

UNITED WAY of GREATER NEW HAVEN, INC.
Financial Statements
June 30, 2008

UNITED WAY of GREATER NEW HAVEN, INC.
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SEWARD AND MONDE

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INDEPENDENT AUDITORS' REPORT

United Way of Greater New Haven, Inc.

Board of Directors

New Haven, Connecticut

We have audited the accompanying statements of financial position of United Way of Greater New Haven, Inc. as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of United Way of Greater New Haven, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater New Haven, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Seward and Monde

November 7, 2008

UNITED WAY of GREATER NEW HAVEN, INC.
 STATEMENTS of FINANCIAL POSITION
 June 30, 2008 and 2007

	2008	2007
A S S E T S		
Cash and cash equivalents (including permanently restricted cash of \$50,664)	\$ 653,091	\$ 613,475
Pledges receivable, less allowance for uncollectibles of \$238,933 in 2008 and \$220,852 in 2007	1,563,580	2,126,143
Accounts and other receivables	-	21,671
Beneficial interest in assets held by others	232,447	258,705
Other assets	66,057	57,173
Long-term investments	1,046,623	1,142,594
Property and equipment, at cost less accumulated depreciation	71,968	56,449
Total assets	\$ 3,633,766	\$ 4,276,210
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 100,960	\$ 39,603
Community investment and grants payable	913,090	1,131,840
Donor directed gifts payable	854,592	783,285
Accrued expenses and other liabilities	434,601	375,743
Total liabilities	2,303,243	2,330,471
Net assets:		
Unrestricted:		
Board designated	717,930	793,840
Other unrestricted	409,065	544,869
Total unrestricted	1,126,995	1,338,709
Temporarily restricted	152,864	556,366
Permanently restricted	50,664	50,664
Total net assets	1,330,523	1,945,739
Total liabilities and net assets	\$ 3,633,766	\$ 4,276,210

See notes to financial statements.

UNITED WAY of GREATER NEW HAVEN, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2008 and 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Amounts Raised and Public Support Received Directly:								
Campaign amounts raised	\$ 5,571,050	\$ 112,007	\$ -	\$ 5,683,057	\$ 5,784,742	\$ 510,864	\$ -	\$ 6,295,606
Less:								
Allowance for uncollectible pledges receivable	(75,343)	-	-	(75,343)	(124,282)	-	-	(124,282)
Donor directed gifts	(2,684,029)	-	-	(2,684,029)	(2,417,667)	-	-	(2,417,667)
Total direct campaign support	2,811,678	112,007	-	2,923,685	3,242,793	510,864	-	3,753,657
Gifts, bequests and other	129,931	-	-	129,931	187,067	-	-	187,067
Present value adjustment of split interest agreement	-	(4,645)	-	(4,645)	-	2,338	-	2,338
Total public support received directly	2,941,609	107,362	-	3,048,971	3,429,860	513,202	-	3,943,062
Net assets released from restrictions	510,864	(510,864)	-	-	100,000	(100,000)	-	-
Total direct support	3,452,473	(403,502)	-	3,048,971	3,529,860	413,202	-	3,943,062
Public Support Received Indirectly, Revenues, Gains and Other Support:								
Court support services	58,971	-	-	58,971	58,095	-	-	58,095
Early learning success grant	-	-	-	-	80,806	-	-	80,806
Other support services	9,506	-	-	9,506	8,722	-	-	8,722
Investment return	(97,846)	-	-	(97,846)	166,014	-	-	166,014
Administrative fees on donor directed gifts	91,624	-	-	91,624	95,064	-	-	95,064
Special events and sponsorships	92,116	-	-	92,116	197,220	-	-	197,220
Miscellaneous income	(3,636)	-	-	(3,636)	40,134	-	-	40,134
Total public support received indirectly, revenues, gains and other support	150,735	-	-	150,735	646,055	-	-	646,055
Total public support, revenues, gains and other support	3,603,208	(403,502)	-	3,199,706	4,175,915	413,202	-	4,589,117
Expenses:								
Community Impact:								
Grants:								
Annual community investment	4,261,525	-	-	4,261,525	3,954,116	-	-	3,954,116
Donor directed gifts	(2,684,029)	-	-	(2,684,029)	(2,417,667)	-	-	(2,417,667)
Community Response/Community Initiatives Fund	-	-	-	-	305,672	-	-	305,672
Other grants	81,000	-	-	81,000	126,217	-	-	126,217
Program services	905,540	-	-	905,540	1,055,539	-	-	1,055,539
Total community impact	2,564,036	-	-	2,564,036	3,023,877	-	-	3,023,877
Support Services:								
Fundraising	621,361	-	-	621,361	618,864	-	-	618,864
Management and general	481,729	-	-	481,729	551,156	-	-	551,156
Dues and support to United Way of America	56,875	-	-	56,875	53,868	-	-	53,868
Total support services	1,159,965	-	-	1,159,965	1,223,888	-	-	1,223,888
Total community impact and support services	3,724,001	-	-	3,724,001	4,247,765	-	-	4,247,765
Change in net assets	(120,793)	(403,502)	-	(524,295)	(71,850)	413,202	-	341,352
Pension and postretirement benefit charge	(90,921)	-	-	(90,921)	64,833	-	-	64,833
Net assets, beginning	1,338,709	556,366	50,664	1,945,739	1,345,726	143,164	50,664	1,539,554
Net assets, ending	<u>\$ 1,126,995</u>	<u>\$ 152,864</u>	<u>\$ 50,664</u>	<u>\$ 1,330,523</u>	<u>\$ 1,338,709</u>	<u>\$ 556,366</u>	<u>\$ 50,664</u>	<u>\$ 1,945,739</u>

