

LAKES REGION UNITED WAY

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2011 AND 2010
AND
INDEPENDENT AUDITORS' REPORT**

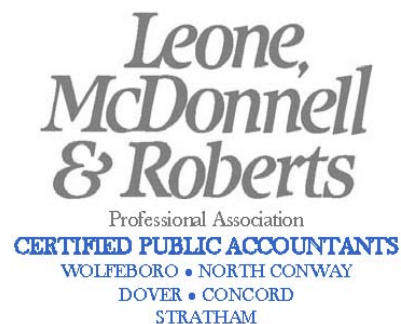
LAKES REGION UNITED WAY

MARCH 31, 2011

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To the Board of Directors
Lakes Region United Way
Laconia, New Hampshire



INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of Lakes Region United Way (a New Hampshire nonprofit corporation) as of March 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Lakes Region United Way's 2010 financial statements and, in our report dated May 26, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Lakes Region United Way as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financials statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Leone, McDonnell & Roberts,
Professional Association*

June 3, 2011
Wolfeboro, New Hampshire

LAKES REGION UNITED WAY

**STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2011 AND 2010**

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and equivalents	\$ 372,397	\$ 398,967
Investments	237,241	220,633
Contributions receivable, less allowance for uncollectible contributions of \$69,270 and \$81,149, respectively	668,339	361,832
Prepaid expenses	<u>1,317</u>	<u>767</u>
Total current assets	<u>1,279,294</u>	<u>982,199</u>
PROPERTY AND EQUIPMENT		
Land and buildings	1,208,207	281,307
Equipment and furniture	<u>25,795</u>	<u>25,795</u>
	1,234,002	307,102
Less: accumulated depreciation	<u>(83,339)</u>	<u>(75,570)</u>
Total property and equipment - net	<u>1,150,663</u>	<u>231,532</u>
Total assets	<u>\$ 2,429,957</u>	<u>\$ 1,213,731</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of notes payable	\$ 10,114	\$ 4,842
Accounts payable	7,018	9,720
Impact grants payable	2,926	11,790
Agencies payable	369,000	335,500
Donor designations	144,862	129,557
Accrued payroll and expenses	<u>22,718</u>	<u>24,802</u>
Total current liabilities	556,638	516,211
LONG-TERM LIABILITIES		
Notes payable, net of current portion shown above	<u>288,209</u>	<u>151,065</u>
Total liabilities	<u>844,847</u>	<u>667,276</u>
NET ASSETS		
Unrestricted	1,051,456	311,279
Unrestricted - board designated	201,113	185,986
Temporarily restricted	306,144	22,793
Permanently restricted	<u>26,397</u>	<u>26,397</u>
Total net assets	<u>1,585,110</u>	<u>546,455</u>
Total liabilities and net assets	<u>\$ 2,429,957</u>	<u>\$ 1,213,731</u>

See Notes to Financial Statements

LAKES REGION UNITED WAY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2011 WITH COMPARATIVE TOTALS FOR 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER SUPPORT					
Results from annual campaign		\$ 911,702		\$ 911,702	\$ 946,531
Less: amounts raised on behalf of other organizations		<u>(141,176)</u>		<u>(141,176)</u>	<u>(114,871)</u>
		770,526		770,526	831,660
Less: provision for uncollectible pledges		<u>(24,691)</u>		<u>(24,691)</u>	<u>(38,215)</u>
Available to Lakes Region United Way		745,835		745,835	793,445
Net assets released from restriction	\$ 671,465	(671,465)			
Donation of land and building	772,863			772,863	
Contribution - Annette Schmitt Foundation	42,500	207,500		250,000	
Rental income	18,000			18,000	16,500
Investment income	<u>19,587</u>	<u>1,481</u>		<u>21,068</u>	<u>56,169</u>
Total revenue and other support	<u>1,524,415</u>	<u>283,351</u>		<u>1,807,766</u>	<u>866,114</u>
EXPENSES					
Allocations to agencies and program expenses	<u>604,064</u>			<u>604,064</u>	<u>576,431</u>
Supporting expenses:					
Fund raising	84,698			84,698	86,032
Management and general	<u>80,349</u>			<u>80,349</u>	<u>58,469</u>
Total supporting expenses	<u>165,047</u>			<u>165,047</u>	<u>144,501</u>
Total expenses	<u>769,111</u>			<u>769,111</u>	<u>720,932</u>
CHANGE IN NET ASSETS	755,304	283,351		1,038,655	145,182
NET ASSETS, BEGINNING OF YEAR	<u>497,265</u>	<u>22,793</u>	<u>26,397</u>	<u>546,455</u>	<u>401,273</u>
NET ASSETS, END OF YEAR	<u>\$ 1,252,569</u>	<u>\$ 306,144</u>	<u>\$ 26,397</u>	<u>\$ 1,585,110</u>	<u>\$ 546,455</u>

