32,957</u>	<u>31,095</u>
Total current liabilities	<u>157,523</u>	<u>170,500</u>
Total liabilities	<u>157,523</u>	<u>170,500</u>
NET ASSETS:		
Without donor restriction		
Board designated	652,895	652,895
Undesignated	<u>312,881</u>	<u>332,522</u>
	965,776	985,417
With donor restriction	<u>1,566,404</u>	<u>1,761,138</u>
Total net assets	<u>2,532,180</u>	<u>2,746,555</u>
Total liabilities and net assets	<u>\$ 2,689,703</u>	<u>\$ 2,917,055</u>

The accompanying notes to financial statements are an integral part of these statements.

MONADNOCK UNITED WAY, INC.
STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	2018		2017	
	Without Donor Restriction	With Donor Restriction	Totals	Totals
CAMPAIGN SUPPORT AND REVENUE:				
General campaign	\$ 202,277	\$ 1,313,974	\$ 1,516,251	\$ 1,755,132
Less: Uncollectible pledges	(23,676)	(75,000)	(98,676)	(126,942)
Recovery of uncollectible pledges	45,257	-	45,257	19,614
Net general campaign revenue	<u>223,858</u>	<u>1,238,974</u>	<u>1,462,832</u>	<u>1,647,804</u>
Other contributions and bequests	31,089	14,701	45,790	29,745
Community impact grants	168,605	-	168,605	136,909
Grant income	4,700	-	4,700	1,090
Net assets released from restriction	<u>1,425,915</u>	<u>(1,425,915)</u>	<u>-</u>	<u>-</u>
Total campaign support and revenue	<u>1,854,167</u>	<u>(172,240)</u>	<u>1,681,927</u>	<u>1,815,548</u>
CAMPAIGN DISTRIBUTIONS AND FUNCTIONAL EXPENSES:				
Distributions:				
Agency allocations and designations	1,171,977	-	1,171,977	1,269,835
Payments to affiliated organizations	20,735	-	20,735	16,008
Total distributions	<u>1,192,712</u>	<u>-</u>	<u>1,192,712</u>	<u>1,285,843</u>
Program services:				
Community and relationship building	476,515	-	476,515	375,395
Total program services	<u>476,515</u>	<u>-</u>	<u>476,515</u>	<u>375,395</u>
Support services:				
Management and general	64,564	-	64,564	75,079
Fundraising	154,351	-	154,351	263,361
Total support services	<u>218,915</u>	<u>-</u>	<u>218,915</u>	<u>338,440</u>
Total functional expenses	<u>695,430</u>	<u>-</u>	<u>695,430</u>	<u>713,835</u>
Total campaign distributions and functional expenses	<u>1,888,142</u>	<u>-</u>	<u>1,888,142</u>	<u>1,999,678</u>
Net loss from campaign activities	<u>(33,975)</u>	<u>(172,240)</u>	<u>(206,215)</u>	<u>(184,130)</u>
OTHER REVENUES AND EXPENSES:				
Change in fair market value of beneficial interest in foundation assets	(11,831)	-	(11,831)	34,437
Gifts in kind	8,706	-	8,706	4,160
Investment income	1,090	-	1,090	2,806
Realized and unrealized loss on investments	(1,060)	-	(1,060)	(1,500)
Other revenue	1,886	-	1,886	-
Other expenditures	(6,951)	-	(6,951)	(1,453)
Foundation assets released from restriction	<u>22,494</u>	<u>(22,494)</u>	<u>-</u>	<u>-</u>
Net other revenues and expenses	<u>14,334</u>	<u>(22,494)</u>	<u>(8,160)</u>	<u>38,450</u>
Change in net assets	(19,641)	(194,734)	(214,375)	(145,680)
Net assets, beginning of year	<u>985,417</u>	<u>1,761,138</u>	<u>2,746,555</u>	<u>2,892,235</u>
Net assets, end of year	<u>\$ 965,776</u>	<u>\$ 1,566,404</u>	<u>\$ 2,532,180</u>	<u>\$ 2,746,555</u>

The accompanying notes to financial statements are an integral part of these statements.