See notes to financial statements.

UNITED WAY of GREATER NEW HAVEN, INC.
STATEMENTS of CASH FLOWS
Years ended June 30, 2008 and 2007

	2008	2007
Cash flows - operating activities:		
Change in net assets	(\$ 524,295)	\$ 341,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized/unrealized (gain) loss on long-term investments	197,904	(46,324)
Allowance for uncollectible pledges receivable	75,343	124,282
Depreciation	17,590	22,572
Decrease (increase) in assets:		
Pledges receivable	487,220	(402,081)
Accounts and other receivables	21,671	125,893
Beneficial interest in assets held by others	26,258	(38,719)
Other assets	(8,884)	(3,681)
Increase (decrease) in liabilities:		
Accounts payable	61,357	23,437
Community investment and grants payable	(218,750)	239,844
Donor directed gifts payable	71,307	(92,399)
Accrued expenses and other liabilities	(32,063)	(43,236)
Net cash provided by operating activities	174,658	250,940
Cash flows - investing activities:		
Purchases of property and equipment	(33,109)	(44,784)
Purchases of long-term investments	(101,933)	(886,596)
Proceeds from sales of long-term investments	-	722,171
Net cash used by investing activities	(135,042)	(209,209)
Net increase in cash and cash equivalents	39,616	41,731
Cash and cash equivalents, beginning	613,475	571,744
Cash and cash equivalents, ending	\$ 653,091	\$ 613,475

See notes to financial statements.

UNITED WAY of GREATER NEW HAVEN, INC.
STATEMENTS of FUNCTIONAL EXPENSES
Years ended June 30, 2008 and 2007

