



WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

UNITED WAY OF GREATER MERCER COUNTY

Financial Statements

June 30, 2007 and 2006

With Independent Auditors' Reports

United Way of Greater Mercer County
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June 30, 2007 and 2006

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Independent Auditors' Report

To the Board of Trustees,
United Way of Greater Mercer County:

We have audited the accompanying statement of financial position of United Way of Greater Mercer County as of June 30, 2007 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of United Way of Greater Mercer County's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from the United Way of Greater Mercer County's 2006 financial statements which were audited by M.D. Oppenheim & Company P.C., who merged with us as of May 1, 2007 and whose report dated August 15, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 2007 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Mercer County as of June 30, 2007 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 12, 2007 on our consideration of United Way of Greater Mercer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of grants to agencies for the years ended June 30, 2007 and 2006 on pages 15 and 16 is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Additional information on page 17 related to additional pledges not collected is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Withersmith + Brown, PC

September 12, 2007

United Way of Greater Mercer County
Statements of Financial Position
June 30, 2007 and 2006

	2007	Restated 2006
Assets		
Current assets		
Cash and cash equivalents (Note 2)	\$ 990,762	\$ 770,619
Pledges receivable, net (Note 3)	3,107,180	2,702,417
Bequest receivable (Note 4)	24,647	24,647
Investments (Note 5)	2,016,487	2,093,340
Beneficial interest in assets held by a foundation (Note 6)	<u>138,632</u>	118,504
Grants receivable	16,115	86,170
Accrued interest receivable	15,610	17,721
Other receivable	25,924	41,953
Prepaid expenses	<u>30,125</u>	<u>32,510</u>
Total current assets	6,365,482	5,887,881
Bequest receivable (Note 4)	204,117	216,417
Investments (Note 5)	26,022	26,022
Property and equipment, net (Note 7)	<u>41,463</u>	<u>54,293</u>
	<u>\$ 6,637,084</u>	<u>\$ 6,184,613</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 66,658	\$ 74,011
Funded agencies grants payable	664,377	672,502
Designations payable (Note 3)	1,796,068	1,837,798
Deferred revenue	<u>11,155</u>	<u>67,522</u>
Total current liabilities	2,538,258	2,651,833
Net assets (Note 13)		
Unrestricted		
Unappropriated	1,405,864	998,589
Board appropriated	2,049,311	1,858,890
Investment in property and equipment	<u>41,463</u>	<u>54,293</u>
Total unrestricted	3,496,638	2,911,772
Temporarily restricted	576,166	594,986
Permanently restricted	<u>26,022</u>	<u>26,022</u>
Total net assets	<u>4,098,826</u>	<u>3,532,780</u>
	<u>\$ 6,637,084</u>	<u>\$ 6,184,613</u>

The Notes to Financial Statements are an integral part of these statements.

United Way of Greater Mercer County
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2007
(With Summarized Comparative Financial Information for the Year Ended June 30, 2006)

	2007			Total	Restated 2006
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenues					
Campaign results	\$ 9,846,741	\$ 284,472	\$ --	\$ 10,131,213	\$ 9,741,859
Less: Tri-State shared pledges	(3,316,382)	--	--	(3,316,382)	(3,575,533)
Less: Donor designations	(2,800,749)	--	--	(2,800,749)	(2,737,812)
Provision for collection loss	(563,216)	--	--	(563,216)	(593,415)
	<u>3,166,394</u>	<u>284,472</u>	<u>--</u>	<u>3,450,866</u>	<u>2,835,099</u>
Support					
Grants and contracts (Note 10)	335,345	--	--	335,345	606,336
Contributions from estates and trusts	13,885	--	--	13,885	154,619
Service fees	254,551	--	--	254,551	260,762
In-kind gifts	109,894	--	--	109,894	187,965
Designations revenue	234,218	--	--	234,218	232,007
Investment income	143,443	2,935	--	146,378	123,957
Unrealized gain (loss) on investments	77,063	--	--	77,063	(28,952)
Unrealized gain on beneficial interest in assets held	20,128	--	--	20,128	11,131
	<u>4,354,921</u>	<u>287,407</u>	<u>--</u>	<u>4,642,328</u>	<u>4,382,924</u>
Net assets released due to satisfaction of purpose restrictions	<u>306,227</u>	<u>(306,227)</u>	<u>--</u>	<u>--</u>	<u>--</u>
	4,661,148	(18,820)	--	4,642,328	4,382,924
Allocations and expenses					
Program services					
Gross funds distributed	4,328,273	--	--	4,328,273	4,363,666
Less: Donor designated net funds distributed	(2,546,198)	--	--	(2,546,198)	(2,479,869)
	<u>1,782,075</u>	<u>--</u>	<u>--</u>	<u>1,782,075</u>	<u>1,883,797</u>
Program and initiatives expenses	<u>979,361</u>	<u>--</u>	<u>--</u>	<u>979,361</u>	<u>1,294,627</u>
	2,761,436	--	--	2,761,436	3,178,424
Supporting services					
Management and general	558,755	--	--	558,755	551,706
Private sector fundraising	415,589	--	--	415,589	425,437
Public sector fundraising	240,830	--	--	240,830	217,277
	<u>1,215,174</u>	<u>--</u>	<u>--</u>	<u>1,215,174</u>	<u>1,194,420</u>
Total expenses before United Way of America dues	3,976,610	--	--	3,976,610	4,372,844
United Way of America dues	<u>99,672</u>	<u>--</u>	<u>--</u>	<u>99,672</u>	<u>80,165</u>
	4,076,282	--	--	4,076,282	4,453,009
Changes in net assets	584,866	(18,820)	--	566,046	(70,085)
Net assets, beginning of year, as previously stated	2,911,772	457,911	26,022	3,395,705	3,465,790
Prior period adjustment (Note 15)	<u>--</u>	<u>137,075</u>	<u>--</u>	<u>137,075</u>	<u>137,075</u>
Net assets, beginning of year, restated	<u>2,911,772</u>	<u>594,986</u>	<u>26,022</u>	<u>3,532,780</u>	<u>3,602,865</u>
Net assets, end of year	<u>\$ 3,496,638</u>	<u>\$ 576,166</u>	<u>\$ 26,022</u>	<u>\$ 4,098,826</u>	<u>\$ 3,532,780</u>

