

UNITED WAY OF GREATER NEW BEDFORD, INC.

FINANCIAL STATEMENTS

JUNE 30, 2016

UNITED WAY OF GREATER NEW BEDFORD, INC.  
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JUNE 30, 2016

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# MEYER, REGAN & WILNER, LLP

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
United Way of Greater New Bedford, Inc.  
New Bedford, Massachusetts

We have audited the accompanying financial statements of United Way of Greater New Bedford, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 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 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater New Bedford, Inc. as of June 30, 2016, 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 United Way of Greater New Bedford, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Meyer, Regan & Wilner, LLP*

October 27, 2016

UNITED WAY OF GREATER NEW BEDFORD, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

ASSETS	<u>2016</u>	<u>2015</u>
<u>Current Assets</u>		
Cash	\$ 328,532	\$ 380,779
Grants Receivable	38,500	75,000
Accounts Receivable	141,294	160,570
Pledges Receivable, Net	410,059	427,140
Prepaid Expenses	<u>23,155</u>	<u>20,190</u>
Total Current Assets	941,540	1,063,679
Investments	1,684,795	1,415,593
Fixed Assets, Net	<u>17,053</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,643,388</u></b>	<b><u>\$ 2,479,272</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 24,060	\$ 18,297
Accrued Expenses	39,950	34,021
Donor Designations Payable	38,381	48,947
Grants Payable	<u>993,475</u>	<u>814,574</u>
Total Current Liabilities	<u>1,095,866</u>	<u>915,839</u>
<u>Net Assets</u>		
Unrestricted	1,481,042	1,503,590
Temporarily Restricted	<u>66,480</u>	<u>59,843</u>
Total Net Assets	<u>1,547,522</u>	<u>1,563,433</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,643,388</u></b>	<b><u>\$ 2,479,272</u></b>

See accompanying notes to the financial statements

UNITED WAY OF GREATER NEW BEDFORD, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>Total</u> <u>2015</u>
<u>Campaign Results</u>				
Gross Campaign Results	\$ 861,377	\$ -	\$ 861,377	\$ 907,237
Less: Donor Designations	(52,340)	-	(52,340)	(48,736)
Provision for Uncollectible Pledges	<u>(54,998)</u>	<u>-</u>	<u>(54,998)</u>	<u>(55,040)</u>
Net Campaign Results	<u>754,039</u>	<u>-</u>	<u>754,039</u>	<u>803,461</u>
<u>Other Revenue and Support</u>				
Program Service Fees, Government	789,093	-	789,093	631,875
Contributions and Grants	217,000	179,065	396,065	407,539
Special Events and Activities	102,278	-	102,278	120,661
Investment Return	24,589	-	24,589	49,519
Recovery of Prior Year Pledges	-	-	-	13,895
Donated Goods and Materials	406,865	-	406,865	204,976
Donated Services	20,401	-	20,401	33,600
Other Revenue	3,248	-	3,248	18,135
Net Assets Released from Restrictions	<u>172,428</u>	<u>(172,428)</u>	<u>-</u>	<u>-</u>
Total Other Revenue and Support	<u>1,735,902</u>	<u>6,637</u>	<u>1,742,539</u>	<u>1,480,200</u>
Total Campaign Results, Other Revenue and Support	<u>2,489,941</u>	<u>6,637</u>	<u>2,496,578</u>	<u>2,283,661</u>
<u>Expenses</u>				
Program Services	2,136,093	-	2,136,093	1,731,179
Management and General	171,201	-	171,201	181,323
Fundraising	<u>205,195</u>	<u>-</u>	<u>205,195</u>	<u>217,638</u>
Total Expenses	<u>2,512,489</u>	<u>-</u>	<u>2,512,489</u>	<u>2,130,140</u>
Change in Net Assets	(22,548)	6,637	(15,911)	153,521
Net Assets, Beginning	<u>1,503,590</u>	<u>59,843</u>	<u>1,563,433</u>	<u>1,409,912</u>
Net Assets, Ending	<u>\$ 1,481,042</u>	<u>\$ 66,480</u>	<u>\$ 1,547,522</u>	<u>\$ 1,563,433</u>