2008

	Program Services					Support Services				Grand Total
	Court Support Services	Community Impact	Success by 6	Compass Project	Emergency Food and Shelter Grant (FEMA)	Total Program Services	Fund Raising	Management and General	Dues and Support to United Way of America	
Salaries and wages	\$ 73,344	\$ 326,525	\$ 50,780	\$ 8,213	\$ 3,806	\$ 462,668	\$ 287,275	\$ 316,869	\$ -	\$ 1,066,812
Employee benefits	13,419	66,959	10,730	1,732	657	93,497	51,720	67,027	-	212,244
Payroll taxes	5,381	23,774	3,690	592	226	33,663	21,041	23,012	-	77,716
Supplies	1,564	9,539	1,233	283	189	12,808	17,823	13,843	-	44,474
Telephone	1,027	17,245	1	-	-	18,273	4,166	3,356	-	25,795
Postage	369	4,712	668	91	35	5,875	5,824	3,489	-	15,188
Occupancy	4,592	88,559	604	97	37	93,889	23,365	20,240	-	137,494
Equipment rental and maintenance	-	22,292	639	103	39	23,073	9,873	3,859	-	36,805
Printing and publications	-	86,388	2,141	3	1,701	90,233	74,043	571	-	164,847
Travel	75	1,304	116	10	4	1,509	5,216	607	-	7,332
Conferences and meetings	-	18,741	-	-	-	18,741	54,195	3,451	-	76,387
Depreciation	564	5,728	919	148	56	7,415	4,437	5,738	-	17,590
Professional fees	1,464	37,454	2,773	445	296	42,432	61,282	18,569	-	122,283
Awards	-	-	-	-	-	-	-	-	-	-
Membership dues	-	1,265	163	26	10	1,464	1,101	1,098	56,875	60,538
Total expenses	\$ 101,799	\$ 710,485	\$ 74,457	\$ 11,743	\$ 7,056	\$ 905,540	\$ 621,361	\$ 481,729	\$ 56,875	\$ 2,065,505

2007

	Program Services					Support Services				Grand Total
	Court Support Services	Community Impact	Success by 6	Compass Project	Emergency Food and Shelter Grant (FEMA)	Total Program Services	Fund Raising	Management and General	Dues and Support to United Way of America	
Salaries and wages	\$ 75,668	\$ 349,065	\$ 85,439	\$ 9,369	\$ 4,271	\$ 523,812	\$ 309,237	\$ 342,136	\$ -	\$ 1,175,185
Employee benefits	17,415	69,372	14,637	1,896	623	103,943	53,386	68,246	-	225,575
Payroll taxes	5,837	29,425	6,949	740	282	43,233	25,871	28,749	-	97,853
Supplies	2,435	13,963	2,413	390	165	19,366	24,351	16,101	-	59,818
Telephone	785	8,363	1,239	221	82	10,690	6,000	7,784	-	24,474
Postage	589	5,385	849	121	122	7,066	10,147	4,092	-	21,305
Occupancy	9,082	48,499	7,278	1,399	506	66,764	35,343	45,006	-	147,113
Equipment rental and maintenance	60	11,309	894	124	40	12,427	6,590	2,684	-	21,701
Printing and publications	-	87,421	13,524	3	1,336	102,284	46,851	1,168	-	150,303
Travel	337	4,559	744	97	36	5,773	4,581	4,153	-	14,507
Conferences and meetings	-	41,291	2,963	-	-	44,254	68,582	1,430	-	114,266
Depreciation	725	7,350	1,181	190	72	9,518	5,693	7,361	-	22,572
Professional fees	1,539	92,421	3,712	7,328	225	105,225	21,120	20,862	-	147,207
Awards	-	-	-	-	-	-	140	-	-	140
Membership dues	-	1,030	126	20	8	1,184	972	1,384	53,868	57,408
Total expenses	\$ 114,472	\$ 769,453	\$ 141,948	\$ 21,898	\$ 7,768	\$ 1,055,539	\$ 618,864	\$ 551,156	\$ 53,868	\$ 2,279,427

See notes to financial statements.

UNITED WAY of GREATER NEW HAVEN, INC.
NOTES to FINANCIAL STATEMENTS
June 30, 2008 and 2007

1 - Nature of Activities

United Way of Greater New Haven (United Way) is a not-for-profit organization incorporated in 1971 in the State of Connecticut and governed by a volunteer board of directors. The mission of United Way is to bring together the caring power of people to create change in our region and to improve lives in the areas of education, income and health. To fulfill this mission, United Way:

- works with other community leaders and citizens to identify the region's greatest needs and best opportunities for change;
- generates and invests financial and other resources for measurable community results; and
- champions volunteerism and civic engagement.

