

# **Financial Statements**

## **United Way of Massachusetts Bay, Inc.**

**June 30, 2012 and 2011**



**Mayer Hoffman McCann P.C.**  
Tofias New England Division  
An Independent CPA Firm

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Financial Statements*

### *Table of Contents*

#### ***Financial Statements:***

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-21



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*Independent Auditors' Report*

To the Board of Directors  
United Way of Massachusetts Bay, Inc.  
Boston, Massachusetts

We have audited the accompanying statement of financial position of United Way of Massachusetts Bay, Inc. ("UWMB") as of June 30, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of UWMB's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from UWMB's 2011 financial statements, and in our report dated October 31, 2011, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit 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 audit provides 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 Massachusetts Bay, Inc. as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

*Mayer Hoffman McCann P.C.*

November 15, 2012  
Boston, Massachusetts

UNITED WAY OF MASSACHUSETTS BAY, INC.

*Statement of Financial Position*

June 30, 2012

(with comparative totals for 2011)

	2012			Total	2011
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 1,908,711	\$ 2,002,801	\$ -	\$ 3,911,512	\$ 3,791,886
Contributions receivable, net	-	14,537,528	-	14,537,528	13,953,235
Grants receivable	-	824,000	-	824,000	375,318
Other current assets	133,795	91,390	-	225,185	337,393
Investments	<u>34,215,562</u>	<u>4,535,139</u>	<u>5,568,743</u>	<u>44,319,444</u>	<u>46,805,714</u>
Total current assets	36,258,068	21,990,858	5,568,743	63,817,669	65,263,546
Property and equipment, net	3,429,391	-	-	3,429,391	3,831,358
Investments in perpetual trusts	-	-	4,788,180	4,788,180	5,010,165
Other assets	<u>159,900</u>	<u>714,474</u>	<u>(439)</u>	<u>873,935</u>	<u>612,236</u>
<b>Total assets</b>	<b>\$ <u>39,847,359</u></b>	<b>\$ <u>22,705,332</u></b>	<b>\$ <u>10,356,484</u></b>	<b>\$ <u>72,909,175</u></b>	<b>\$ <u>74,717,305</u></b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,375,105	\$ 91,390	\$ -	\$ 1,466,495	\$ 2,029,282
Program initiatives payable	3,493,799	-	-	3,493,799	3,692,879
Donor designations payable	-	5,846,676	-	5,846,676	3,872,012
Deferred revenue	<u>-</u>	<u>265,394</u>	<u>-</u>	<u>265,394</u>	<u>909,443</u>
Total current liabilities	4,868,904	6,203,460	-	11,072,364	10,503,616
Deferred lease incentive	1,060,253	-	-	1,060,253	1,252,044
Deferred rent	<u>993,014</u>	<u>-</u>	<u>-</u>	<u>993,014</u>	<u>1,108,003</u>
<b>Total liabilities</b>	<b><u>6,922,171</u></b>	<b><u>6,203,460</u></b>	<b><u>-</u></b>	<b><u>13,125,631</u></b>	<b><u>12,863,663</u></b>
<b>Net Assets</b>					
General operations	16,648,106	-	-	16,648,106	14,198,714
Property and equipment	3,429,391	-	-	3,429,391	3,831,358
Designated by the Board of Directors:					
Stabilization fund	278,793	-	-	278,793	281,661
Endowment fund	4,400,554	4,535,137	-	8,935,691	9,767,260
Program allocation reserves	8,168,344	10,972,557	-	19,140,901	22,607,834
Donor restricted	<u>-</u>	<u>994,178</u>	<u>10,356,484</u>	<u>11,350,662</u>	<u>11,166,815</u>
<b>Total net assets</b>	<b><u>32,925,188</u></b>	<b><u>16,501,872</u></b>	<b><u>10,356,484</u></b>	<b><u>59,783,544</u></b>	<b><u>61,853,642</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>39,847,359</u></b>	<b>\$ <u>22,705,332</u></b>	<b>\$ <u>10,356,484</u></b>	<b>\$ <u>72,909,175</u></b>	<b>\$ <u>74,717,305</u></b>

