

UNITED WAY OF GREATER NASHUA, INC.

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

INDEPENDENT AUDITORS' REPORT



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
United Way of Greater Nashua, Inc.:

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of United Way of Greater Nashua, Inc. (a not-for-profit New Hampshire organization) which comprise the statement of financial position as of September 30, 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 United Way of Greater Nashua, Inc. as of September 30, 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 United Way of Greater Nashua, Inc. 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, and for 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 United Way of Greater Nashua, Inc.'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 United Way of Greater Nashua, Inc.'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 United Way of Greater Nashua, Inc.'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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023 on our consideration of United Way of Greater Nashua, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Greater Nashua, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Greater Nashua, Inc.'s internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited United Way of Greater Nashua, Inc.'s September 30, 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Keene, New Hampshire  
March 29, 2023

Client Draft

UNITED WAY OF GREATER NASHUA, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2022  
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2021)

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 537,210	\$ 492,515
Accounts receivable	3,500	9,333
Pledges receivable, net	62,534	53,362
Grant receivable	61,184	182,920
Prepaid expenses	24,837	13,892
Total current assets	689,265	752,022
OTHER ASSETS:		
Other assets	3,297	-
Restricted cash	720,261	537,412
Beneficial interest - NHCF	196,505	238,037
Property and equipment, net	335,812	331,941
Total other assets	1,255,875	1,107,390
Total assets	\$ 1,945,140	\$ 1,859,412
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 5,497	\$ 5,336
Accounts payable	142,203	112,001
Community impact grants payable	93,000	93,000
Designations payable	17,724	17,233
Funds held for others	4,270	3,234
Security deposits and accrued expenses	56,165	47,052
Total current liabilities	318,859	277,856
LONG-TERM DEBT, net of current portion	177,528	182,934
Total liabilities	496,387	460,790
NET ASSETS:		
Without donor restrictions:		
Board designated	97,398	83,076
Undesignated	537,707	448,657
	635,105	531,733
With donor restrictions	813,648	866,889
Total net assets	1,448,753	1,398,622
Total liabilities and net assets	\$ 1,945,140	\$ 1,859,412

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

UNITED WAY OF GREATER NASHUA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	2022		2021	
	Without Donor Restriction	With Donor Restriction	Totals	Totals
<b>REVENUE AND SUPPORT:</b>				
Campaign	\$ 481,915	\$ 79,289	\$ 561,204	\$ 537,081
Less: provision for uncollectible pledges	<u>(32,346)</u>	<u>-</u>	<u>(32,346)</u>	<u>(20,240)</u>
Net campaign	449,569	79,289	528,858	516,841
COVID-19 fund	<u>53,989</u>	<u>-</u>	<u>53,989</u>	<u>141,071</u>
Total campaign revenue	503,558	79,289	582,847	657,912
Grant income:				
Federal Drug Free Community	-	103,654	103,654	101,898
Preschool development grant	-	405,698	405,698	453,513
EL GEER grant	-	267,766	267,766	70,953
ELL Cares grant	-	-	-	146,524
Americorps grant	-	11,765	11,765	-
G UW grant	-	10,000	10,000	-
UWW grant	-	10,000	10,000	-
VITA grant	-	10,000	10,000	-
Other	5,340	-	5,340	4,348
Special events:				
Over the Edge	61,205	96,197	157,402	160,641
Sleepout	80,039	218	80,257	3,494
Blizzard Blast	-	-	-	29,155
Skydive United	16,714	-	16,714	38,275
Cornhole tournament	8,430	-	8,430	4,369
Community fun run	23,331	5,108	28,439	-
Charitable gaming	192,809	-	192,809	687
Other	8,090	-	8,090	3,134
Corporate sponsorships	75,759	-	75,759	73,813
Community services	2,850	15,276	18,126	36,224
Gifts in kind	123,090	-	123,090	191,731
Gain (loss) on beneficial interest	-	(40,145)	(40,145)	47,345
Investment income	9,425	-	9,425	9,749
Rental income	59,700	-	59,700	61,400
Other income	32,918	-	32,918	65,365
Fiscal agent revenue and support	-	424,675	424,675	469,508
Net assets released from restriction	<u>1,452,742</u>	<u>(1,452,742)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,656,000</u>	<u>(53,241)</u>	<u>2,602,759</u>	<u>2,630,038</u>
<b>EXPENSES:</b>				
Program services	2,244,445	-	2,244,445	2,142,603
Management and general	179,889	-	179,889	202,411
Fundraising	<u>128,294</u>	<u>-</u>	<u>128,294</u>	<u>146,071</u>
Total expenses	<u>2,552,628</u>	<u>-</u>	<u>2,552,628</u>	<u>2,491,085</u>
CHANGES IN NET ASSETS	103,372	(53,241)	50,131	138,953
NET ASSETS - beginning of period	<u>531,733</u>	<u>866,889</u>	<u>1,398,622</u>	<u>1,259,669</u>
NET ASSETS - end of period	\$ <u>635,105</u>	\$ <u>813,648</u>	\$ <u>1,448,753</u>	\$ <u>1,398,622</u>