See Notes to Financial Statements

LAKES REGION UNITED WAY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,038,655	\$ 145,182
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	7,769	7,197
Investment income reinvested	(5,579)	(6,235)
Realized (gain) loss from sale of investments	(802)	5,543
Unrealized gains on securities	(12,978)	(52,858)
Investment expenses	2,355	1,915
Contribution of land and building	(772,863)	
Changes in assets and liabilities:		
(Increase) decrease in contributions receivable	(306,507)	24,063
(Increase) decrease in prepaid expenses	(550)	123
(Decrease) increase in accounts payable	(2,702)	4,760
(Decrease) increase in impact grants payable	(8,864)	8,785
Increase (decrease) in agencies payable	33,500	(48,833)
Increase in donor designations	15,305	32,940
(Decrease) increase in accrued payroll and expenses	<u>(2,084)</u>	<u>5,910</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(15,345)</u>	<u>128,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity or sale of investments	71,267	70,674
Purchase of property and equipment	(6,900)	(54,551)
Acquisition of investments	<u>(70,871)</u>	<u>(70,674)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,504)</u>	<u>(54,551)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds provided by new debt		20,757
Repayment of debt	<u>(4,721)</u>	<u>(4,666)</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(4,721)</u>	<u>16,091</u>
NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS	(26,570)	90,032
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>398,967</u>	<u>308,935</u>
CASH AND EQUIVALENTS - END OF YEAR	<u>\$ 372,397</u>	<u>\$ 398,967</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 8,575</u>	<u>\$ 9,272</u>
Land and building	\$ 926,900	
Debt incurred	(147,137)	
Net contribution of land and building	<u>(772,863)</u>	
Net cash used for land and building	<u>\$ 6,900</u>	

See Notes to Financial Statements

LAKES REGION UNITED WAY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Lakes Region United Way (a not-for-profit organization) is an agency formed to assist in developing a caring community by identifying human service needs in central New Hampshire and by supporting local not for profit agencies to meet those needs.

Basis of Accounting

The financial statements of Lakes Region United Way have been prepared on the accrual basis of accounting.

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, "Generally Accepted Accounting Principles" ("GAAP") establishes the FASB Accounting Standards Codification ("Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. The Codification became effective for fiscal year ending on March 31, 2010. The guidance did not have an impact on the Organization's financial position, changes in net assets or cash flows.

Summarized Financial 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant area which is affected by the use of estimates is the allowance for uncollectible pledges.

Cash and Equivalents

Cash and equivalents include short term, highly liquid investments with a maturity date of six months or less.

Allowance for Uncollectible Pledges

The Organization records an allowance for uncollectible pledges based upon management's experience and best estimate of pledges that will not be collectible.

Investments

The Organization carries investments in marketable securities at fair value in the Statement of Financial Position. The fair value of debt and marketable equity securities are based on quoted market prices. The Organization's investments are subject to various risks such as interest rate, credit and overall market volatility, which may substantially impact the value of such investments at any given time.

Investment income is considered a change in unrestricted net assets, unless restricted by a donor's explicit stipulation or law. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment

The Organization follows the policy of charging to expense annual amounts of depreciation, which allocates the cost of the property and equipment over their estimated useful lives. The Organization uses straight line and accelerated methods for determining the annual charge for depreciation. The ranges of the estimated useful lives are as follows:

Building	40 years
Equipment and furniture	5 - 10 years

Expenditures for repairs and maintenance are expensed when incurred and betterments greater than \$500, are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation, and any gain or loss is recognized. Depreciation expense for the years ended March 31, 2011 and 2010 was \$7,769 and \$7,197, respectively.