United Way conducts an annual campaign to raise funds to support programs that can demonstrate measurable results for the community. The fund raising campaign relies on a significant effort by community volunteers. Fundraising costs for the annual campaign are expensed in the period incurred regardless of when related campaign contributions are recorded as earned.

United Way's community investments of financial and human resources include local direct service programs that address basic human needs and crisis services; local programs that focus on prevention and development activities; and projects and collaborative efforts to influence community change. Some specific investment examples include: (A) through its Success By 6 initiative, United Way has invested \$1.6 million to support children and families and has made it possible for more than 1,100 children to attend quality child care programs, (B) Experience Corps, a joint effort of United Way and the Agency on Aging of South Central CT to tutor kindergarten through third graders and engage older adults expanded in 2008 from one Hamden elementary school to all eight and achieved increased academic success, and (C) 53,000 calls from Greater New Haven were made to United Way 2-1-1, a United Way of Greater New Haven supported free service connecting people to community resources and providing referrals and crisis intervention.

United Way of Greater New Haven is a member of United Way of America (UWA). UWA is a national leadership organization for the United Way movement. Membership in UWA constitutes an affiliate relationship under the IRS definition of Federated Fundraising Agencies. The payment reported is a quota support payment to UWA for which this United Way receives among other services, the right to use the national brand in charitable endeavors, national advocacy of issues, member education and training, centralized creation and support for marketing of fundraising campaigns, fostering relationships with national organizations that

support multiple members, establishment and monitoring of compliance with standards of accountability by members, establishment of policies and processes that improve operational efficiencies among members, and promotion of concept of local community impact on a national scale.

Members of UWA have membership criteria to ensure that all members meet basic legal, financial and ethical standards to ensure consistent and transparent reporting among member United Ways. To remain a member in good standing, United Way certifies annually that it has met the basic criteria for membership to UWA.

United Way is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

2 - Summary of Significant Accounting Policies

Annual Campaigns

Campaigns are conducted throughout the year and annually during the fall of each year to raise support for United Way's community investment in local social service and community change programs. Generally, all contributions are considered available for unrestricted use by United Way unless it is determined that contributions are specifically restricted by the donor. Pledges receivable are reported in the statement of financial position and allowances are provided for amounts estimated to be uncollectible.

United Way receives a majority of its contributions from contributors in the Greater New Haven area. The success of each year's campaign is dependent not only on the goodwill of this community; it is also influenced by the economic climate affecting major businesses and employee groups, among other factors.

Basis of Accounting

United Way prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Unrestricted net assets

Unrestricted net assets are not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. United Way's Board of Directors has also designated certain unrestricted net assets for the future needs of the Organization.

Temporarily restricted net assets

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by United Way.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In particular, allowances for uncollectible pledges receivable have been computed based on historical averages applied to gross campaign collection patterns and management estimates of current economic factors, and actual collections may vary significantly from the assumptions and estimates used.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at market value in the statement of financial position.

Gains and losses on dispositions are accounted for on an average cost basis. Net realized and unrealized gains and losses are included in the statement of activities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Civic Engagement

United Way is committed to volunteerism and civic engagement and has facilitated thousands of volunteer hours in the community. Volunteer coordination efforts include: the annual Day of Caring, which engages volunteers throughout the region to support local agencies, schools, community centers, and other organizations that serve people. The web-based Volunteer Link program has connected over 1,200 individuals to local nonprofit agencies. In addition, United Way connects over 1,500 individuals yearly through customized corporate and citizen volunteer programs. These services do not meet the criteria for recording as contributions under U.S. generally accepted accounting principles as they do not require specialized skills.

Donated materials and property and equipment collected through United Way's civic engagement activities are recorded at their estimated fair values at the date of donation.

Functional Expense Allocation

Non-payroll costs which pertain to a single program (including fundraising and management and general) are charged directly to the applicable program. Non-payroll costs which pertain to more than one program are allocated between the benefiting programs using a meaningful allocation base. Those costs are generally allocated based on management's analysis of staff time. Non-payroll costs that cannot be specifically identified with a program are considered management and general costs. Payroll costs are recorded based on United Way's analysis of time each employee spends on certain tasks during the year according to each employee's job description, program goals and individual employee work plans. Employees can be involved in one program, more than one program, management and general, or a combination of program, fundraising and management and general functions.