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

UNITED WAY OF GREATER NASHUA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	2022			2021	
	Program Services	Management and General	Fundraising	Totals	Totals
Designations for other organizations	\$ 79,289	\$ -	\$ -	\$ 79,289	\$ 60,717
Community impact grants	372,000	-	-	372,000	372,002
Community services:					
Blizzard Blast	5,055	-	-	5,055	39,180
Over the Edge	129,472	-	-	129,472	126,663
Day of Caring	4,028	-	-	4,028	8,822
Sleepout	1,998	-	-	1,998	366
Federal Drug Free Community	103,654	-	-	103,654	101,898
One Greater Nashua	3,961	-	-	3,961	5,168
Fiscal agencies	370,800	-	-	370,800	410,343
Santa Fund	15,276	-	-	15,276	31,502
Skydive United	2,870	-	-	2,870	4,274
COVID-19 expenditures and grants	19,010	-	-	19,010	40,755
Preschool Development	484,814	-	-	484,814	332,001
ELL Cares	-	-	-	-	146,524
EL GEER	267,766	-	-	267,766	70,953
Community fun run	11,136	-	-	11,136	-
Community service expense	45,993	-	-	45,993	23,128
Salaries and wages	163,126	54,375	54,375	271,876	287,658
Gifts in kind	59,897	35,938	23,958	119,793	191,731
Professional services	57,220	34,332	22,888	114,440	115,628
Dues	14,983	2,809	937	18,729	14,703
Supplies and expenses	6,811	6,811	13,622	27,244	29,354
Insurance	3,560	5,086	1,525	10,171	8,950
Occupancy	9,779	23,470	5,868	39,117	42,705
Depreciation	7,407	10,582	3,175	21,164	20,730
Bank fees	4,540	6,486	1,946	12,972	5,330
Total expenses	\$ <u>2,244,445</u>	\$ <u>179,889</u>	\$ <u>128,294</u>	\$ <u>2,552,628</u>	\$ <u>2,491,085</u>

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

UNITED WAY OF GREATER NASHUA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 50,131	\$ 138,953
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	21,164	20,730
Change in beneficial interest	41,537	(46,024)
Provision for uncollectible pledges	32,346	20,240
Decrease (increase) in:		
Pledges receivable	(41,518)	(17,175)
Accounts receivable	5,833	30,900
Grant receivable	121,736	(182,920)
Prepaid expenses	(10,945)	30,811
Other assets	(3,297)	-
Increase (decrease) in:		
Accounts payable	30,202	70,308
Community impact grants payable	-	(1)
Designations payable	491	(11,874)
Funds held for others	1,036	(1,240)
Security deposits and accrued expenses	9,113	2,474
Refundable advances	-	(69,166)
Net cash flows from operating activities	<u>257,829</u>	<u>(13,984)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(23,800)</u>	<u>-</u>
Net cash flows from investing activities	<u>(23,800)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment on principal of long-term debt	<u>(6,485)</u>	<u>(4,996)</u>
Net cash flows from financing activities	<u>(6,485)</u>	<u>(4,996)</u>
CHANGE IN CASH AND RESTRICTED CASH	227,544	(18,980)
CASH AND RESTRICTED CASH - beginning of year	<u>1,029,927</u>	<u>1,048,907</u>
CASH AND RESTRICTED CASH - end of year	\$ <u>1,257,471</u>	\$ <u>1,029,927</u>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH:</b>		
Cash	\$ 537,210	\$ 492,515
Restricted cash	<u>720,261</u>	<u>537,412</u>
Total cash and restricted cash shown in the statement of cash flows	\$ <u>1,257,471</u>	\$ <u>1,029,927</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for interest	\$ <u>8,919</u>	\$ <u>9,169</u>
In-kind donations received	\$ <u>123,090</u>	\$ <u>191,731</u>

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



UNITED WAY OF GREATER NASHUA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

1. Organization:

United Way of Greater Nashua, Inc. (the Organization) is a New Hampshire nonprofit organization managed through the efforts of both a professional and volunteer staff to provide financial support to local human services programs. The Organization relies on the financial support of the local population in order to meet its financial distributions to local member agencies. The Organization benefits from the efforts of over 800 volunteers that donate approximately 5,000 hours annually to the Organization, allowing them to provide important programs to the community. As per the terms of the respective agreements, some additional activities are performed by the Organization on behalf of other agencies.