Fund Raising Activities

Fund raising expenses represent the cost of soliciting funds, preparing contribution appeals and letters of appreciation by the staff of the Organization.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis. Accordingly, costs have been allocated among the programs and supporting services benefited.

Tax Status

Lakes Region United Way is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that Lakes Region United Way is not a private foundation and, as such, is not subject to federal income taxes on exempt purpose income.

The Organization files tax returns for exempt organizations in the United States and New Hampshire. Generally, the Organization is no longer subject to United States Federal or State of New Hampshire examinations by taxing authorities for years before 2007.

Donated Services

The financial statements do not include amounts for donated services since an objective basis for measurement of the value of such services is not available; however, substantial numbers of volunteers have donated significant amounts of their time in Lakes Region United Way's fundraising Campaign.

Subsequent Events

Subsequent events have been evaluated through June 3, 2011, the date when the financial statements were available to be issued.

NOTE 2. RETIREMENT PLAN

The Organization maintains a SIMPLE IRA retirement plan. The plan covers all employees who earned at least \$5,000 in any two preceding years and who are expected to earn \$5,000 in the current year. The employees may elect to defer up to \$11,500 of their earned income. The Organization must match the employees' deferrals dollar for dollar up to 2% of employee compensation. The Organization's contributions to the plan aggregated \$4,288 and \$3,158 for the years ended March 31, 2011 and 2010, respectively.

NOTE 3. PAYMENT TO AFFILIATED ORGANIZATIONS

Lakes Region United Way paid dues to the following affiliated organization:

	<u>2011</u>	<u>2010</u>
United Way of America	\$ <u>8,616</u>	\$ <u>8,262</u>

NOTE 4. INVESTMENTS

The Organization's investments consisted of the following major investment groups and were stated at fair value as of March 31, 2011 and 2010:

	-----2011-----		
	<u>Cost</u>	Gross Unrealized Gains or (Losses)	<u>Fair Value</u>
Cash in money market funds	\$ 24,134		\$ 24,134
<u>Fixed Income:</u>			
U.S. Government Obligations	15,129	\$ (132)	14,997
Corporate Bonds and Notes	43,220	4,088	47,308
Bond Funds	5,000	(19)	4,981
Stock Funds	10,000	1,117	11,117
<u>Equities:</u>			
Consumer Discretionary	13,904	2,332	16,236
Consumer Staples	13,307	1,168	14,475
Energy	13,224	4,148	17,372
Financials	18,454	(7,136)	11,318
Health Care	6,497	1,618	8,115
Industrials	18,613	(1,225)	17,388
Information Technology	17,638	3,234	20,872
Materials	5,074	2,372	7,446

Telecommunication Service	1,913	2,326	4,239
Utility	10,313	(633)	9,680
Foreign Equities	<u>7,843</u>	<u>(280)</u>	<u>7,563</u>
	<u>\$ 224,263</u>	<u>\$ 12,978</u>	<u>\$ 237,241</u>

-----2010-----

	<u>Cost</u>	<u>Gross Unrealized Gains or (Losses)</u>	<u>Fair Value</u>
Cash in money market funds	\$ 28,845		\$ 28,845
<u>Fixed Income:</u>			
U.S. Government Obligations	20,000	\$ 383	20,383
Corporate Bonds and Notes	38,157	3,494	41,651
Bond Funds	138	(1)	137
Stock Funds	10,000	(75)	9,925
<u>Equities:</u>			
Consumer Discretionary	11,351	792	12,143
Consumer Staples	17,049	340	17,389
Energy	12,133	945	13,078
Financials	18,535	(6,249)	12,286
Health Care	5,964	1,667	7,631
Industrials	18,613	(3,554)	15,059
Information Technology	14,390	2,735	17,125
Materials	5,672	627	6,299
Telecommunication Service	3,642	(230)	3,412
Utility	9,494	(949)	8,545
Foreign Equities	<u>8,154</u>	<u>(1,429)</u>	<u>6,725</u>
	<u>\$ 222,137</u>	<u>\$ (1,504)</u>	<u>\$ 220,633</u>

**Components of Investment Income
as Shown on Statement of Activities:**

	<u>2011</u>	<u>2010</u>
Investment income	\$ 5,579	\$ 6,235
Interest earned on cash equivalents	1,709	2,618
Realized gain (loss) on sale of investments	802	(5,542)
Unrealized gain (loss) on investments	<u>12,978</u>	<u>52,858</u>
	<u>\$ 21,068</u>	<u>\$ 56,169</u>

Investment advisor fees for the years ended March 31, 2011 and 2010 were \$2,355 and \$1,915, respectively.