**UNITED WAY OF MASSACHUSETTS BAY, INC.**

*Statement of Activities*

*Year Ended June 30, 2012  
(with comparative totals for 2011)*

	2012			2011	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>	<i>Total</i>
Public support:					
Donor contributions	\$ -	\$ 41,347,475	\$ -	\$ 41,347,475	\$ 39,379,907
Grant revenue	4,572,250	408,792	-	4,981,042	7,371,889
In-kind revenue and other income	159,774	199,823	-	359,597	321,990
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross total public support	4,732,024	41,956,090	-	46,688,114	47,073,786
Less:					
Provision for uncollectible pledges	-	(2,002,357)	-	(2,002,357)	(1,559,350)
Designations, net of service fees	(21,935)	(8,113,100)	-	(8,135,035)	(6,128,749)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net total public support	4,710,089	31,840,633	-	36,550,722	39,385,687
Appropriated investment income	1,758,724	468,508	-	2,227,232	2,338,925
Net assets released from restriction	31,740,021	(31,740,021)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total public support</b>	<b>38,208,834</b>	<b>569,120</b>	<b>-</b>	<b>38,777,954</b>	<b>41,724,612</b>
Distributions and expenses:					
Agency allocations and other distributions	22,388,248	-	-	22,388,248	23,747,417
Grant expenses	4,656,640	-	-	4,656,640	7,373,633
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total distributions	27,044,888	-	-	27,044,888	31,121,050
Functional expenses:					
Community services	4,985,762	-	-	4,985,762	4,735,770
Fundraising	5,754,076	-	-	5,754,076	5,498,193
Management and general	1,607,314	-	-	1,607,314	2,173,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	12,347,152	-	-	12,347,152	12,407,785
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total distributions and expenses</b>	<b>39,392,040</b>	<b>-</b>	<b>-</b>	<b>39,392,040</b>	<b>43,528,835</b>
Distributions and expenses in excess of public support	(1,183,206)	569,120	-	(614,086)	(1,804,223)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Endowment and investment activities, net amounts appropriated for operations:</b>					
Investment income, net of appropriated amounts	(639,453)	(763,313)	-	(1,402,766)	5,398,737
Bequests and scholarship gifts	86,088	(1,291)	(3,622)	81,175	113,614
Perpetual trust income	87,564	-	-	87,564	99,580
Gain (loss) on investments in perpetual trusts	-	-	(221,985)	(221,985)	863,987
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total increase (decrease) from endowment and investment activities</b>	<b>(465,801)</b>	<b>(764,604)</b>	<b>(225,607)</b>	<b>(1,456,012)</b>	<b>6,475,918</b>
<b>Increase (decrease) in net assets</b>	<b>(1,649,007)</b>	<b>(195,484)</b>	<b>(225,607)</b>	<b>(2,070,098)</b>	<b>4,671,695</b>
Net assets, beginning of year	34,574,195	16,697,356	10,582,091	61,853,642	57,181,947
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets, end of year</b>	<b>\$ 32,925,188</b>	<b>\$ 16,501,872</b>	<b>\$ 10,356,484</b>	<b>\$ 59,783,544</b>	<b>\$ 61,853,642</b>

**UNITED WAY OF MASSACHUSETTS BAY, INC.**

*Statement of Functional Expenses*

*Year Ended June 30, 2012  
(with comparative totals for 2011)*

	<u>Community Services</u>					<u>Support Services</u>		<u>Totals</u>	
	<i>Children</i>	<i>Youth</i>	<i>Families</i>	<i>Program Administration</i>	<i>Total</i>	<i>Fundraising</i>	<i>Management and General</i>	<i>2012</i>	<i>2011</i>
Expenses:									
Salaries	\$ 656,059	\$ 661,282	\$ 725,408	\$ 532,583	\$ 2,575,332	\$ 2,854,800	\$ 722,774	\$ 6,152,906	\$ 6,249,921
Employee benefits	126,305	123,165	145,200	95,570	490,240	559,835	132,228	1,182,303	1,217,102
Payroll taxes and related	54,036	54,357	62,439	41,090	211,922	259,599	56,660	528,181	545,419
<b>Total salaries and related expenses</b>	<b>836,400</b>	<b>838,804</b>	<b>933,047</b>	<b>669,243</b>	<b>3,277,494</b>	<b>3,674,234</b>	<b>911,662</b>	<b>7,863,390</b>	<b>8,012,442</b>
Building occupancy	119,231	116,174	135,160	86,029	456,594	542,230	115,369	1,114,193	1,225,599
Supplies	29,639	30,076	29,784	10,820	100,319	273,265	15,950	389,534	364,011
Printing and publications	14,581	14,512	15,822	8,094	53,009	69,750	10,079	132,838	174,863
Repairs, maintenance and equipment rental	1,370	1,336	1,562	1,040	5,308	5,986	1,474	12,768	44,399
Telephone and postage	19,320	18,637	21,085	12,722	71,764	96,213	58,503	226,480	256,863
Professional fees	14,759	22,850	15,921	14,730	68,260	64,076	36,720	169,056	249,129
Contracted services and consultants	107,880	107,002	122,390	92,884	430,156	471,365	190,860	1,092,381	780,699
Miscellaneous, travel and training	27,846	29,577	31,146	22,616	111,185	117,392	46,500	275,077	250,830
United Way Worldwide dues	31,194	36,376	33,511	26,530	127,611	133,856	124,630	386,097	392,130
<b>Total other expenses</b>	<b>365,820</b>	<b>376,540</b>	<b>406,381</b>	<b>275,465</b>	<b>1,424,206</b>	<b>1,774,133</b>	<b>600,085</b>	<b>3,798,424</b>	<b>3,738,523</b>
Depreciation and amortization	72,063	71,363	81,863	58,773	284,062	305,709	95,567	685,338	656,820
<b>Total functional expenses</b>	<b>\$ 1,274,283</b>	<b>\$ 1,286,707</b>	<b>\$ 1,421,291</b>	<b>\$ 1,003,481</b>	<b>\$ 4,985,762</b>	<b>\$ 5,754,076</b>	<b>\$ 1,607,314</b>	<b>\$ 12,347,152</b>	<b>\$ 12,407,785</b>