MONADNOCK UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Program Services			Supporting Services			Totals 2018	Totals 2017
	Essential Programs and Services	Community and Relationship Building	Total	Management and General	Fundraising	Total		
Agency allocations and designations	\$ 1,171,977	\$ -	\$ 1,171,977	\$ -	\$ -	\$ -	\$ 1,171,977	\$ 1,269,835
Payments to affiliated organizations	20,735	-	20,735	-	-	-	20,735	16,008
Total distributions	<u>1,192,712</u>	<u>-</u>	<u>1,192,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,192,712</u>	<u>1,285,843</u>
Salaries and wages	-	258,622	258,622	35,041	83,772	118,813	377,435	305,919
Employee benefits	-	26,117	26,117	3,539	8,460	11,999	38,116	44,141
Payroll taxes	-	<u>22,275</u>	<u>22,275</u>	<u>3,018</u>	<u>7,215</u>	<u>10,233</u>	<u>32,508</u>	<u>28,093</u>
Total salaries and related expenses	-	307,014	307,014	41,598	99,447	141,045	448,059	378,153
Community impact	-	15,479	15,479	2,097	5,014	7,111	22,590	114,856
Contracted services	-	67,778	67,778	9,183	21,955	31,138	98,916	88,228
Professional fees	-	15,946	15,946	2,161	5,165	7,326	23,272	21,109
Strategic planning	-	-	-	-	-	-	-	16,000
Supplies	-	6,198	6,198	840	2,007	2,847	9,045	4,368
Telephone and telecommunications	-	2,137	2,137	290	692	982	3,119	2,724
Postage and shipping	-	3,160	3,160	428	1,023	1,451	4,611	3,630
Occupancy	-	6,583	6,583	892	2,133	3,025	9,608	10,896
Marketing, printing and publications	-	14,624	14,624	1,981	4,737	6,718	21,342	23,542
Travel	-	2,129	2,129	288	690	978	3,107	4,209
Conferences, meetings and staff development	-	17,060	17,060	2,312	5,526	7,838	24,898	23,892
Other	-	<u>15,860</u>	<u>15,860</u>	<u>2,149</u>	<u>5,137</u>	<u>7,286</u>	<u>23,146</u>	<u>21,249</u>
Operating expense subtotal	-	473,968	473,968	64,219	153,526	217,745	691,713	712,856
Depreciation	-	<u>2,547</u>	<u>2,547</u>	<u>345</u>	<u>825</u>	<u>1,170</u>	<u>3,717</u>	<u>979</u>
Total operating expenses	-	476,515	476,515	64,564	154,351	218,915	695,430	713,835
Total	\$ <u>1,192,712</u>	\$ <u>476,515</u>	\$ <u>1,669,227</u>	\$ <u>64,564</u>	\$ <u>154,351</u>	\$ <u>218,915</u>	\$ <u>1,888,142</u>	\$ <u>1,999,678</u>

The accompanying notes to financial statements are an integral part of these statements.

MONADNOCK UNITED WAY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions and bequests	\$ 1,576,899	\$ 1,868,519
Grant income	171,190	76,127
Investment income	170,458	608,821
Other income	1,886	-
Cash paid to other organizations	(1,205,435)	(1,260,089)
Cash paid to employees and suppliers	<u>(680,799)</u>	<u>(729,283)</u>
Net cash flows from operating activities	<u>34,199</u>	<u>564,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,668)	(1,618)
Website development	(2,750)	(4,580)
Distributions from beneficial interest in foundation assets	<u>10,663</u>	<u>10,916</u>
Net cash flows from investing activities	<u>3,245</u>	<u>4,718</u>
NET CHANGE IN CASH	37,444	568,813
CASH, beginning of year	<u>1,592,814</u>	<u>1,024,001</u>
CASH, end of year	\$ <u>1,630,258</u>	\$ <u>1,592,814</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ <u>(214,375)</u>	\$ <u>(145,680)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,717	979
Realized and unrealized loss on investments	1,060	1,500
(Increase) decrease in fair market value of beneficial interest in foundation assets	11,831	(34,437)
(Increase) decrease in the following assets:		
Marketable securities	169,368	606,015
Pledges receivable	59,571	186,810
Other current assets	16,003	(7,132)
Increase (decrease) in the following liabilities:		
Unpaid allocations to agencies	(12,723)	25,754
Deferred grant	(2,115)	(61,872)
Accounts payable and accrued expenses	<u>1,862</u>	<u>(7,842)</u>
Total adjustments	<u>248,574</u>	<u>709,775</u>
Net cash flows from operating activities	\$ <u>34,199</u>	\$ <u>564,095</u>

The accompanying notes to financial statements are an integral part of these statements.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Summary of significant accounting policies:

The Monadnock United Way (the Agency) is a volunteer agency dedicated to increasing the organized capacity of people to care for one another through these objectives:

- To develop financial and non-financial resources to meet human service needs in the Monadnock region.
- To allocate such resources effectively.
- To foster the spirit of volunteerism.
- To facilitate regional human service initiatives.
- To promote public awareness and understanding of the region's human service agencies and programs.