Cash and Cash Equivalents

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

3 - Pledges Receivable and Allowance for Uncollectibles

Details of pledges receivable and the allowance for uncollectibles at June 30, 2008 are as follows:

<u>Campaign Conducted</u>	<u>Campaign Allocation Year</u>	<u>Balance of Pledges Receivable</u>	<u>Allowance for Uncollectible Pledges</u>	<u>Net Pledges Receivable</u>
Fall 2007	2008	<u>\$ 1,802,513</u>	<u>\$ 238,933</u>	<u>\$ 1,563,580</u>

Details of pledges receivable and the allowance for uncollectibles at June 30, 2007 are as follows:

<u>Campaign Conducted</u>	<u>Campaign Allocation Year</u>	<u>Balance of Pledges Receivable</u>	<u>Allowance for Uncollectible Pledges</u>	<u>Net Pledges Receivable</u>
Fall 2006	2007	\$ 1,931,762	\$ 220,852	\$ 1,710,910
Fall 2007	2008	<u>415,233</u>	<u>-</u>	<u>415,233</u>
	T o t a l s	<u>\$ 2,346,995</u>	<u>\$ 220,852</u>	<u>\$ 2,126,143</u>

All pledges receivable are deemed to be promises due in one year or less at June 30, 2008 and 2007.

4 - Donor Directed Gifts

Through United Way's Community Campaign, donors can direct their gifts to any qualified 501(c)(3) organization in our region that has been approved to receive designations through the United Way campaign. Generally, a 17.5% fee (including administrative and fundraising costs) per designated gift is deducted from donor directed gifts.

Membership in UWA requires that local United Ways charge donors no more than the actual cost incurred to process and transfer their designated gifts. The formulas utilized to determine fundraising and administrative costs are based upon a current, 3-year average of information taken from IRS Form 990. The three-year averages, from tax filings through fiscal 2007, were 17.77% for fundraising and administrative costs. United Ways are permitted to charge less than this amount, so long as the amount of undesignated dollars used to subsidize this policy, if applicable, is knowingly undertaken by the local United Way's board.

In some cases, fundraising and administrative costs vary per campaign and by agreement with Federations. For donor directed gifts received from other United Way campaigns, no additional fees are deducted.

Expenses incurred for the processing of these donor directed gifts include, but are not limited to, the verification of 501(c)(3) status of designated agencies, internal review and analysis of agency materials submitted to apply to receive donor directed gifts, maintenance of an agency database, recording of individual donor directed gift data, the compilation of donor directed gift information in reports, and notification of payments to be forwarded to recipient agencies. Donor directed gift expenses (the costs incurred in processing/transferring donor directed gifts) are similar to pledge processing and administrative costs, and therefore do not qualify and are not reported as community investment and program services.

Donor directed gifts of \$2,684,029 and \$2,417,667 at June 30, 2008 and 2007, respectively, are shown as a reduction in the amount reported as campaign amounts raised and community impact expenses in the statement of activities.

5 - Beneficial Interest in Assets Held by Others

United Way transferred funds to The Community Foundation for Greater New Haven ("Community Foundation") to establish an endowment fund and specified itself as a beneficiary of the fund. The Community Foundation will make annual distributions of the income earned on the endowment fund, subject to the Community Foundation's spending policy. This distribution is included in campaign revenue on the statement of activities. United Way explicitly grants variance power to the Community Foundation, in that the agreement permits the Community Foundation to substitute another beneficiary in the place of United Way if United Way ceases to exist or if the governing board of the Community Foundation votes that support of United Way (a) is no longer necessary or (b) is inconsistent with the needs of the community.

United Way's beneficial interest in the assets transferred to the Community Foundation amounted to \$232,447 and \$258,705 at June 30, 2008 and 2007, respectively. The change in value of United Way's beneficial interest is included in miscellaneous income on the statement of activities.