2. Summary of significant accounting policies:

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

Accounting for contributions and financial statement presentation - The Organization follows *Accounting for Contributions Received and Contributions Made and Financial Statements of Not-for-Profit Organizations as required by the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC)*. Under these guidelines, the Organization is required to distinguish between contributions that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. These reporting standards establish standards for financial statements of not-for-profit organizations and require a Statement of Financial Position, a Statement of Activities, a Statement of Functional Expenses and a Statement of Cash Flows.

Basis of accounting - The Organization 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 Organization'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.

UNITED WAY OF GREATER NASHUA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/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 Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board-approved spending policy. The Organization follows a similar policy for investment return on these funds.

Cash and cash equivalents - For the purpose of reporting cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents.

Restricted cash – Amounts included in restricted cash represent funds held by the United Way of Greater Nashua in their capacity as the fiscal agent for several small not for profit organizations (Note 11). These restrictions will lapse when the organizations appropriate the funds for expenditure. Also included in restricted cash are security deposits for various tenants (Note 14), cash restricted for the preschool development and federal drug free community grants, and board designated funds (Note 11).

Restricted cash balances as of September 30, 2022 and 2021 were comprised of the following:

	<u>2022</u>	<u>2021</u>
Fiscal agencies	\$ 403,159	\$ 352,070
Early childhood initiative	11,872	5,019
One Greater Nashua	17,660	20,122
Preschool development grant	164,644	68,761
Board designated funds	97,398	83,077
Other	<u>25,528</u>	<u>8,363</u>
Total	<u>\$ 720,261</u>	<u>\$ 537,412</u>

Allowance for doubtful accounts - The Organization utilizes the allowance method to provide for uncollectible pledges. The adequacy of the allowance for doubtful accounts for pledges receivables is reviewed on an ongoing basis by the Organization's management and adjusted as required through the provision for uncollectible pledges (bad debt expense). Management estimates the allowance based on experience with prior year campaign collections.

UNITED WAY OF GREATER NASHUA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

Property and equipment - Property and equipment is recorded at cost or, if donated, at estimated fair market value at the date of donation. Major additions and improvements are capitalized, while ordinary maintenance and repairs are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Assets not in service are not depreciated. No depreciation is charged on land owned.

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 during the current or prior year.

Functional expenses - 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 charged to programs and supporting services on the basis of periodic expense reviews and management estimates. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Donated assets – Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Donated assets recognized in the Statement of Activities were \$3,297 and \$0 for the years ended September 30, 2022 and 2021, respectively.

Donated materials – Donated materials greater than \$500 are recorded as contributions at their estimated fair values at the date of donation. Donated materials recognized in the Statement of Activities were \$90,650 and \$169,051 for the years ended September 30, 2022 and 2021, respectively.

Donated services - The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated services recognized in the Statement of Activities were \$29,143 and \$22,680 for the years ended September 30, 2022 and 2021, respectively.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

UNITED WAY OF GREATER NASHUA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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Contributions and grant revenues – 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 September 30, 2022 and 2021.

Operating leases – Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under the operating leases are charged or recognized in the Statement of Activities on a straight-line basis over the period of the lease.

Income tax status – The Organization is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Though the Organization is exempt from income tax, it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code. The Organization has calculated an income tax provision that is immaterial for financial statement purposes, and 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. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated income, determine its filing and tax obligations in jurisdictions for which it has nexus, and identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

UNITED WAY OF GREATER NASHUA, INC.  
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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 Organization adopted this guidance as of October 1, 2021, as required by the standard. The Organization applied Topic 958 on a retrospective basis.

Accounting pronouncements to be adopted in future periods – In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definitions of a lease, requires a dual approach to lease classification similar to current lease classifications, and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than twelve months. In June 2020, the FASB issued 2020-05 which provided nonpublic companies with a one-year deferral of the effective date of ASC 842. The Organization has elected to adopt this deferral and ASU 2016-02 is effective for the Organization's year ending September 30, 2023. The new standard originally required a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of the initial application. In July 2018, the FASB issued ASU No. 2018-11 *Leases (Topic 842)* which provided another transition method in addition to the existing transition method by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Organization has not yet determined the effects, if any, that the adoptions of ASU 2016-02 and ASU 2018-11 may have on its financial position, results of operations, cash flows, or disclosures.