**UNITED WAY OF MASSACHUSETTS BAY, INC.**

*Statement of Cash Flows*

*Year Ended June 30, 2012  
(with comparative totals for 2011)*

	<i>2012</i>	<i>2011</i>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (2,070,098)	\$ 4,671,695
Reconciliation of net assets to cash used in operating activities:		
Depreciation and amortization	693,015	656,820
Allowance for uncollectible pledges	(152,812)	(573,299)
Realized gain on investments	(162,215)	(505,956)
Unrealized loss (gain) on investments	1,251,246	(4,954,169)
Loss (gain) on investments in perpetual trusts	221,985	(863,988)
Donor gifts to endowment fund	-	(100,000)
Changes in operating assets and liabilities:		
Contributions receivable	(431,483)	1,292,569
Grants receivable	(448,682)	78,539
Other current assets	112,208	(67,602)
Other assets	(261,699)	(347,267)
Accounts payable and accrued expenses	(562,787)	263,112
Program initiatives payable	(199,080)	(903,964)
Donor designations payable	1,974,664	1,092,626
Deferred revenue	(644,049)	177,367
Deferred lease incentive	(191,791)	(191,791)
Deferred rent	(114,989)	11,993
	<u>(986,567)</u>	<u>(263,315)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(291,048)	(266,172)
Purchases of investments	(9,047,483)	(4,254,358)
Proceeds from sale of investments	10,444,724	3,751,082
	<u>1,106,193</u>	<u>(769,448)</u>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash flows from financing activities:</b>		
Donor gifts to endowment fund	-	100,000
	<u>-</u>	<u>100,000</u>
<b>Net cash provided by financing activities</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>119,626</b>	<b>(932,763)</b>
Cash and cash equivalents, beginning of year	3,791,886	4,724,649
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>3,911,512</u></b>	<b>\$ <u>3,791,886</u></b>

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 1 - Nature of Organization*

United Way of Massachusetts Bay, Inc. (“UWMB”), which does business as United Way of Massachusetts Bay and Merrimack Valley and also as United Way of the Greater Seacoast, is a not-for-profit organization that develops and distributes resources to address human service needs in Eastern Massachusetts, the Seacoast region of New Hampshire and Southern Maine. Through workplace fund drives, special events, direct mail, and other solicitations, UWMB funds both its own community investment programs as well as those of other affiliated and nonaffiliated area not-for-profit health and human service organizations. UWMB’s funds are primarily derived from contributions from businesses and individuals in one hundred and thirty four cities and towns in Massachusetts, New Hampshire and Maine.

UWMB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Such exemption also applies to state income taxes. As such, no provision for income taxes is included in the accompanying financial statements.

### *Note 2 - Significant Accounting Policies*

The accompanying financial statements have been prepared on the accrual basis of accounting. The following is a summary of significant accounting policies of UWMB.

Resources are classified into three net asset categories; permanently restricted, temporarily restricted and unrestricted, which are defined as follows:

*Permanently restricted net assets* carry donor-imposed stipulations that they be maintained permanently by UWMB. These resources include past gifts and investments in perpetual trusts. Unexpended appreciation on past gifts are included in temporarily restricted net assets while unexpended appreciation associated with perpetual trusts is included in permanently restricted net assets as those funds are not subject to board control over appropriation.

*Temporarily restricted net assets* carry restrictions from donors relative to time and/or purpose. Pledges to be paid in the future are considered time restricted unless otherwise specified by the donor. Temporarily restricted net assets are released to unrestricted when an expense is incurred that satisfies the donor-imposed purpose restriction or the time restriction is satisfied. Time restrictions are considered satisfied upon collection of the related pledge. In addition, accumulated unspent appreciation on permanently restricted funds is considered temporarily restricted until appropriated by the Board pursuant to local laws regarding the treatment of such funds.

*Unrestricted net assets* carry no donor restrictions and may be used to carry out any of UWMB’s objectives.

### *Prior Year Summarized and Comparative Information*

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with UWMB’s financial statements for the year ended June 30, 2011, from which the summarized information was derived.



# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 2 - Significant Accounting Policies (Continued)*

#### *Donor Contributions, Donor Designations and Contributions Receivable*

Fundraising campaigns to raise donor contributions are conducted primarily from July through March. All contributions are considered to be available for unrestricted use unless specifically restricted or designated by the donor.

Contributions receivable are initially recorded at fair value as contribution revenue when verifiably committed by the donor. Fair value is determined by estimating net collections when contributions are made with a present value factor for long-term contributions. The initially recorded fair value is considered a Level 2 fair value approach. Conditional promises to give are not included as support until such time as the conditions are substantially met. Collectability of contributions receivable is analyzed by management based on the history of collections and management's judgment. The risk of non collection is mitigated by UWMB's policy to reduce payments of donor designations and allocations in the event that actual collections are lower than estimated amounts.

Donors to the campaign may designate all or part of their contributions to specific agencies. Such amounts are not included as allocations to agencies and are recorded as a deduction from donor contributions in the statement of activities as donor designations, net of service fees. The amount of donor designations to specific agencies that remains unpaid at year-end is reflected as donor designations payable. Service fees of \$628,041 and \$635,115 were deducted from these contributions in fiscal 2012 and 2011, respectively, to cover the costs incurred by UWMB in raising and processing them. Donor designations include approximately \$3,961,000 and \$2,097,000 in donor contributions in 2012 and 2011, respectively, from campaigns managed by UWMB that were designated to specific agencies and paid directly to third parties. UWMB does not earn service fees on contributions that are paid in this manner.