See accompanying notes to the financial statements

UNITED WAY OF GREATER NEW BEDFORD, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

	Program Services						<u>Total</u>	
	Community Services and <u>Education</u>	Community <u>Investment</u>	Community <u>Connections</u>	Program Services <u>Total</u>	Management and General	Fund- Raising		
Other Program/Operating Expenses	\$ 596,071	\$ 548,418	\$ 193,345	\$1,337,834	\$ 36,981	\$ 85,270	\$1,460,085	\$ 1,243,196
Employee Compensation and Related Expenses	63,235	79,007	478,339	620,581	44,508	108,171	773,260	643,309
Administrative Expenses	38,406	3,932	71,972	114,310	72,825	7,454	194,589	175,628
Occupancy	1,827	3,018	58,523	63,368	6,481	4,300	74,149	59,646
Depreciation	-	-	-	-	932	-	932	-
United Way Worldwide Dues	-	-	-	-	9,474	-	9,474	8,361
<b>TOTAL EXPENSES</b>	<u>\$ 699,539</u>	<u>\$ 634,375</u>	<u>\$ 802,179</u>	<u>\$2,136,093</u>	<u>\$ 171,201</u>	<u>\$205,195</u>	<u>\$2,512,489</u>	<u>\$ 2,130,140</u>

See accompanying notes to the financial statements

UNITED WAY OF GREATER NEW BEDFORD, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ (15,911)	\$ 153,521
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Disposal of Fixed Assets	-	(17,000)
Gifts of Stock	(9,217)	(23,207)
Depreciation	932	-
Provision for Uncollectible Accounts	(42)	(23,160)
Realized and Unrealized (Gains) Losses on Investments	12,676	(13,973)
(Increase) Decrease in:		
Grants Receivable	36,500	(7,521)
Accounts Receivable	19,276	(137,074)
Pledges Receivable	17,123	1,520
Prepaid Expenses	(2,965)	(14,523)
Increase (Decrease) in:		
Accounts Payable	5,415	(9,519)
Accrued Expenses	5,929	(57,344)
Donor Designations Payable	(10,566)	(5,429)
Grants Payable	<u>178,901</u>	<u>160,232</u>
Total Adjustments	<u>253,962</u>	<u>(146,998)</u>
 Net Cash Provided by Operating Activities	 <u>238,051</u>	 <u>6,523</u>
 <u>Cash Flows from Investing Activities</u>		
Proceeds from Sale of Fixed Assets	-	17,000
Purchase of Fixed Assets	(17,637)	-
Purchases of Investments	(1,003,097)	(1,537,001)
Proceeds from Sales of Investments	<u>730,436</u>	<u>1,555,451</u>
 Net Cash Provided (Used) by Investing Activities	 <u>(290,298)</u>	 <u>35,450</u>
 Net (Decrease) Increase in Cash	 (52,247)	 41,973
 Cash, Beginning of Year	 <u>380,779</u>	 <u>338,806</u>
 Cash, End of Year	 <u>\$ 328,532</u>	 <u>\$ 380,779</u>

See accompanying notes to the financial statements

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 1 - NATURE OF OPERATIONS

United Way of Greater New Bedford, Inc. (the "Agency") is an independent, not-for-profit corporation and a member of United Way Worldwide. The Agency's mission is to mobilize people, partnerships and resources to strengthen our Greater New Bedford, MA community. Since its inception it has encouraged local philanthropy at all levels and invested in quality health and human service programs. Unlike other traditional United Ways that focus on a fundraising campaign and the allocations of dollars raised, United Way of Greater New Bedford, Inc.'s approach is unique. In addition to allocating dollars raised, United Way of Greater New Bedford, Inc. also operates its own programs as well as supporting strategic partnerships and initiatives.

Community Services and Education - Provides volunteer placement through its online volunteer matching database, conducts events for individuals to engage in community service through annual Days of Caring, distributes donated food through the Hunger Commission Program, works with grassroots groups through the Community Building Mini-Grants Program, and works with local non-profits to provide youth the opportunity to learn about financial literacy and job readiness through Summer Fund and Learn and Serve.