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*. ASU 2016-13 requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the Statement of Activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. ASU 2016-13 will be effective for the Organization's year ending September 30, 2024. The Organization has not yet determined the effects, if any, that the adoption of ASU 2016-13 may have on its financial position, results of operations, cash flows, or disclosures.

UNITED WAY OF GREATER NASHUA, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

3. 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	\$ 537,210	\$ 492,515
Accounts receivable	3,500	9,333
Pledges receivable, net	62,534	53,362
Grants receivable	<u>61,184</u>	<u>182,920</u>
Total financial assets available within one year	\$ <u>664,428</u>	\$ <u>738,130</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To manage liquidity and monitor the availability of resources to meet these operating needs, the Organization produces an annual budget which outlines the anticipated financial needs to maintain the Organization within the next fiscal year. The budget is analyzed and compared to actual results throughout the year to manage current cash flow needs.

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

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality financial institutions. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. During the fiscal year ended September 30, 2022, the Organization established a sweep account with their primary bank which diversifies their cash holdings among other participating FDIC insured banks, ensuring that their deposits do not exceed the \$250,000 federally insured limit.

UNITED WAY OF GREATER NASHUA, INC.  
NOTES TO FINANCIAL STATEMENTS  
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5. Pledges receivable, net:

Pledges receivable consisted of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Pledges receivable:		
Current year campaign	\$ 96,236	\$ 82,901
Prior years campaigns	<u>28,184</u>	<u>22,782</u>
	124,420	105,683
Less: allowance for uncollectible pledges	<u>(61,886)</u>	<u>(52,321)</u>
Total	<u>\$ 62,534</u>	<u>\$ 53,362</u>

6. Beneficial interest:

United Way of Greater Nashua, Inc. has a beneficial interest in a fund at the New Hampshire Charitable Foundation (NHCF).

Pursuant to the terms of the resolution establishing the fund with NHCF, property contributed to the foundation is held as a separate fund designated for the benefit of United Way of Greater Nashua, Inc. In accordance with its spending policy NHCF makes distributions from the fund to United Way of Greater Nashua, Inc. The annual distributions allowable from the fund are based on five percent of a twenty-quarter moving average of the fund's market value. The funds are included in net assets with donor restrictions. The market value of the fund assets was \$196,505 and \$238,037, as of September 30, 2022 and 2021, respectively.

7. Designated fund:

United Way of Greater Nashua, Inc. is the beneficiary of the Nashua Fire Relief Fund. The Fund is held and administered by the U.S. Trust Company. Distributions of \$9,659 and \$11,326 were received for the years ended September 30, 2022 and 2021. The market value of the fund was approximately \$172,000 and \$207,000 for the years ended September 30, 2022 and 2021, respectively.

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8. Property and equipment, net:

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

	<u>2022</u>	<u>2021</u>
Building and land	\$ 502,500	\$ 502,500
Building improvements	241,939	238,139
Furniture, fixtures and equipment	<u>68,159</u>	<u>48,238</u>
Total	812,598	788,877
Less: accumulated depreciation	<u>(476,786)</u>	<u>(456,936)</u>
Property and equipment, net	\$ <u>335,812</u>	\$ <u>331,941</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$21,164 and \$20,730, respectively.

9. Community impact grants payable:

United Way of Greater Nashua, Inc. had total community impact grants payable in the amount of \$93,000 as of September 30, 2022 and 2021. These funds are subject to the Organization's ability to collect the total funds pledged.

10. Long-term debt:

The Organization has a note payable to a bank, payable in monthly installments of \$1,180, including interest. The interest rate is based on the FHLB 5 Year Classic Advance Rate plus 2.00%, currently at 4.75%, fixed for the first five years, then adjusted every five years, never dropping below 4.50%. Monthly payments are to be made through June 2028, with a final balloon payment due upon maturity. The note is secured by land and the building, and all rents received on the real property.

Interest expense for the years ended September 30, 2022 and 2021 was \$8,919 and \$9,169, respectively.