#### *Grants*

Grants include non-campaign contributions (excluding bequests and gifts) that are restricted as to time or purpose. Grants to be used for a specific purpose or in the future are reported as temporarily restricted until either the restriction expires or the purpose is fulfilled. Grants received for exchange transactions or conditional promises to give are recorded as deferred revenue and are recognized as expenses are incurred or when the conditions are met. Designated grants are considered agency transactions and are recorded as a deduction from grant revenue rather than grant expenses.

#### *Program Initiatives Payable*

Program initiatives payable consists of Board authorized programs to fund and address specific community issues. Funds are available to both partner and grantee organizations.

#### *Property and Equipment*

Property and equipment are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. Fair value of donated property and equipment is effectively recorded using a Level 3 market approach when applicable.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 2 - Significant Accounting Policies (Continued)*

#### *Property and Equipment (Continued)*

Depreciation is recorded on the straight-line basis over the estimated future life of the related assets as follows:

Office furniture and equipment	10 years
Computer hardware	3 years
Computer software	5 years

Leasehold improvements are amortized over the shorter of the term of the lease or life of the asset. When assets are retired or otherwise disposed of, the assets and the related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities.

#### *In-Kind Revenue*

UWMB reflects certain services that require specific expertise as revenue in the financial statements. These services consisted primarily of legal services. In addition, a substantial number of volunteers have donated significant amounts of their time to UWMB's program and fundraising activities which are not recognized as in-kind revenue under accounting standards.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include bank deposits and highly liquid investments in a money market fund with original maturities of three months or less. UWMB maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. UWMB monitors its exposure associated with cash and cash equivalents and has not experienced any loss in such accounts.

#### *Investments*

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section.

Interest, dividends and net gains or losses on investments are reported as increases or decreases in temporarily restricted net assets if the terms of the gift and/or relevant state law impose restrictions on the current use of such returns, as permanently restricted if held in a perpetual trust and as increases or decreases in unrestricted net assets in all other cases.

#### *Fair Value Measurements*

UWMB reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. In addition, UWMB reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient." The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 2 - Significant Accounting Policies (Continued)*

#### *Fair Value Measurements (Continued)*

Fair value standards also require UWMB to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date or are subject to certain lock up periods pursuant to the practical expedient rules. Fair value at times is determined through the use of models or other valuation methodologies. Level 2 also includes investments accounted for under the net asset practical expedient with lock up periods of 90 days or less.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument or are subject to certain lock up periods pursuant to the practical expedient rules. The inputs into the determination of fair value can require significant management judgment or estimation. Level 3 also includes investments accounted for under the net asset value practical expedient with lock up periods greater than 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of UWMB's financial instruments, see Note 5 - Fair Values of Financial Instruments.

#### *Deferred Lease Incentive and Rent*

Lease incentives are amortized over the term of the lease on a straight-line basis. Rent expense is also recorded on a straight-line basis to account for the effects of free rent and changes in lease rates.

#### *Board-Designated Net Assets*

The stabilization fund was established as a board-designated reserve in order to provide funds to support community investment in years of revenue decline. Revenue is affected by external conditions and, accordingly, current fundraising may be insufficient to continue UWMB's level of community investment in certain years.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 2 - Significant Accounting Policies (Continued)*

#### *Board-Designated Net Assets (Continued)*

These funds are invested and both gains and losses are reflected in the fund balance. Additions to and withdrawals from the fund are at the discretion of the Board of Directors. There were no fund withdrawals for fiscal years 2012 and 2011.

Program allocation reserves represent board-approved spending of up to \$19,140,901 and \$22,607,834 for the years ended June 30, 2012 and 2011, respectively. The program allocation reserve is to support community care and targeted care programs of both partner and grantee organizations as well as targeted outreach initiative programs overseen by UWMB. In addition, approximately \$7,889,000 and \$5,151,000 of donor-designated distributions were approved by the Board of Directors for fiscal years 2012 and 2011, respectively. Actual donor designations expense may be more or less than board-approved amounts due to either donor redirection or collections experience related to the designation.

#### *Investments in Perpetual Trusts*

Assets received under various split-interest agreements, including perpetual trusts and charitable lead trusts, are recorded at fair value and in the appropriate net asset category based on donor stipulation. The initially recorded fair value is considered a Level 3 fair value measurement. Contributions related to perpetual trusts are recognized as revenue upon notification of the trust's existence and are equal to the fair value on that date. The related asset is adjusted annually to reflect changes in the fair value of the asset due to appreciation or depreciation in the trusts. The resulting unrealized gain or loss is included in the statement of activities.

#### *Uncertain Tax Positions*

UWMB accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense.

UWMB has identified its status as a tax exempt entity as its only significant position and has determined that such position does not result in an uncertainty requiring recognition. UWMB is not currently under examination by any taxing jurisdiction. Its federal and state income tax returns are generally open for examination for the three years after the date of filing of the related return.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 2 - Significant Accounting Policies (Continued)*

#### *Use of Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, 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. Significant estimates include the allowance for uncollectible contributions, fair value of certain investments, useful lives assigned to depreciable assets, and the allocation of common expenses over program functions.