The Organization classifies its investments into Level 1, which refers to investments traded in an active market; Level 2, which refers to investments not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to investments not traded in an active market and for which no significant observable market inputs are available. At March 31, 2011 and 2010, the Organization's investments were all classified as Level 1 and were based on fair values.

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following unexpended, purpose and time restricted donations as of March 31, 2011 and 2010:

<u>Time or Purpose Restrictions</u>	<u>2011</u>	<u>2010</u>
Annual Campaign	\$ 668,339	\$ 361,832
Payable to Agencies	(371,926)	(347,289)
Rogers Trust/Youth Programs	<u>9,731</u>	<u>8,250</u>
Total	<u>\$ 306,144</u>	<u>\$ 22,793</u>

NOTE 6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following endowment funds at March 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Ralph Bristol	\$ 4,048	\$ 4,048
Robert Strine	10,882	10,882
Rogers Trust	<u>11,467</u>	<u>11,467</u>
Total	<u>\$ 26,397</u>	<u>\$ 26,397</u>

NOTE 7. ENDOWMENT FUNDS

The Organization's endowment consists of several funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, 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 the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value 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, the Organization 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 instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds 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 Organization in a manner consistent with SPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds (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 the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment policies, approved by the Board of Directors, for endowment assets for the long-term. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return after fees of 6% annually. Actual returns in any given year may vary from this amount.

Spending Policy. The Organization does not currently have a spending policy for distributions each year as they strive to operate within a budget of their current Campaign's income. The Board of Directors will be addressing a spending policy in the upcoming year.

Endowment Net Asset Composition by Type of Fund (at fair value) as of March 31, 2011 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 9,731	\$ 26,397	\$ 36,128
Board-designated endowment funds	<u>\$ 201,113</u>	_____	_____	<u>201,113</u>
	<u>\$ 201,113</u>	<u>\$ 9,731</u>	<u>\$ 26,397</u>	<u>\$ 237,241</u>

Changes in endowment net assets (at fair value) as of March 31, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 185,986</u>	<u>\$ 8,250</u>	<u>\$ 26,397</u>	<u>\$ 220,633</u>
Investment return:				
Investment income, net of fees of \$2,355	2,418	725	487	3,630
Net unrealized gains	<u>10,505</u>	<u>1,479</u>	<u>994</u>	<u>12,978</u>
Total investment return	<u>12,923</u>	<u>2,204</u>	<u>1,481</u>	<u>16,608</u>
Transfer per donor stipulation	<u>2,204</u>	<u>(723)</u>	<u>(1,481)</u>	<u>-</u>
	<u>\$ 201,113</u>	<u>\$ 9,731</u>	<u>\$ 26,397</u>	<u>\$ 237,241</u>

Endowment Net Asset Composition by Type of Fund (at fair value) as of March 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 8,250	\$ 26,397	\$ 34,647
Board-designated endowment funds	\$ 185,986	_____	_____	185,986
	<u>\$ 185,986</u>	<u>\$ 8,250</u>	<u>\$ 26,397</u>	<u>\$ 220,633</u>

Changes in endowment net assets (at fair value) as of March 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, Beginning of year	\$ 138,446	\$ 4,155	\$ 26,397	\$ 168,998
Investment return:				
Investment income, net of fees of \$1,915	(1,355)	79	53	(1,223)
Net unrealized losses	<u>42,798</u>	<u>6,018</u>	<u>4,042</u>	<u>52,858</u>
Total investment return	<u>41,443</u>	<u>6,097</u>	<u>4,095</u>	<u>51,635</u>
Transfer per donor stipulation	<u>6,097</u>	<u>(2,002)</u>	<u>(4,095)</u>	<u>-</u>
	<u>\$ 185,986</u>	<u>\$ 8,250</u>	<u>\$ 26,397</u>	<u>\$ 220,633</u>

NOTE 8. CONCENTRATIONS

The contributions receivable balance is comprised primarily of contributions made by contributors residing in the area in which the Campaign takes place.