Community Investment - Through its Citizen Review process, undesignated and designated funding is allocated to local health and human service agencies. Through the Community Building Mini-Grants Program, awards small grants to all volunteer, grassroots groups. Through Summer Fund, provides organizations with grants to subsidize summer programs for deserving children, funding to create employment opportunities for youth and funding to expand cultural enrichment opportunities. All applications are reviewed for their articulation of the importance of the challenge they are targeting in the community, the appropriateness and credibility of the proposed strategy to address the challenge, the capability and capacity of their agency or group to carry out the program strategy, and the measurable benefit per dollar invested. Through South End Engaged, funds organizations that develop collaborative programs and services targeting the most pressing issues in the South End of New Bedford.

Community Connections - This program is funded through two cost-reimbursement contracts and an accommodation rate contract from the Commonwealth of Massachusetts Department of Children and Families. The main focus of the coalition is to facilitate the organization of comprehensive family support systems in the neighborhoods of the City of New Bedford while promoting a community centered child welfare best practices approach. Through its Family Resource and Development Center, direct services such as case management, family advocacy, parent education and support and parent/child activities are provided. Ultimately, the goal is to strengthen families, prevent child abuse and neglect and build a healthier community.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the financial statements follows:

Basis of Accounting

The accompanying financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and, accordingly, reflect all significant receivables, payables and other liabilities.

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Statement Presentation

The Agency reports its financial position and activities according to the following three classes of net assets:

*Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to explicit or implicit donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on related investments for general or specific purposes.

Campaign Pledges

An annual fundraising campaign is conducted each fall to obtain donations and pledges for the subsequent year's operations and funding. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2016 are from corporations and individuals. The Agency maintains an allowance for uncollectible pledges which, in the aggregate, have not exceeded management's expectations. After one year, uncollected campaign pledges are written off.

Provision for uncollectible pledges is computed based upon a three year historical average adjusted by management's estimates of current economic factors, applied to gross campaign results. The allowance for uncollectible pledges at June 30, 2016 is \$54,998.

Donor Designations

The Agency offers a donor designation option to enable donors to specifically designate their contribution to specific agencies or programs. The Agency separately identifies the allocation of these funds in its accounting records and provides funding to these agencies consistent with the donor designations.

Community fund donations and pledges are recorded as unrestricted revenues in the campaign year. Donor designated pledges are accounted for as a liability until paid to the designated agency. Those amounts are not accounted for as revenue by the Agency but are reported as part of Gross Campaign Results from which the amounts are then deducted to arrive at Net Campaign Results.

Summarized Financial Information for 2015

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 accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Reclassification

Certain 2015 amounts have been reclassified to conform to the 2016 financial statement presentation. The reclassification had no effect on changes in net assets.

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period received or unconditionally pledged. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution.

Grants, which are limited to the use of various Agency programs, are reflected as unrestricted revenue if these funds are received and spent during the same year.

Accounts Receivable

Total accounts receivable at June 30, 2016 of \$141,294 consists primarily of \$130,051 due from government contracts. The Agency's policy is to charge to operations any amounts that subsequently become uncollectible at that time.

Investments

Investments are recorded at fair value using methodologies discussed under fair value measurements and in Note 4. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Investment activity is reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments include assets of which the Board of Directors retains full control to use in achieving any other organizational purposes.

Included in investments are certain money market funds with maturities of less than three months, held for the express purpose of investment. All investment income and sale proceeds are deposited in these accounts until the funds can be reinvested or distributed. As such, these money market funds are reported as investments rather than cash equivalents in the accompanying financial statements.

Fair Value Measurements

The Agency measures the fair value of certain assets and liabilities based upon valuation techniques that include observable and unobservable inputs and assumptions that market participants would use in pricing these assets and liabilities and uses a fair value hierarchy that prioritizes the information used to develop those assumptions.

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fair Value Measurements (Cont'd)

The fair value hierarchy is summarized as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, 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 for substantially the full term of the assets or liabilities;
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Cash and Cash Equivalents

The Agency considers all highly liquid investments, with maturities of three months or less, when purchased, to be cash equivalents, except for the money market funds included in the investment portfolio. As of June 30, 2016, there were no cash equivalents.