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The following is a summary of future principal payments:

<u>Fiscal Year End</u>	
2023 (current portion)	\$ 5,497
2024	5,821
2025	6,103
2026	6,400
2027	6,710
2028	<u>152,494</u>
Total	\$ <u>183,025</u>

11. Net assets with donor restrictions:

Net assets with donor restrictions are available for the following purposes at September 30:

	<u>2022</u>	<u>2021</u>
Fiscal agencies	\$ 403,159	\$ 352,070
New Hampshire Charitable Foundation	196,505	238,037
Preschool development grant	164,644	243,761
Other	19,808	7,880
One Greater Nashua	17,660	20,122
Early Childhood Initiative	<u>11,872</u>	<u>5,019</u>
Total	\$ <u>813,648</u>	\$ <u>866,889</u>

12. Fair values of financial instruments:

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

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- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets in markets that are not active;
  - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The estimated fair value of the Organization's financial instruments is presented in the following table at September 30:

	<u>2022</u>				
	<u>Carrying</u> <u>Value</u>	<u>Fair</u> <u>Value</u>	<u>Level</u> <u>One</u>	<u>Level</u> <u>Two</u>	<u>Level</u> <u>Three</u>
Beneficial interest	\$ <u>196,505</u>	\$ <u>196,505</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>196,505</u>
	<u>2021</u>				
	<u>Carrying</u> <u>Value</u>	<u>Fair</u> <u>Value</u>	<u>Level</u> <u>One</u>	<u>Level</u> <u>Two</u>	<u>Level</u> <u>Three</u>
Beneficial interest	\$ <u>238,037</u>	\$ <u>238,037</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>238,037</u>

The beneficial trust interest is reported at the fair value of the underlying assets held by the New Hampshire Charitable Foundation, which approximates the present value of the estimated expected future cash flows at September 30, 2022 and 2021.

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of those financial instruments.

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13. Gifts in kind:

For the years ended September 30, 2022 and 2021, contributed nonfinancial assets recognized within the Statement of Activities consisted of the following:

	<u>2022</u>	<u>2021</u>
School laptops	\$ 89,650	\$ 70,000
Professional services	29,143	22,680
Vehicle	3,297	-
Other goods	1,000	487
COVID personal protection equipment	-	98,564
	<u>\$ 123,090</u>	<u>\$ 191,731</u>

The Organization recognizes contributed nonfinancial assets within revenue, including school laptops, professional services, a vehicle, other goods, and personal protection equipment (PPE). Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed school laptops were given to the Nashua School district for students to use as part of one of the Organization's programs. The contributed vehicle is to be sold by the Organization and use the funds towards operational needs. Contributed other goods and PPE were used in the Organization's programs benefiting those in the community. In valuing the laptops, vehicle, goods and PPE, the Organization estimated the fair market value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed professional services recognized comprise of services from landscapers, cleaning services, information technology, and other services related to events put on by the Organization in the fiscal years ended September 30, 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.

14. Lease of building:

The Organization rents separate offices within their building representing 56% of the total area with varying lease terms. Total rental income for the years ended September 30, 2022 and 2021 was \$59,700 and \$61,400, respectively.

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The cost and accumulated depreciation of the building being leased at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 108,788	\$ 108,788
Building	393,712	393,712
Building improvements	<u>241,939</u>	<u>238,139</u>
Total cost	744,439	740,639
Less: accumulated depreciation	<u>(431,361)</u>	<u>(412,943)</u>
Net book value of building	\$ <u>313,078</u>	\$ <u>327,696</u>

15. Contracted services:

The Organization entered into a service level agreement with an accounting firm on May 26, 2017. This is a yearly contract that is renewed every twelve months in October and can be terminated by either party with 30 days written notice, or for cause.

During the years ended September 30, 2022 and 2021, the Organization was provided management support services including but not limited to bookkeeping and maintaining financial records.

During the years ended September 30, 2022 and 2021, the Organization has incurred expenses of \$105,095 and \$97,450, respectively, on the above mentioned management support services.

16. Related-party transactions:

There were transactions for program services totaling \$50,704 and \$51,735 with businesses or individuals related to current board members and management for the years ended September 30, 2022 and 2021, respectively. The following transactions occurred between the Organization and related parties:

Summary of related-party transactions:

	<u>2022</u>	<u>2021</u>
Expenses:		
Payroll-related expense	\$ 47,236	\$ 38,770
Miscellaneous program expense	<u>3,468</u>	<u>12,965</u>
Total related-party expenses	\$ <u>50,704</u>	\$ <u>51,735</u>

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17. Subsequent events:

In accordance with the provisions set forth by FASB ASC, *Subsequent Events*, events and transactions from October 1, 2022 through March 29, 2023, the date the financial statements were available to be issued, have been evaluated by management for disclosure.

As of September 30, 2022, the Organization had a commitment to purchase materials of approximately \$125,000 for programs relating to the EL GEER grant. The materials were shipped and received subsequent to year end and will be utilized for 2023 programs.

Management has determined that there were no additional material events that would require disclosure in the Organization's financial statements through this date.

18. Reclassifications:

Certain amounts in the prior year financial statements have been reclassified to improve comparability between the two years.