#### *Reclassifications*

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

#### *Subsequent Events*

UWMB has evaluated subsequent events through November 15, 2012, the date the financial statements were available to be issued.

### *Note 3 - Contributions Receivable, Net*

Contributions receivable are reported at net realizable value and consist of the following at June 30:

	<i>2012</i>	<i>2011</i>
Contributions receivable	\$ 19,416,282	\$ 18,659,800
Less allowance for uncollectible contributions	(4,100,755)	(4,244,537)
Less present value discount	<u>(66,643)</u>	<u>(42,604)</u>
<b>Contributions receivable, net</b>	<b><u>\$ 15,248,884</u></b>	<b><u>\$ 14,372,659</u></b>
Net amounts due as of June 30:		
Less than one year	\$ 14,537,528	\$ 13,953,235
One to five years (included in other assets)	<u>711,356</u>	<u>419,424</u>
	<b><u>\$ 15,248,884</u></b>	<b><u>\$ 14,372,659</u></b>

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 4 - Property and Equipment, Net*

Property and equipment consisted of the following at June 30:

	<i>2012</i>	<i>2011</i>
Leasehold improvements	\$ 3,805,385	\$ 3,774,453
Office furniture and equipment	826,504	826,504
Computer hardware	283,144	253,994
Computer software	<u>2,497,127</u>	<u>2,330,027</u>
 Total property and equipment	 7,412,160	 7,184,978
 Less accumulated depreciation and amortization	 <u>(3,982,769)</u>	 <u>(3,353,620)</u>
 <b>Property and equipment, net</b>	 <b><u>\$ 3,429,391</u></b>	 <b><u>\$ 3,831,358</u></b>

Depreciation and amortization expense of \$693,015 and \$656,820 in 2012 and 2011, respectively, is included in functional and grant expenses. During 2012 and 2011, fully depreciated assets totaling \$63,866 and \$1,112,839, respectively, were retired.

### *Note 5 - Fair Values of Financial Instruments*

UWMB's investments and perpetual trusts measured using the fair value hierarchy on a recurring basis are summarized in the following table as of June 30, 2012 and 2011:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds:				
Domestic equities	\$ 2,211,307	\$ 8,590,422	\$ -	\$ 10,801,729
International equities	1,689,666	9,494,962	-	11,184,628
Domestic fixed income	4,071,075	4,301,067	-	8,372,142
International fixed income	1,349,464	3,488,665	-	4,838,129
Cash	2,778	1,084,816	-	1,087,594
Commodities	2,018,527	697,032	-	2,715,559
Hedge funds	<u>-</u>	<u>2,147,074</u>	<u>3,172,589</u>	<u>5,319,663</u>
 Investments total	 11,342,817	 29,804,038	 3,172,589	 44,319,444
 Perpetual trusts	 <u>-</u>	 <u>-</u>	 <u>4,788,180</u>	 <u>4,788,180</u>
 <b>Total June 30, 2012</b>	 <b><u>\$ 11,342,817</u></b>	 <b><u>\$ 29,804,038</u></b>	 <b><u>\$ 7,960,769</u></b>	 <b><u>\$ 49,107,624</u></b>
 <b>Total June 30, 2011</b>	 <b><u>\$ 12,357,738</u></b>	 <b><u>\$ 31,460,968</u></b>	 <b><u>\$ 7,997,173</u></b>	 <b><u>\$ 51,815,879</u></b>

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 5 - Fair Values of Financial Instruments (Continued)*

Investment income consisted of the following for the years ended June 30:

	<i>2012</i>	<i>2011</i>
Interest and dividends	\$ 1,019,122	\$ 1,382,751
Net realized gains	162,215	505,956
Net unrealized gains (losses)	<u>(1,251,246)</u>	<u>4,954,169</u>
Net investment income	(69,909)	6,842,876
Investment management expenses	(437,277)	(438,470)
Investment income appropriated	<u>(895,580)</u>	<u>(1,005,669)</u>
<b>Investment income, net of appropriated amounts</b>	<b><u>\$ (1,402,766)</u></b>	<b><u>\$ 5,398,737</u></b>

Appropriated investment income is shown on the statement of activities in the amount of \$2,227,232 and \$2,338,925 for 2012 and 2011, respectively. These amounts include investment income appropriated of \$895,580 and \$1,005,669 noted above and Millennium Fund annual distributions of \$1,331,652 and \$1,333,256 for 2012 and 2011, respectively.

Level 3 investments and perpetual trust activity for the fiscal years ended June 30, 2012 and 2011 was as follows:

	<i>2012</i>	<i>2011</i>
Level 3 investments:		
Investments at the beginning of the year	\$ 2,987,008	\$ 3,175,630
Net realized gains (losses)	(37,364)	497,100
Net unrealized gains (losses)	15,348	(118,360)
Sale of investments	(92,403)	(3,367,362)
Purchases of investments	<u>300,000</u>	<u>2,800,000</u>
<b>Investments at the end of the year</b>	<b><u>\$ 3,172,589</u></b>	<b><u>\$ 2,987,008</u></b>
Level 3 perpetual trusts:		
Perpetual trusts at the beginning of the year	\$ 5,010,165	\$ 4,146,177
Net unrealized gains (losses)	(134,421)	920,822
Distributions	<u>(87,564)</u>	<u>(56,834)</u>
<b>Perpetual trusts at the end of the year</b>	<b><u>\$ 4,788,180</u></b>	<b><u>\$ 5,010,165</u></b>

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 5 - Fair Values of Financial Instruments (Continued)*

UWMB's collective trust investments are comprised of five individual funds managed by five investment managers who were selected and are monitored by management, UWMB's Investment Committee and UWMB's independent investment advisory consultant. The Investment Committee is comprised of experienced investment professionals.

