

MONADNOCK UNITED WAY
FINANCIAL STATEMENTS
DECEMBER 31, 2022
AND
INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monadnock United Way:

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Monadnock United Way as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Monadnock United Way and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Monadnock United Way's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Monadnock United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Monadnock United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Monadnock United Way's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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
June 28, 2022

MONADNOCK UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,417,474	\$ 2,079,073
Grants receivable	5,631	549,967
Pledges receivable, less allowance for uncollectible pledges of \$75,000 as of December 31, 2022 and 2021	491,292	590,320
Other current assets	<u>5,573</u>	<u>4,200</u>
Total current assets	<u>2,919,970</u>	<u>3,223,560</u>
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Building and improvements	107,697	107,697
Office furniture and equipment	102,849	92,338
Land	<u>4,430</u>	<u>4,430</u>
	214,976	204,465
Less - Accumulated depreciation	<u>188,232</u>	<u>182,465</u>
Net property, plant and equipment	<u>26,744</u>	<u>22,000</u>
OTHER ASSETS:		
Website development	7,330	7,330
Beneficial interest in foundation assets	<u>297,938</u>	<u>358,307</u>
Total other assets	<u>305,268</u>	<u>365,637</u>
Total assets	\$ <u>3,251,982</u>	\$ <u>3,611,197</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Designations payable	\$ 38,216	\$ 51,552
Accounts payable and accrued expenses	<u>69,417</u>	<u>95,062</u>
Total current liabilities	<u>107,633</u>	<u>146,614</u>
Total liabilities	<u>107,633</u>	<u>146,614</u>
NET ASSETS:		
Without donor restriction		
Board designated	281,999	281,999
Undesignated	<u>1,080,280</u>	<u>822,269</u>
	1,362,279	1,104,268
With donor restriction	<u>1,782,070</u>	<u>2,360,315</u>
Total net assets	<u>3,144,349</u>	<u>3,464,583</u>
Total liabilities and net assets	\$ <u>3,251,982</u>	\$ <u>3,611,197</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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Totals	Totals
CAMPAIGN, OTHER PUBLIC SUPPORT AND REVENUE:				
General campaign	\$ -	\$ 1,193,528	\$ 1,193,528	\$ 1,336,068
Less: Donor designations	-	(44,652)	(44,652)	(69,113)
Less: Uncollectible pledges	19,722	(75,000)	(55,278)	(42,874)
Recovery of uncollectible pledges	5,743	-	5,743	9,353
Net general campaign revenue	25,465	1,073,876	1,099,341	1,233,434
Other contributions and bequests	43,776	-	43,776	41,534
Grant revenue	38,125	-	38,125	775,314
Community impact fundraising	99,226	-	99,226	87,163
Multi-year pledges	113,500	-	113,500	45,000
Grant admin fee revenue	37,977	-	37,977	8,990
Net assets released from restriction	1,592,366	(1,592,366)	-	-
Total campaign support and revenue	1,950,435	(518,490)	1,431,945	2,191,435
CAMPAIGN DISTRIBUTIONS AND FUNCTIONAL EXPENSES:				
Distributions:				
Agency allocations and designations	628,472	-	628,472	640,050
Total distributions	628,472	-	628,472	640,050
Program services:				
Essential programs and services	-	-	-	114,980
Grants	443,113	-	443,113	-
Community and relationship building	435,721	-	435,721	487,028
Total program services	878,834	-	878,834	602,008
Support services:				
Management and general	50,156	-	50,156	52,032
Fundraising	243,872	-	243,872	195,746
Total support services	294,028	-	294,028	247,778
Total functional expenses	1,172,862	-	1,172,862	849,786
Total campaign distributions and functional expenses	1,801,334	-	1,801,334	1,489,836
Net income (loss) from campaign activities	149,101	(518,490)	(369,389)	701,599
OTHER REVENUES AND EXPENSES:				
Change in fair market value of beneficial interest in foundation assets	(45,343)	-	(45,343)	61,892
Gifts in kind	22,336	-	22,336	26,023
COVID-19 fund contributions	-	615	615	959
ERTC revenues	60,346	-	60,346	-
PPP loan forgiveness proceeds	-	-	-	91,315
Investment income	500	-	500	322
Realized gain (loss) on investments	99	-	99	78
Other revenue	10,602	-	10,602	12,752
Change in foundation assets restricted	60,370	(60,370)	-	-
Net other revenues and expenses	108,910	(59,755)	49,155	193,341
Change in net assets	258,011	(578,245)	(320,234)	894,940
Net assets, beginning of year	1,104,268	2,360,315	3,464,583	2,569,643
Net assets, end of year	\$ 1,362,279	\$ 1,782,070	\$ 3,144,349	\$ 3,464,583