6 - Other Assets Including Split-Interest Agreements

Details of other assets at June 30 are as follows:

	<u>2008</u>	<u>2007</u>
Charitable remainder unitrust	\$ 40,857	\$ 45,502
Prepaid expenses	<u>25,200</u>	<u>11,671</u>
	<u>\$ 66,057</u>	<u>\$ 57,173</u>

United Way is a 10% beneficiary of a charitable remainder unitrust (CRUT). On an annual basis, United Way revalues its interest in the CRUT based on actuarial assumptions. The present value of United Way's interest in the CRUT is calculated using a discount rate of 8.00% and applicable mortality tables. The present value of United Way's 10% interest in the CRUT was \$40,857 and \$45,502 at June 30, 2008 and 2007, respectively, and is a temporarily restricted net asset.

7 - Long -Term Investments

Long-term investments at June 30 are summarized as follows:

	<u>2008</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	<u>\$ 1,244,841</u>	<u>\$ 1,046,623</u>	<u>(\$ 198,218)</u>
	<u>2007</u>		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	<u>\$ 1,079,292</u>	<u>\$ 1,142,594</u>	<u>\$ 63,302</u>

As of October 31, 2008, the market value of United Way's long-term investment has declined approximately \$159,000 to approximately \$888,000.

The components of investment return for the year ended June 30 are as follows:

	<u>2008</u>	<u>2007</u>
Income on investments, net of fees of \$10,281 and \$6,252 in 2008 and 2007, respectively	\$ 22,829	\$ 22,876
Realized gains (including capital gain distributions of \$72,968 and \$90,583 in 2008 and 2007, respectively)	72,968	220,450
Unrealized losses	(197,904)	(83,543)
Interest on cash equivalents	<u>4,261</u>	<u>6,231</u>
	<u>(\$ 97,846)</u>	<u>\$ 166,014</u>

8 - Property and Equipment

Details of property and equipment at June 30 are as follows:

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 61,078	\$ 61,078
Equipment	<u>531,401</u>	<u>498,288</u>
	592,479	559,366
Less, accumulated depreciation	<u>520,511</u>	<u>502,917</u>
	<u><u>\$ 71,968</u></u>	<u><u>\$ 56,449</u></u>

9 - Note Payable

United Way has a \$100,000 line of credit which was unused at June 30, 2008 and 2007. Bank advances on the credit line are payable on demand and carry an interest rate of 1% above the bank's prime rate. The credit line is secured by substantially all assets now owned or acquired by United Way.

10 - Unrestricted Board Designated Net Assets

The Board of Directors has the discretionary authority to set aside portions of the unrestricted net assets of the organization to fund technology projects, current and future community investment, grants and funding initiatives to the community it serves. Unrestricted Board Designated net assets at June 30, 2008 and 2007 are \$717,930 and \$793,840, respectively.

11 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Time Restricted - Fall Campaigns	\$ 112,007	\$ 510,864
Split - Interest Agreement	<u>40,857</u>	<u>45,502</u>
	<u><u>\$ 152,864</u></u>	<u><u>\$ 556,366</u></u>

12 - Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2008</u>	<u>2007</u>
General operations	\$ 45,064	\$ 45,064
Mittens, gloves and hats for underprivileged children	<u>5,600</u>	<u>5,600</u>
	<u>\$ 50,664</u>	<u>\$ 50,664</u>

13 - Pension Plans

Defined Benefit Plan

United Way maintains a non-contributory defined benefit retirement plan for all eligible employees. United Way froze the plan as of June 1, 2005, resulting in a pension plan curtailment gain that was recognized in accordance with Statement of Accounting Standards No. 88. The plan was funded at a level to allow for the purchase of an annuity on behalf of the employee at the date of retirement to provide expected future benefits. The plan has changed to direct payments from the fund rather than the prior practice of purchasing annuities. United Way uses a June 30 measurement date for its pension plan.

United Way adopted Statement of Financial Standards (SFAS) No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" as of June 30, 2007, which amends SFAS No. 106 and SFAS No. 132.