Accounting for contributions and financial statements presentation – The Agency presents its financial statements in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) Topic 958 Not-For-Profit Entities*. The accompanying financial statements have been prepared on the accrual basis of accounting. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Non-cash contributions are recorded at fair market value on the date of donation. Income earned on net assets, including net realized appreciation on investments, is reflected as a change in net assets without donor restrictions or net assets with donor restrictions in accordance with donor stipulations.

Amounts related to The Agency's financial position and activities are reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time or purpose restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished. When a donor restriction expires, the net assets are reclassified as net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Agency to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board-approved spending policy. Restricted contributions that are received and utilized in accordance with donor stipulations in the same year are reported as contributions without donor restrictions. The Agency follows a similar policy for investment return on these funds.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 FASB ASC *Accounting for Contributions Received and Contributions Made*.

Cash equivalents – For the purpose of the Statement of Cash Flows, the Agency considers cash equivalents to be all highly liquid securities with an original maturity of three months or less.

Public support/revenue recognition – Annual campaigns are conducted to raise support for the subsequent calendar year. Campaign contributions and pledges are reported as net assets with donor restriction for use in the subsequent year unless specifically restricted by the donor. Pledges are recognized as contributions when received. Donor designated contributions to non-United Way agencies are not recognized as campaign revenue.

Allowance for uncollectible pledges – The Agency maintains an allowance for uncollectible pledges based on an analysis of the most recent five-year collection rate. The pledges receivable are written off in the subsequent year when there is a reasonable expectation that the previous campaign pledges will not be received.

Donated services and equipment – In connection with the annual fundraising campaign, various companies in the region donate employees' services to the Agency to coordinate campaign volunteers. Approximately 1,800 hours, for which no value has been assigned, were contributed in 2018 and 2017.

Depreciation – The Agency charges to functional expenses annual amounts of depreciation which allocate the cost of property, plant and equipment over their estimated useful lives. The Agency uses the straight-line method for computing depreciation. The ranges of the estimated useful lives used are:

	<u>Years</u>
Building and improvements	15 – 39
Office furniture and equipment	5 – 15

Repairs and maintenance are expensed when incurred while improvements are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Assets donated to the Agency are capitalized at fair market value at the date of gift. The depreciation expense was \$3,717 and \$979 for the years 2018 and 2017, respectively.

Conditions which might impact the fair market value of the assets are reviewed from time to time to assess the need to record any impairment to the value of the assets. No impairment allowance has been recognized for either 2018 or 2017.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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.

Grants – Grants are recognized as revenue at their fair value when there is a reasonable assurance that the grant will be received and the organization will comply with all stipulated conditions.

Grants are recognized as income in the year of receipt, except grants which are disbursed on a cost-reimbursement basis. Cost reimbursement grants are accrued to the extent related costs are incurred. Grants receivable are recognized based on actual cost incurred if the work as per the grant agreement has been performed and the cost is yet to be reimbursed. Grants which have been received and the grant activity is yet to be performed are recognized as deferred grants.

Income taxes – The Agency qualifies as exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Agency has evaluated its significant tax positions, including their tax exempt status, and determined that they do not need to recognize a liability for any uncertain tax positions for interest, penalties or potential taxes. Accordingly, no provision for income taxes is required. The Agency's annual federal return filing (Form 990) and state filing (Form NHCT-2A) remain subject to examination by major tax jurisdictions for the standard three-year statute of limitations.

Functional allocation of expense - The costs of providing the various program and supporting services have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Expenses are allocated to both programs and support services. Salaries and wages are allocated based on time tracking by members of the staff. Expenses that are not directly attributable to one category are allocated based on full-time equivalents.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Accounting pronouncements adopted - In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the Statement of Activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the Statements of Cash Flows using the direct method must also present a reconciliation (the indirect method). The Agency has adopted this ASU as of and for the year ended December 31, 2018.

2. Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash	\$ 1,630,258	\$ 1,592,814
Marketable securities	102	170,530
Pledges receivable	767,807	827,378
Beneficial interest in foundation assets	<u>266,905</u>	<u>289,399</u>
Total financial assets available within one year	2,665,072	2,880,121
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(1,566,404)	(1,761,138)
Amounts unavailable to management without board's approval:		
Board designated for operational support	<u>(652,895)</u>	<u>(652,895)</u>
	<u>\$ 445,773</u>	<u>\$ 466,088</u>

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

3. Concentration of credit risk – cash and cash equivalents:

As of December 31, 2018, the carrying amount of the Agency’s deposits was \$430,451 (\$453,289 in 2017) and the bank balances totaled \$1,559,848 (\$1,543,754 in 2017). Deposit balances not covered by federal depository insurance (current FDIC limit of \$250,000) totaled \$29,141 and \$38,643 as of December 31, 2018 and 2017, respectively.

4. Marketable securities:

The Agency’s investment assets are reported at fair value in the accompanying Statement of Financial Position. FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels:

- Level I – Quoted prices in active markets for identical assets
- Level II – Significant other observable inputs
- Level III – Significant unobservable inputs

Investments in equity securities with readily determinable fair values are reported at fair value (Level I input) with gains and losses included in the Statement of Activities. Contributed securities, which are generally not a significant item, are reported at fair market value on the date of donation and are converted as soon as practicable to liquid investments. Marketable securities consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Equities	\$ 102	\$ 100
Government securities - cost	-	171,280
Money Market	-	799
Unrealized loss	-	<u>(1,649)</u>
Market value	<u>\$ 102</u>	<u>\$ 170,530</u>

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended December 31:

<u>2018</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest	\$ 1,090	\$ -	\$ 1,090
Realized loss on investments	<u>(1,060)</u>	<u>-</u>	<u>(1,060)</u>
Total investment return	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 30</u>
<u>2017</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Interest	\$ 2,806	\$ -	\$ 2,806
Realized gain on investments	149	-	149
Unrealized loss on investments	<u>(1,649)</u>	<u>-</u>	<u>(1,649)</u>
Total investment return	<u>\$ 1,306</u>	<u>\$ -</u>	<u>\$ 1,306</u>

5. Pledges receivable, net:

Pledges receivable consisted of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Pledges receivable:		
Prior year campaign	\$ 58,349	\$ 34,006
Current year campaign	<u>784,458</u>	<u>868,372</u>
	842,807	902,378
Less: allowance for uncollectible pledges	<u>(75,000)</u>	<u>(75,000)</u>
Total	<u>\$ 767,807</u>	<u>\$ 827,378</u>

Pledges of \$98,676 related to the prior campaign have been written off and adjusted against the allowance for uncollectable pledges.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

6. Beneficial interest in assets held by others:

The Agency has a beneficial interest in assets held by the New Hampshire Charitable Foundation (NHCF). These assets are divided into two categories of funds referred to as donor designated funds and agency funds. The NHCF is the owner of these funds and by agreement maintains variance power over them. In accordance with *ASC 958-605-25 Recognition*, the source of these funds dictates how the Agency recognizes their interest in these assets.

Donor designated funds result from irrevocable contributions from unaffiliated donors to the NHCF for the benefit of the Agency. In accordance with accounting standards, the Agency does not report the fair market value of their interest in these funds on the Statement of Financial Position, but rather recognizes distributions from the funds as investment income when received. The NHCF distributes income based on historical investment performance. The approximate fair market value of donor designated funds held by NHCF on behalf of the Monadnock United Way was \$778,196 and \$843,781, as of December 31, 2018 and 2017, respectively. Disbursements received from these funds totaled \$31,089 and \$29,745, for the years ended December 31, 2018 and 2017, respectively.