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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services			Supporting Services			Totals		
	Essential Programs and Services	Grants	Community and Relationship Building	Total	Management and General	Fundraising	Total	2022	2021
Agency allocations and designations	\$ 667,558	\$ -	\$ -	\$ 667,558	\$ -	\$ -	\$ -	\$ 667,558	\$ 700,702
Less: donor designations	<u>(39,086)</u>	<u>-</u>	<u>-</u>	<u>(39,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,086)</u>	<u>(60,652)</u>
Total distributions	<u>628,472</u>	<u>-</u>	<u>-</u>	<u>628,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628,472</u>	<u>640,050</u>
Salaries and wages	-	93,188	165,791	258,979	25,506	127,532	153,038	412,017	251,251
Employee benefits	-	3,135	13,434	16,569	2,067	10,334	12,401	28,970	18,196
Payroll taxes	-	<u>5,053</u>	<u>14,407</u>	<u>19,460</u>	<u>2,216</u>	<u>11,083</u>	<u>13,299</u>	<u>32,759</u>	<u>21,068</u>
Total salaries and related expenses	-	101,376	193,632	295,008	29,789	148,949	178,738	473,746	290,515
Payments to affiliated organizations	-	-	11,309	11,309	1,277	5,655	6,932	18,241	21,956
Community impact	-	186,843	56,811	243,654	-	-	-	243,654	116,020
COVID-19 funds	-	-	-	-	-	-	-	-	89,900
Grant disbursements	-	94,226	4,877	99,103	-	-	-	99,103	25,080
Contracted services	-	58,386	78,007	136,393	8,807	39,003	47,810	184,203	163,814
Professional fees	-	-	9,466	9,466	1,069	4,732	5,801	15,267	15,366
Strategic planning	-	-	-	-	-	4,725	4,725	4,725	-
Supplies	-	2,168	10,524	12,692	1,188	5,262	6,450	19,142	22,001
Telephone and telecommunications	-	-	2,162	2,162	244	1,081	1,325	3,487	3,139
Postage and shipping	-	32	1,579	1,611	178	789	967	2,578	2,708
Occupancy	-	-	10,932	10,932	1,234	5,467	6,701	17,633	11,442
Marketing, printing and publications	-	82	22,674	22,756	2,560	11,337	13,897	36,653	34,200
Meetings, travel, and staff development	-	-	7,046	7,046	795	3,523	4,318	11,364	7,921
Gifts in-kind	-	-	13,848	13,848	1,564	6,924	8,488	22,336	26,023
Bank fees	-	-	4,202	4,202	474	2,101	2,575	6,777	8,298
Other	-	-	<u>5,077</u>	<u>5,077</u>	<u>573</u>	<u>2,537</u>	<u>3,110</u>	<u>8,187</u>	<u>8,176</u>
Operating expense subtotal	-	443,113	432,146	875,259	49,752	242,085	291,837	1,167,096	846,559
Depreciation	-	-	<u>3,575</u>	<u>3,575</u>	<u>404</u>	<u>1,787</u>	<u>2,191</u>	<u>5,766</u>	<u>3,227</u>
Total operating expenses	-	443,113	435,721	878,834	50,156	243,872	294,028	1,172,862	849,786
Total	\$ <u>628,472</u>	\$ <u>443,113</u>	\$ <u>435,721</u>	\$ <u>1,507,306</u>	\$ <u>50,156</u>	\$ <u>243,872</u>	\$ <u>294,028</u>	\$ <u>1,801,334</u>	\$ <u>1,489,836</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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions and bequests	\$ 1,325,442	\$ 1,469,908
Grant income	833,164	384,483
Investment income	500	322
Other income	10,602	12,752
Cash paid to other organizations	(641,808)	(743,158)
Cash paid to employees and suppliers	<u>(1,194,114)</u>	<u>(819,491)</u>
Net cash flows from operating activities	<u>333,786</u>	<u>304,816</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,511)	(14,880)
Proceeds from sale of investments	2,120	13,164
Purchase of investments	-	(11,139)
Distributions from beneficial interest in foundation assets	<u>13,006</u>	<u>13,612</u>
Net cash flows from investing activities	<u>4,615</u>	<u>757</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	338,401	305,573
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,079,073</u>	<u>1,773,500</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u>2,417,474</u>	\$ <u>2,079,073</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ <u>(320,234)</u>	\$ <u>894,940</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	5,766	3,227
Realized gain on investments	(99)	(78)
(Increase) decrease in fair market value of beneficial interest in foundation assets	45,343	(61,892)
(Increase) decrease in the following assets:		
Accounts receivable	-	500
Grants receivable	544,336	(531,984)
Pledges receivable	99,028	76,143
Other current assets	(1,373)	(341)
Increase (decrease) in the following liabilities:		
Designations payable	(13,336)	7,059
Due to sub-grantees	-	(110,167)
Accounts payable and accrued expenses	<u>(25,645)</u>	<u>27,409</u>
Total adjustments	<u>654,020</u>	<u>(590,124)</u>
Net cash flows from operating activities	\$ <u>333,786</u>	\$ <u>304,816</u>