The following table summarizes the accumulated pension benefit obligation, the fair value of assets and the funded status of the plan at June 30:

	<u>2008</u>	<u>2007</u>
Accumulated pension benefit obligation	\$ 1,770,990	\$ 1,738,899
Fair value of plan assets	<u>1,458,246</u>	<u>1,570,034</u>
Funded status	<u>(\$ 312,744)</u>	<u>(\$ 168,865)</u>
Liability for pension benefits (included in accrued expenses and other liabilities)	<u>\$ 312,744</u>	<u>\$ 168,865</u>

The following table summarizes the amounts of contributions and benefits paid from the plan for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Pension benefit cost	\$ 6,331	\$ 10,725
Employer contribution	50,000	50,000
Benefits paid	70,790	66,652

The following summarizes the amounts in unrestricted net assets not yet recognized as components of net periodic benefit cost for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Transitional obligation	\$ -	\$ -
Prior service cost	-	-
Unrecognized net (gain) loss	151,524	(36,024)
Total recognized in unrestricted net assets	<u>\$ 151,524</u>	<u>(\$ 36,024)</u>

The unrecognized net loss is not required to be amortized for the year ending June 30, 2009.

The assumptions used in the measurement of United Way's pension benefit obligation and net periodic benefit cost at June 30 are shown in the following table:

	<u>2008</u>		<u>2007</u>	
	<u>Obligation</u>	<u>Cost</u>	<u>Obligation</u>	<u>Cost</u>
Weighted-average assumptions:				
Discount rate	6.75%	6.25%	6.25%	6.25%
Expected long-term rate of return on plan assets	7.5%	7.5%	7.5%	7.5%
Rate of compensation increase	5.5%	5.5%	5.5%	5.5%

The Expected Long-Term Rate of Return on Plan Assets assumption of 7.5% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection Economic Assumptions for Measuring Pension Obligations. Based on United Way of Greater New Haven, Inc.'s investment allocation for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30 year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 7.73% - 9.70%. A rate of 7.5% near the low end of the best estimate range was selected.

United Way's pension plan asset allocations at June 30 by asset category are as follows:

	<u>2008</u>	<u>2007</u>
Equity securities	60.4%	59.3%
Fixed income securities	34.1%	39.8%
Cash and cash equivalents	5.5%	0.9%
	<u>100.0%</u>	<u>100.0%</u>

The investment objective for Plan assets of United Way of Greater New Haven is to achieve an average annual rate of return over a three-to-five year period which exceeds the average annual rate of return that would have been achieved in the same period by a composite market index. The Plan assets shall be managed with a long-term asset mix guideline of 60% equity alternatives and 40% fixed income alternatives, including the General Account (cash and cash equivalents).

The overall investment philosophy shall be to manage Plan assets in a prudent, conservative yet productive manner. Fiduciaries with any discretionary authority to manage Plan assets shall seek to increase the value of Plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the Plan to meet its obligations to Plan participants and their beneficiaries when due. Preservation of capital is of prime importance and within the stated investment objectives for the Plan's assets. Risks, including excessive volatility in the value of Plan assets, are minimized.

United Way expects to contribute \$50,000 to its pension plan in the year ending June 30, 2009.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30:

2009	\$	81,000
2010		80,000
2011		79,000
2012		79,000
2013		117,000
2014-2018		600,000

Defined Contribution Plan

United Way established a Section 403(b) retirement plan as of July 1, 2005 covering all eligible employees with one year of service and having attained age 21, whereby the Organization contributes into the plan a matching contribution equal to 50% of an employees' salary reduction up to 3% of the employees' annual compensation. Eligible employees' may elect to defer a portion of their salary into the plan. The maximum deferral is the annual limit established by statute. Employee salary deferrals are fully vested. Participants become 100% vested in the matching contribution immediately upon their entry date. Participants who are employed as of July 1, 2005 are eligible for matching contributions in the first plan year. There is also a provision for additional employer discretionary contributions. Employer discretionary

contributions are 100% vested after 3 years of service. Participants who are employed as of July 1, 2005 are immediately 100% vested in employer discretionary contributions. The pension expense for this plan was \$51,310 and \$53,644 for the years ended June 30, 2008 and 2007, respectively.