Agency funds were irrevocably transferred from the Agency to the NHCF, and the Agency designated itself as the beneficiary. In accordance with accounting standards, the Agency reports an asset on the Statement of Financial Position for the fair market value of their interest in these funds, and the NHCF reports a corresponding liability. This is due to the fact that the Agency is the source and beneficiary of the funds. The Agency reduces the value of their interest in the agency fund when distributions are received, and reports the changes in fair market value of the fund on the Statement of Activities. The NHCF distributes income based on historical investment performance. The approximate fair market value of agency funds held by NHCF on behalf of the Monadnock United Way was \$266,905 and \$289,399, as of December 31, 2018 and 2017, respectively. Disbursements received from these funds totaled \$10,663 and \$10,916 for the years ended December 31, 2018 and 2017, respectively.

The beneficial interest in perpetual trusts is valued based on the present value of expected cash flows using quoted market prices of the assets in the trust multiplied by the Agency's share of the trust. This is considered to be a level 3 fair value measurement. Please refer to Note 4 for additional discussion of fair value measurements in accordance with FASB ASC Topic 820.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

7. Net assets without donor restriction – board designated:

The Agency’s directors have designated a portion of the unrestricted net assets for specific purposes. The designated balances at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Equipment and capital expenditures	\$ 121,342	\$ 121,342
Venture grants	10,838	10,838
Bequests designated for future allocations	15,473	15,473
Emergency assistance funds	<u>505,242</u>	<u>505,242</u>
	<u>\$ 652,895</u>	<u>\$ 652,895</u>

8. Net assets with donor restriction:

Net assets with donor restrictions consist of contributions and pledges designated for future allocation periods, funds reserved for collaborative projects with other Monadnock Region agencies, and Agency investments held by the New Hampshire Charitable Foundation. The designated balances at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Contributions and pledges for future allocation periods	\$ 1,238,973	\$ 1,425,914
Beneficial interest in assets held by NHCF	266,905	289,399
Special funds grants	28,645	28,645
Community impact grants	17,180	17,180
Other purpose restricted grants	<u>14,701</u>	<u>-</u>
	<u>\$ 1,566,404</u>	<u>\$ 1,761,138</u>

The Agency had no net assets with permanent restrictions at December 31, 2018 and 2017.

9. Retirement plan:

The Agency maintains a section 403(b) retirement plan covering all employees with at least six months of service. Employees may defer any amount from one to six percent of compensation. The Agency matches 33% of employee elective deferrals. These matching contributions amounted to \$1,657 in 2018 (\$2,308 in 2017).

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

10. Fundraising expenditures:

The Monadnock United Way made total fundraising expenditures of \$296,140 and \$263,361 for the years ended December 31, 2018 and 2017, respectively.

11. Subsequent events:

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through November 14, 2019, the date the financial statements were available to be issued. No events were noted for disclosure.

12. Reclassifications:

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

MONDANOCK UNITED WAY, INC.
SCHEDULE OF ALLOCATIONS TO AGENCIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
AGENCY ALLOCATIONS:		
Big Brothers Big Sisters of New Hampshire	\$ 66,500	\$ 69,500
Cheshire Housing Trust	4,750	5,688
The Community Kitchen	53,675	64,250
Contoocook Valley Transportation Company	16,259	13,310
Granite State Children's Alliance	2,375	13,750
Home Health Care, Hospice and Community Services	52,250	72,500
Hundred Nights	34,200	43,000
Keene Day Care Center	38,000	41,000
Keene Housing Kids Collaborative	7,803	4,107
Keene Senior Citizens Center	14,250	17,850
Mayhew	5,625	12,500
MAPS Counseling Services	42,750	45,000
Monadnock Center for Violence Prevention	43,700	53,000
Monadnock Community Early Learning Center	47,500	57,500
Monadnock Developmental Services - PIH	19,475	25,250
Monadnock Family Services	166,995	189,501
Monadnock Area Peer Support Agency	9,500	10,000
New Hampshire Legal Assistance	9,500	10,000
New Hampshire Pro Bono Referral System	9,500	11,000
RISE...For Baby and Family	52,250	60,000
Samaritans	23,750	27,750
Southern New Hampshire Services	52,250	54,000
Southwestern Community Services	118,710	135,104
The River Center	20,900	39,025
Walpole Village School	4,750	5,000
Winchester Learning Center	48,783	56,675
2-1-1	15,000	15,000
Home visiting program	108,633	29,450
Donor - designated agencies	<u>82,344</u>	<u>89,125</u>
 Total agency allocations	 \$ <u>1,171,977</u>	 \$ <u>1,269,835</u>