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

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. Summary of significant accounting policies:

The Monadnock United Way (the Agency) is dedicated to improving lives by mobilizing diverse partners and investing in programs and people to create long-lasting measurable change.

Key objectives:

- Evaluate the extent and priority of regional human service needs
- Develop financial and non-monetary resources to meet those needs to the extent feasible
- Allocate these resources effectively
- Foster the spirit of volunteerism
- Facilitate community initiatives and problem solving
- Promote public awareness and understanding through education and communication
- Plan and provide for the continuity and evolution of the organization

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, 2022

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.

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, including donor designations 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 – During the current fiscal year the Agency received in-kind professional services related to legal, accounting and computer support. Donated services with an estimated fair value of \$22,336 and \$26,023 for the years ended December 31, 2022 and 2021, respectively, are included in other revenues in the Statement of Activities. In connection with the annual fundraising campaign, various companies in the region donate employees' services to the Agency to coordinate campaign volunteers. Approximately 3,635 and 3,112 hours, for which no value has been assigned, were contributed in 2022 and 2021.

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 \$5,766 and \$3,227 for the years 2022 and 2021, respectively.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 2022 or 2021.

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.

Contributions and grant income – Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present: (1) An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized (2) An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met. Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability. Grant awards that are exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. There were no grants or awards that were considered exchange transactions during the years ended December 31, 2022 and 2021.

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-12) 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 estimates of time spent by members of the staff. Expenses that are not directly attributable to one category are allocated based on time study allocation method.

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Accounting pronouncements adopted – In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash or other financial assets. It also requires certain disclosures for each category of contributed nonfinancial assets recognized. The Agency adopted this guidance as of January 1, 2022, as required by the standard. The Agency applied Topic 958 on a retrospective basis.

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>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 2,417,474	\$ 2,079,073
Grants receivable	5,631	549,967
Pledges receivable	491,292	590,320
Beneficial interest in foundation assets	<u>297,938</u>	<u>358,307</u>
Total financial assets available within one year	3,212,335	3,577,667
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(1,782,070)	(2,360,315)
Amounts unavailable to management without board's approval:		
Board designated for operational and program support	<u>(281,999)</u>	<u>(281,999)</u>
	<u>\$ 1,148,266</u>	<u>\$ 935,353</u>

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

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. 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>2022</u>	<u>2021</u>
Operating and program reserve	\$ 201,999	\$ 201,999
Equipment and capital expenditures	<u>80,000</u>	<u>80,000</u>
	<u>\$ 281,999</u>	<u>\$ 281,999</u>

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

As of December 31, 2022, the carrying amount of the Agency’s deposits was \$411,360 (\$409,668 in 2021) and the bank balances totaled \$2,401,734 (\$2,033,994 in 2021). Deposit balances not covered by federal depository insurance (current FDIC limit of \$250,000) totaled \$6 and \$0 as of December 31, 2022 and 2021, respectively.