Property and Equipment and Depreciation

Property and equipment are stated at cost as of the date of acquisition or fair value as of the date of donation in the case of gifts. Additions, improvements and expenditures equal or greater than \$5,000 that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. The Agency's policy is to place time restrictions on donations of long-lived assets unless the donor explicitly states otherwise. The time restrictions expire as the economic benefits of the assets are used up (depreciated) over their estimated useful lives. Depreciation is provided for over the estimated service lives, generally five years, of the respective assets on the straight-line basis.

Donated Goods and Materials

The Agency receives noncash donations in the form of materials and food for use in its programs which have been recorded at fair value as of the date of donation.

Donated Services

Donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. However, volunteer services provided throughout the year are not recognized as contributions in the financial statements since the recognition criteria were not met.

Accrued Compensated Absences

Employees of the Agency are entitled to paid vacation time depending on their length of service. Accrual of vacation pay in the amount of \$16,440 is included with accrued expenses in these financial statements.

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional Allocation of Expenses

The costs of providing the various programs and the administration of the Agency have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

Expenses are allocated as follows:

Employee Compensation and Related Expenses - Employee compensation is allocated based on time and effort; related expenses, such as payroll taxes and fringe benefits, are allocated in the same proportions as employee compensation.

Occupancy, Other Program/Operating Expenses - Based on specific identification to a program or as a percentage of the total expenses using an appropriate base for the expense type.

Depreciation of Property and Equipment - Based on specific identification of an asset to a program or program square footage to total square footage.

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.

Income Tax

The Agency is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Agency has none, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes. In addition, the Agency believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

Note 3 - PLEDGES RECEIVABLE

Pledges receivable, less an appropriate allowance, are recorded at their estimated realizable value when made or promised unconditionally, are expected to be collected within one year and are as follows at June 30, 2016:

United Way Campaign Receivable	\$ 465,057
Less: Allowance for Uncollectible Pledges	<u>(54,998)</u>
Pledges Receivable, Net	<u>\$ 410,059</u>

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 4 - FAIR VALUE MEASUREMENTS

The Agency's investment policy outlines two primary objectives, both the generation of current income and long-term growth. The income of the portfolio shall be used, unless otherwise directed as follows: (a) If designated by the donor, to provide revenue for the programs or services directed by the donor or (b) If undesignated by the donor, to provide revenue to offset administration expenses or provide support for the annual campaign to enable the goal to be realized in time of economic upheaval.

Long-term growth will be a primary goal as the Agency recognizes that the long-term needs will be best met by maintaining a strong and healthy portfolio. This growth should help offset the negative implications of rising inflation and dips in the business cycle, which may result in incremental demands from the portfolio.

The portfolio is invested in a well-diversified asset mix, which includes equity and debt securities. Investment assets and allocation between asset classes and strategies are managed to not expose the portfolio to unacceptable levels of risk.

The Agency's investments measured using the fair value hierarchy on a recurring basis are summarized in the following table at June 30, 2016:

	<u>Cost</u>	<u>Level 1</u>	<u>Appreciation (Depreciation)</u>
Money Market Fund	\$ 299,137	\$ 299,137	\$ -
Corporate Bonds	199,940	200,882	942
Equity Securities	852,641	921,718	69,077
Mutual Funds	217,124	211,017	(6,107)
REITS	22,272	26,601	4,329
ETF-Limited Partnership	<u>30,442</u>	<u>25,440</u>	<u>(5,002)</u>
Total Investments	<u>\$ 1,621,556</u>	<u>\$ 1,684,795</u>	<u>\$ 63,239</u>

The Agency recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2016.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2016 from the prior year.

*Money Market Fund:* The fair value of the money market fund approximates its book value. Government Money Market Fund utilized to maintain \$1 share price (non-floating NAV).

*Corporate Bonds:* Bonds trade on open market daily through brokerage relationships. Month-end pricing provided by Interactive Data Corp., an industry leader in asset pricing services.

*Equity Securities:* Valued at market value using quoted market prices.

*Mutual Funds:* Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year.

*Real Estate Investment Funds:* Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year.