The Organization maintains several of their cash balances at one financial institution. The balances are currently insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2011 and 2010, the uninsured balances aggregated \$79,166 and \$100,061 respectively.

NOTE 9. LONG-TERM DEBT

The long term debt at March 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
5.5% Mortgage financed with a local bank. The note is due in monthly installments for principal and interest of \$1,108 through May 2013 and thereafter a variable interest rate of 2.25% above the Federal Home Bank of Boston Regular Classic Advanced Rate. The note is collateralized by the Organization's building.	\$ 151,186	\$ 155,907

6.5% Mortgage financed with a local bank. The note is due in monthly installments for principal and interest of \$1,202 through June 2028. The note is collateralized by the Organization's building.

	<u>147,137</u>	<u> </u>
	298,323	155,907
Less current portion due within one year	<u>(10,114)</u>	<u>(4,842)</u>
Total long term debt	<u>\$ 288,209</u>	<u>\$ 151,065</u>

The scheduled maturities of long-term debt at March 31, 2011 were as follows:

Year ending <u>March 31,</u>	<u>Amount</u>
2012	\$ 10,114
2013	10,737
2014	11,388
2015	12,091
2016	12,838
Thereafter	<u>241,155</u>
Total	<u>\$ 298,323</u>

NOTE 10. LINE OF CREDIT

The Organization maintains a \$50,000 line of credit with a bank. Collateral for the line is all of the business assets of the Organization. Outstanding balances on the line of credit are charged interest at the Wall Street Prime rate. At March 31, 2011, this was 3.25%. No amounts were outstanding on the line at March 31, 2011 or 2010.

NOTE 11. CONTRIBUTIONS HELD FOR OTHER ORGANIZATIONS

The Lakes Region United Way raises funds through its annual Campaign. Individuals and employees of participating corporations may choose to designate their pledges to other not-for-profit organizations. These organizations are typically other United Way agencies located in the areas in which the donors live rather than where they work. The Organization received pledges toward their 2011 and 2010 Campaigns of \$745,835 and \$793,445, respectively. At March 31, 2011 and 2010, \$141,176 and \$114,871 were designated for other non-profit agencies net of fees. Those designated gifts are agency transactions. The Organization's policy is to disburse the funds when amounts are received, less any applicable administrative fee and shrinkage reserve. At March 31, 2011 and 2010 the balances owed to recipient organizations were \$144,862 and \$129,557, respectively.

NOTE 12. COMMITMENTS

The Lakes Region United Way does not own the land on which their building in Laconia, New Hampshire is located. The Organization is part of a condominium association to which they pay quarterly dues that fund certain maintenance costs. For each of the years ended March 31, 2011 and 2010 those dues were \$3,002 and \$2,529, respectively.

The Organization rents space in the building which they own and occupy to a non-affiliated, non-profit organization. The lease for monthly rental payments of \$1,500 expires December, 2012. For the years ended March 31, 2011 and 2010 rental income was \$18,000 and \$16,500, respectively.

NOTE 13. SUBSEQUENT EVENTS

Whole Village Family Resource Center (Whole Village) provided support to strengthen families, help families create more positive and hopeful futures, enhance individual and family well-being, and increase their capacities to contribute to community life. Effective April 1, 2011, Whole Village merged with and into Lakes Region United Way, Inc. Upon the effective date of the merger, The Whole Village Board of Directors voted to dissolve as a legal entity. In connection with the merger, Lakes Region United Way, Inc. acquired substantially all of the assets and liabilities of Whole Village. The book value of the assets and liabilities acquired were as follows:

Cash	\$ 112,127
Investments	79,729
Accounts receivable	15,386
Property - net	19,161
Other assets	<u>3,146</u>
 Total assets	 <u>\$ 229,546</u>
 Accounts payable and accrued expenses	 <u>\$ 26,630</u>
 Total liabilities	 26,630
 Net assets	 <u>202,916</u>
 Total liabilities and net assets	 <u>\$ 229,546</u>

NOTE 14. DONATION OF LAND AND BUILDING

In connection with the merger discussed in Note 13, Whole Village Family Resource Center donated land and a building valued at \$920,000 in exchange for the assumption of their outstanding mortgage with a financial institution for \$147,137. Other support of \$772,863 has been reflected in the Statement of Activities.