A summary of the significant categories of investments utilizing the net asset value practical expedient and their attributes are as follows:

	<i>Fair Value</i>	<i>Unfunded Commitments</i>		<i>Redemption Frequency (if Currently Eligible)</i>	<i>Redemption Notice Period</i>
Equities	\$ 18,085,384	\$ -		Monthly; Twice Monthly	3 to 30 days
Debt	8,874,548	-		Monthly; Twice Monthly	3 to 30 days
Hedge funds	5,319,663	-		Monthly; Twice Monthly; Quarterly	14 to 90 days
Other real assets	<u>697,032</u>	<u>-</u>		Monthly; Twice Monthly	3 to 30 days
<b>Total investments</b>	<b>\$ <u>32,976,627</u></b>	<b>\$ <u>-</u></b>			

All funds have a liquidation clause of ninety days or less. Investments are categorized as Level 2 instruments when UWMB has the ability to redeem its investment in the entity at net asset value per share at year-end or within ninety days of year-end. Hedge funds are classified as Level 3 because approximately eighty-five percent of assets liquidated are realized as cash in the ninety day period. The remaining cash is available after the manager completes an audit of the transactions.

Equities, debts and other real assets are held in co-mingled trusts managed by various money managers. The objective of the co-mingled trust is to provide investors with compounded annual long-term returns that are superior to the S&P 500 Index (the "Index") and savings in transactions costs. The partnership holds long and short positions primarily in equities either within or outside the Index. Derivative instruments, such as forward contracts, futures, options and swaps may be used to attempt to hedge existing long and short positions in order to both maximize returns and reduce risk.

Hedge funds are held by partnerships. These funds of funds have the following strategies: long/short equity; event-driven; relative value and global asset allocation. The purpose of these partnerships is to improve efficiencies and reduce risks for its members.



# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 6 - Board-Designated and Donor-Restricted Endowment Funds*

UWMB's endowment consists of \$5,568,743 individual donor-restricted endowment funds and \$8,935,691 board-designated endowment funds. Temporarily restricted endowment funds of \$4,535,132 are gains and earnings on permanently restricted funds in excess of the amounts appropriated for spending by the Board of Directors. The net assets associated with endowment funds including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of UWMB has interpreted the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWMB classifies as permanently restricted net assets, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors of UWMB in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWMB considers the following factors in making a determination to appropriate or accumulate endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of UWMB and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of UWMB
- 7) The investment policies of UWMB
- 8) The role of each investment in the whole portfolio
- 9) The adequacy of reserves

Endowment net asset composition by type of fund as of June 30, 2012 and 2011:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2012</i>	<i>2011</i>
Donor-restricted endowment funds	\$ -	\$ -	\$ 5,568,743	\$ 5,568,743	\$ 5,568,743
Board-designated endowment funds (including accumulated gains)	<u>4,400,554</u>	<u>4,535,137</u>	<u>-</u>	<u>8,935,691</u>	<u>9,767,260</u>
<b>Total endowment funds</b>	<b><u>\$ 4,400,554</u></b>	<b><u>\$ 4,535,137</u></b>	<b><u>\$ 5,568,743</u></b>	<b><u>\$ 14,504,434</u></b>	<b><u>\$ 15,336,003</u></b>

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 6 - Board-Designated and Donor-Restricted Endowment Funds (Continued)*

Changes in endowment net assets for the years ended June 30, 2012 and 2011:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2012</i>	<i>2011</i>
Endowment net assets, beginning					
of year as reported	\$ 4,654,840	\$ 5,112,420	\$ 5,568,743	\$ 15,336,003	\$ 13,652,734
Investment income	91,854	210,772	-	302,626	463,593
Net appreciation (depreciation)					
realized and unrealized	<u>(139,258)</u>	<u>(319,546)</u>	<u>-</u>	<u>(458,804)</u>	<u>1,776,906</u>
Total investment return	(47,404)	(108,774)	-	(156,178)	2,240,499
Gifts	-	-	-	-	100,000
Appropriation of endowment assets for expenditure	<u>(206,882)</u>	<u>(468,509)</u>	<u>-</u>	<u>(675,391)</u>	<u>(657,230)</u>
<b>Endowment net assets, end of year</b>	<b>\$ <u>4,400,554</u></b>	<b>\$ <u>4,535,137</u></b>	<b>\$ <u>5,568,743</u></b>	<b>\$ <u>14,504,434</u></b>	<b>\$ <u>15,336,003</u></b>

In June 2012, the Board appropriated \$675,391 of board-restricted endowment assets for expenditure to be spent in fiscal year 2013. This amount is included in the unrestricted program allocation reserve total of \$19,140,901 on the statement of financial position as of June 30, 2012.