5. Pledges receivable, net:

Pledges receivable consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Pledges receivable:		
Prior year campaign	\$ 24,875	\$ 30,962
Current year campaign	<u>541,417</u>	<u>634,358</u>
	566,292	665,320
Less: allowance for uncollectible pledges	<u>(75,000)</u>	<u>(75,000)</u>
Total	<u>\$ 491,292</u>	<u>\$ 590,320</u>

The pledges receivable are due as follows:

	2023	\$ <u>566,292</u>
	Total pledges receivable	\$ <u>566,292</u>

Pledges of \$55,278 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, 2022

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 \$909,085 and \$1,093,289, as of December 31, 2022 and 2021, respectively. Disbursements received from these funds totaled \$39,685 and \$41,534, for the years ended December 31, 2022 and 2021, 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 \$297,938 and \$358,307, as of December 31, 2022 and 2021, respectively. Disbursements received from these funds totaled \$13,006 and \$13,612 for the years ended December 31, 2022 and 2021, respectively.

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

7. 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:

MONADNOCK UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
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	<u>2022</u>	<u>2021</u>
Contributions and pledges for future allocation periods	\$ 1,118,528	\$ 1,249,334
Beneficial interest in assets held by NHCF	297,938	358,307
Special funds grants	236,206	651,508
Multi-year pledges	85,000	30,000
Contributions and pledges for COVID relief funding	29,697	56,465
Afterschool program	<u>14,701</u>	<u>14,701</u>
	<u>\$ 1,782,070</u>	<u>\$ 2,360,315</u>

The Agency had no net assets with permanent restrictions at December 31, 2022 and 2021.

8. 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 \$664 in 2022 (\$549 in 2021).

9. Fundraising expenditures:

The Monadnock United Way made total fundraising expenditures of \$231,514 and \$195,746 for the years ended December 31, 2022 and 2021, respectively.

10. Gifts in kind:

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the Statement of Activities consisted of the following:

Professional services	\$ <u>22,336</u>	\$ <u>26,023</u>
	<u>\$ 22,336</u>	<u>\$ 26,023</u>

The Agency recognizes contributed nonfinancial assets within revenue, consisting of professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

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Contributed professional services consisted of services from accounting and consulting professionals, broadcasting and newspaper organizations related to advertising, and other services related to the Agency's program services in the fiscal years ended December 31, 2022 and 2021. Contributed professional services are valued and are reported at the estimated fair market value in the financial statements based on the current rates for similar services.

11. CARES Act grant:

In March 2021, Monadnock United Way was the recipient of a forgivable loan under the Paycheck Protection Program administered by the US Small Business Administration, as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The total amount of the award was \$91,315, and it was to be used for eligible payroll and operating expenses. Should the conditions of the award not be substantially met, all or a portion of the award would need to be paid back with 1.00% interest. During the year ended December 31, 2021, the bank determined that all of the criteria required for forgiveness has been met and the full amount of the award has been forgiven. The proceeds from this forgivable loan program have been reported under other revenues and expenses on the Statement of Activities for the year ended December 31, 2021.

12. Subsequent events:

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through June 28, 2023, the date the financial statements were available to be issued. No events were noted for disclosure.

13. 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.

MONADNOCK UNITED WAY, INC.
SCHEDULE OF ALLOCATIONS TO AGENCIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
AGENCY ALLOCATIONS:		
ACCESS	\$ -	\$ 106,875
The Community Kitchen	73,625	78,125
Home Away From Home, LLC	2,400	-
Keene Day Care Center	28,500	28,500
Monadnock Community Early Learning Center	28,500	28,500
RISE...For Baby and Family	213,000	213,000
Southern New Hampshire Services	14,250	14,250
Southwestern Community Services	90,425	86,925
Walpole Village School	4,750	4,750
Winchester Learning Center	171,000	64,125
Other	147	-
2-1-1	1,875	15,000
Donor - designated agencies	<u>39,086</u>	<u>60,652</u>
 Total agency allocations	 \$ <u>667,558</u>	 \$ <u>700,702</u>