NOTE 15. CONTRIBUTION - ANNETTE SCHMITT FOUNDATION

In March of 2011, the Organization received a pledge in the amount of \$250,000 in exchange for the promise to continue support of certain Carroll County support initiatives that are already part of the Organization's mission.

SUPPLEMENTAL INFORMATION

(See Independent Auditors' Report)

LAKES REGION UNITED WAY**SCHEDULES OF COMMUNITY PARTNER INVESTMENTS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Education Initiative</u>		
Bearcamp Valley School & Children's Center	\$ 20,000	\$ 15,000
Community Health & Hospice		9,500
Community Services Council-Born Learning/School Readiness/Parenting	25,750	36,763
Inter-Lakes Day Care Services	24,000	25,000
Lakes Region Child Care Services	70,000	45,000
Ossipee Concerned Citizens		10,000
Boys and Girls Club of the Lakes Region	20,000	20,000
additional support approved October 2009		5,000
Kingswood Youth Center		10,000
Lakes Region Family Resource Center	35,000	
Pemi Youth Center	20,000	15,000
Youth Services Bureau		(1,250)
Whole Village Child Care Center		10,000
	<u> </u>	<u> </u>
Sub-total	214,750	200,013
<u>Income Initiative</u>		
Bridge House Homeless Shelter	5,017	
Child and Family Services	20,000	18,000
Financial Stability Partnership	166	1,068
Health First Family Clinic	46,000	46,000
additional support approved October 2009		33,417
Laconia Area Community Land Trust	56,000	56,000
New Beginnings	22,000	20,000
Salvation Army/The Carey House	36,000	36,000
Volunteer Income Tax Assistance Program	6,188	8,871
	<u> </u>	<u> </u>
Subtotal	191,371	219,356
<u>Healthy Communities Initiative</u>		
Community Engagement	963	1,755
Lakes Region Public Access	3,160	3,160
United Way of New Hampshire	8,361	8,448
Upstream	1,755	364
	<u> </u>	<u> </u>
Subtotal	14,239	13,727
Other Program Expenses	<u>6,522</u>	<u>10,732</u>
Total Community Partner Investments	<u>\$ 426,882</u>	<u>\$ 443,828</u>

See Independent Auditors' Report

LAKES REGION UNITED WAY

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2011 WITH COMPARATIVE TOTALS FOR 2010**

	Allocations to Agencies and Program Expenses	Fund Raising	Management and General	Total 2011	Total 2010
Community partner investments	\$ 426,882			\$ 426,882	443,828
Salaries	120,989	\$ 53,065	\$ 38,207	212,261	160,443
Payroll taxes	8,990	3,943	2,839	15,772	14,094
Employee benefits	14,171	6,216	4,475	24,862	22,879
Professional fees			23,052	23,052	9,958
Dues	9,627			9,627	10,589
Interest	4,888	2,144	1,543	8,575	9,272
Campaign materials		6,626		6,626	9,185
Utilities	3,632	1,593	1,147	6,372	5,772
Postage	948	3,318	474	4,740	5,602
Insurance	2,419	1,061	764	4,244	3,685
Office supplies	1,749	768	553	3,070	2,239
Rental and maintenance	1,649	723	521	2,893	3,235
Travel	1,387	1,388		2,775	4,207
Internet	1,373	602	433	2,408	2,389
Volunteer meetings	815	816		1,631	710
Telephone	660	290	209	1,159	1,214
Other		514	3,879	4,393	4,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total before depreciation	600,179	83,067	78,096	761,342	713,735
Depreciation	3,885	1,631	2,253	7,769	7,197
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 604,064</u>	<u>\$ 84,698</u>	<u>\$ 80,349</u>	<u>\$ 769,111</u>	<u>\$ 720,932</u>

See Independent Auditors' Report