#### *Endowment Funds with Deficits*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$3,141 and \$0 as of June 30, 2012 and 2011, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriations that were deemed prudent.

#### *Return and Risk Parameters*

The Board of Directors of UWMB has assigned to the Investment Committee (the "Committee") responsibility for policy and direction for UWMB's investments. In this capacity, the Committee acknowledges its responsibility as a fiduciary and functions according to the "prudent person" standard in establishing Policy and Investment Guidelines for UWMB's Investment program. In this regard, the Committee is to 1) act for the exclusive benefit of the endowment and reserves fund (the "Fund"); 2) exercise skill, care and diligence - under circumstances then prevailing - of a prudent person acting in a similar capacity; 3) unless prudent to do otherwise, diversify investments so as to minimize the risk of large losses. UWMB has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 6 - Board-Designated and Donor-Restricted Endowment Funds (Continued)*

#### *Return and Risk Parameters (Continued)*

Assets of the Fund are invested to ensure that principal is preserved and enhanced over time, both in real and nominal terms. On April 24, 2012, the Investment Committee voted to adopt a total return policy. The total rate of return objective for the fund is a real rate of return (after inflation as measured by the Consumer Price Index) commensurate with the spending policy, net of fees. The current spending policy adopted by UWMB is 5%. Total return includes income plus realized and unrealized gains and losses on fund assets.

#### *Strategies Employed for Achieving Investment Objectives*

To achieve its long-term rate of return objectives, UWMB relies on a total market return strategy, except where specifically prohibited by related gift instruments, in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). UWMB targets a diversified asset allocation among investment managers in order to achieve an optimal balance between risk and return. Comparative performance statistics are used to evaluate investment results for each investment manager.

#### *Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives*

Calculations are performed for individual endowment funds at a rate of 5% of the rolling three-year average of total market value of invested funds, determined quarterly. This rate is reviewed on an annual basis. Distributions of endowment funds with restricted use are made in accordance with the terms of gift instruments. Distributions of these funds and unrestricted funds shall be considered in UWMB's annual budget process, or as proposed by UWMB's President and Chief Executive Officer, subject to approval by UWMB's Board of Directors. Withdrawals from the Endowment Fund beyond the 5% distribution rate may be made in special circumstances as the Board of Directors may determine, subject, however, to the requirements of donor-imposed restrictions on particular funds and the limitations in Massachusetts General Laws Chapter 180A on the use of appreciation on institutional funds. Factors to be considered with regard to any such special withdrawals include the long and short-term needs of UWMB, past and projected investment results, the nature and extent of prior special withdrawals, the status of UWMB's operating reserve and the nature of the need or opportunity being addressed.

### *Note 7 - Commitments and Contingencies*

UWMB leases its office space under operating lease arrangements which expire at various dates through 2020. In addition to rent, the lease arrangements call for the payment of certain increases in operating costs for these facilities. The leases included a number of incentives and free rent.

UWMB sublets certain space in its lease facilities to various parties under operating lease arrangements running through 2020.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 7 - Commitments and Contingencies (Continued)*

Future minimum payments and sublease rentals under the leases are:

	<i>Gross Lease Commitments</i>	<i>Subleases</i>	<i>Net Lease Commitments</i>
2013	\$ 1,274,800	\$ 347,900	\$ 926,900
2014	1,207,100	330,000	877,100
2015	1,157,300	330,000	827,300
2016	1,245,300	225,700	1,019,600
2017	1,253,300	191,000	1,062,300
Thereafter	3,864,200	572,900	3,291,300

Rent expense for the fiscal years 2012 and 2011 was \$1,347,215 and \$1,502,958, respectively.

In connection with the Boston office space lease, a \$200,000 standby letter of credit issued by a bank to the landlord serves as security deposit. The standby letter of credit will remain until the end of the lease term.

### *Note 8 - Funds Held by Others*

UWMB has a joint endowment agreement with The Boston Foundation, Inc. (“TBF”) for The United Way Millennium Fund for Children and Families to promote and support the welfare of children and families. The funds are held by TBF and are not reflected on the financial statements of UWMB given variance power granted to TBF over these funds in certain circumstances. TBF makes quarterly distributions from these funds to UWMB based on a spending rate as determined by the Board of Directors of TBF. The market value of these funds was \$28,873,572 and \$30,570,026 at June 30, 2012 and 2011, respectively.

The annual distributions of \$1,331,652 and \$1,333,256 in 2012 and 2011, respectively, from these funds were appropriated for operations and included in appropriated investment income in the statement of activities.

UWMB has an agreement with The New Hampshire Charitable Foundation (“NHCF”) established to provide permanent endowment funds. NHCF makes quarterly distributions from these funds to United Way of the Greater Seacoast of approximately five percent of the market value of these funds. The market value of these funds was \$917,302 and \$980,789 at June 30, 2012 and 2011, respectively.

The annual distributions of \$39,936 and \$42,747 in 2012 and 2011, respectively, from these funds were appropriated for operations and included in appropriated investment income in the statement of activities.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### ***Note 9 - Retirement Plan***

All eligible employees may elect to participate in a defined contribution plan which has been established as a 401(k) plan. UWMB will provide matching contributions of 100% of the first 4% of a participant's compensation contributed during the year. Additionally, UWMB will contribute a percentage of eligible employees' annual compensation to the plan.