UNITED WAY OF GREATER NEW BEDFORD, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

Note 4 - FAIR VALUE MEASUREMENTS (CONT'D)

The composition of investment return is as follows:

Interest and Dividends	\$ 37,265
Realized and Unrealized Losses, Net	<u>(12,676)</u>
Investment Return, Gross	24,589
Less: Investment Fees and Foreign Taxes	<u>(11,845)</u>
 Total Investment Return, Net	 <u>\$ 12,744</u>

Note 5 - FIXED ASSETS

Fixed assets consist of the following:

Office Equipment	\$ 17,985
Vehicle	<u>70,355</u>
	88,340
Less: Accumulated Depreciation	<u>(71,287)</u>
 Total Fixed Assets, Net	 <u>\$ 17,053</u>

Depreciation expense during the year totaled \$932.

Note 6 - LINE OF CREDIT

The Agency has a line of credit with an available borrowing of \$100,000, secured by all assets. There were no advances from the line during the year ended June 30, 2016.

Note 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$66,480 are to be used for donor restricted program expenses.

Note 8 - DONATED GOODS AND MATERIALS

The Agency received the following goods and materials:

	<u>Program Services</u>	<u>Fund- Raising</u>	<u>Total</u>
Food for Hunger Commission	\$ 398,199	\$ -	\$ 398,199
Donated Goods for Special Events	<u>-</u>	<u>8,666</u>	<u>8,666</u>
	<u>\$ 398,199</u>	<u>\$ 8,666</u>	<u>\$ 406,865</u>

UNITED WAY OF GREATER NEW BEDFORD, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

Note 9 - DONATED SERVICES

Other than unrecorded volunteer services, the Agency received the following donated services, classified as management and general:

Website, Video, Branding and Marketing	\$ 13,675
Professional Services	<u>6,726</u>
	<u>\$ 20,401</u>

Note 10- OPERATING LEASES

Office Equipment

The Agency leases office equipment under non-cancelable operating leases expiring in 2017 through 2021. Total lease expense was \$7,129 for the year ended June 30, 2016.

Office Space

The Agency leased office space for one of its programs under the terms of a month-to-month lease. Rent paid during the year ended June 30, 2016 totaled \$17,100.

The Agency leased administrative and programmatic office space under a five-year lease which ended in June 2016. The annual rent paid for the year ended June 30, 2016 was \$36,950.

The Agency entered into two 5-year lease agreements for office space, effective July 1, 2016. Monthly base rent payments starting July 1, 2016 through June 30, 2017 will be \$2,358 for administrative space and \$3,407 for program space. Rent payments in each subsequent year of the initial five year term increases annually by 3%. Both leases contain an option to extend the term for one additional five year period.

Future minimum rental payments for equipment and administrative and program office space leases are as follows during the years ending June 30:

2017	\$ 75,875
2018	76,851
2019	78,989
2020	79,839
2021	<u>79,309</u>
	<u>\$ 390,863</u>

Note 11- RELATED PARTY TRANSACTIONS

The Agency purchases insurance through an insurance agency where one of the owners serves on the Agency's Board of Directors. Insurance purchased during the year ended June 30, 2016 amounted to \$11,082, of which \$4,613 was paid directly to the insurance agency and \$6,469 was paid directly to insurance companies.

The Agency purchases group dental insurance through a company owned by an individual serving on the Agency's Board of Directors. The Agency paid \$8,561 in dental insurance premiums directly to the dental insurer.

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Note 12- PENSION PLAN

The Agency offers a defined contribution pension plan to all full-time employees meeting certain eligibility requirements. The Agency matches 100% of the participant's deferral up to 5% of his or her compensation. Contributions to the plan were \$18,302 for the year ended June 30, 2016.

Note 13- SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The Agency received donated marketable securities with a fair value of \$9,217 during the year ended June 30, 2016.

Fixed assets with a balance totaling \$348 was included in accounts payable at June 30, 2016.

Note 14- CONCENTRATIONS

Approximately 32% of the Agency's revenue was earned under various contracts with the government. In the event funding is terminated, the current level of the Agency's related program services may be impacted.

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of pledges receivable. Concentration of credit risk with respect to pledges receivable are due to the geographic concentration of donors, substantially all of who are local residents and companies.

Note 15- SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 27, 2016, the date the financial statements were available to be issued. No events requiring disclosure subsequent to year-end were noted as of October 27, 2016.