14 - Postretirement Benefits Other Than Pensions

United Way provides a postretirement benefit plan consisting of medicare supplement health insurance coverage and payment for unused sick leave. This plan covers certain employees retiring from the United Way on or after attaining age 65 for medical and 62 for sick leave and who have rendered 20 years of service. New employees hired after August 1, 1995 are not eligible to participate in this plan. Special coverage is also provided under the plan if certain conditions are met. The expected cost of these postretirement benefits is charged to expense during the years that the employees render service. United Way does not fund this plan. United Way uses a June 30 measurement date for its postretirement plan.

Information of the plan at June 30 is as follows:

	<u>2008</u>	<u>2007</u>
Accumulated postretirement benefit obligation (included in accrued expenses and other liabilities)	\$ 87,302	\$ 181,483
Postretirement benefit cost	14,904	15,188
Employer contributions	12,458	12,941
Benefits paid	12,458	12,941

The following summarizes the amounts in unrestricted net assets not yet recognized as components of net periodic benefit cost for the year ended June 30:

	<u>2008</u>	<u>2007</u>
Transitional obligation	\$ -	\$ -
Prior service cost	-	(354)
Unrecognized net gain	<u>(125,436)</u>	<u>(28,455)</u>
Total recognized in unrestricted net assets	<u><u>(\$ 125,436)</u></u>	<u><u>(\$ 28,809)</u></u>

The following summarizes the amounts in unrestricted net assets expected to be recognized in net periodic benefit cost for the year ended June 30, 2009:

Amortization of transitional obligation	\$ -
Amortization of prior service cost	-
Amortization of unrecognized net gain	<u>(5,092)</u>
Total estimated amortizations from unrestricted net assets to net periodic benefit cost	<u><u>(\$ 5,092)</u></u>

The assumptions used in the measurement of United Way's postretirement benefit obligation and post retirement benefit cost at June 30 are shown in the following table:

	<u>2008</u>		<u>2007</u>	
	<u>Obligation</u>	<u>Cost</u>	<u>Obligation</u>	<u>Cost</u>
Weighted-average assumptions:				
Discount rate	6.75%	6.25%	6.25%	6.50%
Rate of compensation increase	5.5%	5.5%	5.5%	5.5%

The assumed healthcare cost trend rate used to measure the expected cost of benefits covered by the plan for the year ended June 30, 2008 was 9.0%. The ultimate trend rate expected to be achieved by the year ended June 30, 2016 is 5%.

United Way expects to contribute approximately \$9,300 to its post retirement plan in the year ended June 30, 2009.

Expected future benefit payments as of June 30, 2008 are as follows:

2009	\$ 6,000
2010	6,000
2011	6,000
2012	6,000
2013	5,000
2014 - 2018	47,000

15 - Related Party Transactions

United Way, by its nature, utilizes the resources of the community in which it conducts its business, both in the management of its operations and in the ordinary course of business. As a result, certain members of its board are also individuals that have various degrees of interest in entities which provide goods and services to United Way. There were approximately three and four entities in 2008 and 2007, respectively involved in these activities amounting to expenditures by United Way of \$50,861 and \$61,700, respectively. Goods and services provided for these activities were rendered at, or less than, fair market value.

16 - Leases

United Way entered into various lease agreements for space rental and various office equipment. These leases are accounted for as operating leases. Future minimum lease payments as of June 30, 2008 are approximately as follows:

2009	\$ 89,400
2010	88,900
2011	20,700
2012	<u>5,800</u>
	<u>\$ 204,800</u>

Rent expense amounted to \$88,936 and \$83,466 for the years ended June 30, 2008 and 2007, respectively.

17 - Concentration of Credit Risk

United Way maintains cash in bank accounts, which, at times, may exceed insured limits. United Way has not experienced any losses in such accounts. United Way believes it is not exposed to any significant credit risk on cash.