UWMB's contributions to the 401(k) plan and related administrative expenses were \$584,573 and \$630,183 for the years ended June 30, 2012 and 2011, respectively.

In addition, UWMB has a plan under Section 457 which is available to certain key employees. Under this plan, senior executives may elect to defer compensation on a pre-tax basis; no employer contributions are made to this plan. The assets and obligations under this arrangement were \$91,390 and \$113,601 for the years ended June 30, 2012 and 2011, respectively.

### ***Note 10 - Line of Credit***

UWMB had an agreement for a \$3,000,000 revolving line of credit with a bank which expired December 30, 2011. Under the terms of the agreement, borrowings were unsecured, payable on demand, and bear interest at the bank's prime rate or a LIBOR-based rate, at UWMB's choice. UWMB paid interest of \$7,481 and \$4,095 for the years ended June 30, 2012 and 2011, respectively, for borrowings of \$2,000,000 and \$1,000,000 during the 2012 and 2011 fiscal years, respectively, on this line of credit. No amounts were outstanding under the line as of June 30, 2012 or 2011.

On November 9, 2012, UWMB signed an agreement for a \$3,000,000 revolving line of credit which expires on December 31, 2012. Under the terms of the agreement, the line is an unsecured demand line and bears interest at prime or a LIBOR-based rate.

### ***Note 11 - Managed Campaign Transactions***

Effective July 1, 2008, UWMB entered into a performance agreement ("agreement") with United Ways of New England, Inc. ("UWONE") whereby UWMB conducts the annual UWONE fundraising campaigns and pays all expenses for all UWONE functions. In return, UWMB receives an annual fee equal to approximately 7.5% of the internally audited gross campaign revenue of the prior year UWONE campaign for participating United Ways and their affiliated organizations and 8.7% for non-participating United Ways and their affiliated organizations. The term of the agreement was through June 30, 2012.

During 2012 and 2011, UWMB recorded \$869,186 and \$1,002,965, respectively, as a management fee. Additionally, a portion of UWONE contributions raised is allocated to UWMB and is included in donor contributions and total public support on the statement of activities.

During fiscal 2011, the Board of Directors of UWONE voted to end operations. As of July 1, 2011, campaigns managed by UWONE in the past were transitioned to local United Way organizations, including the United Way of Massachusetts Bay and Merrimack Valley.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 12 - Community Relationships*

In its efforts to affect positive change in the community, UWMB has established many significant relationships of a volunteer nature with local business leaders and organizations. A process documenting and disclosing the relationships of Board members, volunteers, employees and their relatives, with UWMB vendors, partners and other agencies is conducted each year. The relationships were reviewed and approved by the Board of Directors who determined that all identified relationships were considered to be fair and reasonable and in the best interest of UWMB.

### *Note 13 - Calculation of Overhead Ratio and Administrative Fee*

	<i>2012</i>	<i>2011</i>
Revenue:		
Donor contributions - net of provision for uncollectible pledges	\$ 39,345,118	\$ 37,820,557
Grant revenue	4,981,042	7,371,889
Bequests, other gifts and recoveries	98,314	148,601
Investment income	1,029,281	1,382,751
Income from funds held by others	127,500	99,580
Income from Millennium Fund	1,331,652	1,333,256
Realized (loss) gain on investments, net	(297,965)	67,839
Donated product	68,112	68,865
Service fees and other income	219,104	125,717
	<u>                    </u>	<u>                    </u>
<b>Total revenue</b>	<b>\$ <u>46,902,158</u></b>	<b>\$ <u>48,419,055</u></b>
Operating expenses:		
Management and general	\$ 1,595,070	\$ 2,141,940
Fundraising	5,732,068	5,465,279
	<u>                    </u>	<u>                    </u>
<b>Total operating expenses</b>	<b>\$ <u>7,327,138</u></b>	<b>\$ <u>7,607,219</u></b>
Management and general ratio	3.4%	4.4%
Fundraising ratio	12.2%	11.3%
	<u>                    </u>	<u>                    </u>
<b>Total overhead ratio</b>	<b><u>15.6%</u></b>	<b><u>15.7%</u></b>

The calculations above are presented using the United Way Worldwide (“UWW”) guidelines. These guidelines require that Federal Form 990 be the source of the components of the overhead ratio calculations which exclude certain revenue and expense items presented in the statement of activities. UWMB uses the full-time equivalent method to allocate costs between programs and supporting services for this calculation.

# UNITED WAY OF MASSACHUSETTS BAY, INC.

## *Notes to Financial Statements*

### *Note 13 - Calculation of Overhead Ratio and Administrative Fee (Continued)*

In fiscal year 2012, UWMB used 15.7% as an administrative fee (based on the UWW calculation methodology at the time for the Federal Form 990) on donor designations unless a separate fee agreement was in place. For example, gifts processed by UWMB that are designated for other Massachusetts-based United Ways and their partner organizations are reduced to a contractually agreed to fee of 10%. Gifts that are received by UWMB from other United Ways based in Massachusetts that are designated to UWMB-affiliated agencies are reduced to a contractually agreed fee of 5%. In fiscal year 2011, UWMB used 17.0% as an administrative fee.