The Notes to Financial Statements are an integral part of these statements.

United Way of Greater Mercer County
Statements of Cash Flows
Years Ended June 30, 2007 and 2006

	2007	Restated 2006
Cash flows from operating activities		
Changes in net assets	\$ 566,046	\$ (70,085)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Unrealized (gain) loss on investment	(77,063)	28,952
Unrealized (gain) loss on beneficial interest in assets held by a Foundation	(20,128)	(11,131)
Allowance for bad debts	(30,199)	37,458
Depreciation	16,306	23,019
Net present value on long term bequest receivable	(12,346)	241,064
Changes in assets and liabilities		
Pledges receivable	(374,564)	184,888
Bequest receivable	24,646	(345,054)
Grants receivable	70,055	(30,670)
Accrued interest receivable	2,111	7,421
Other receivable	16,029	(14,267)
Prepaid expenses	2,385	(671)
Accounts payable and accrued expenses	(7,354)	(183,979)
Funded agencies grants payable	(8,125)	(16,570)
Designations payable	(41,730)	(145,991)
Deferred revenue	(56,367)	(179,443)
Net cash provided (used) by operating activities	<u>69,702</u>	<u>(475,059)</u>
Cash flows from investing activities		
Property and equipment additions	(3,475)	(7,429)
Sale of investments	276,467	332,877
Purchase of investments	(122,551)	(62,359)
Net cash provided by investing activities	<u>150,441</u>	<u>263,089</u>
Net increase (decrease) in cash and cash equivalents	220,143	(211,970)
Cash and cash equivalents		
Beginning of year	<u>770,619</u>	<u>982,589</u>
End of year	<u>\$ 990,762</u>	<u>\$ 770,619</u>

Supplementary information

There were no amounts paid for interest or income taxes
for the years ended June 30, 2007 and 2006.

The Notes to Financial Statements are an integral part of these statements.

United Way of Greater Mercer County
Statement of Functional Expenses
Year Ended June 30, 2007
(With summarized comparative financial information for the year ended June 30, 2006)

	Program Services					Supporting Services			Total Expenses 2007	Total Expenses 2006
	Community Impact	Community Resource Development	Special Projects	Total Program Services	Management and General	Private Sector Fund Raising	Public Sector Fund Raising	Total Supporting Services		
Grants	\$ 1,782,075	\$ --	\$ --	\$ 1,782,075	\$ --	\$ --	\$ --	\$ --	\$ 1,782,075	\$ 1,883,797
Professional staff	215,982	105,328	17,527	338,837	270,454	205,015	57,602	533,071	871,908	914,795
Clerical staff	18,008	6,893	15,943	40,844	45,927	22,590	40,764	109,281	150,125	118,876
Payroll taxes and benefits	73,545	35,270	10,520	119,335	121,835	71,540	30,917	224,292	343,627	333,433
	<u>307,535</u>	<u>147,491</u>	<u>43,990</u>	<u>499,016</u>	<u>438,216</u>	<u>299,145</u>	<u>129,283</u>	<u>866,644</u>	<u>1,365,660</u>	<u>1,367,104</u>
Contract services	8,329	1,310	50,891	60,530	20,915	4,435	12,706	38,056	98,586	104,134
Grants to other organizations	--	--	287,343	287,343	--	--	--	--	287,343	522,210
Rent and maintenance	40,698	19,518	5,821	66,037	54,218	39,588	17,109	110,915	176,952	192,889
Supplies	3,940	1,889	563	6,392	5,327	3,832	2,128	11,287	17,679	20,187
Telecommunications	5,764	2,764	3,530	12,058	8,196	5,607	4,729	18,532	30,590	33,027
Postage and shipping	2,361	606	650	3,617	3,563	6,648	9,119	19,330	22,947	12,611
Printing and materials	618	296	89	1,003	947	26,065	52,956	79,968	80,971	95,021
Travel and vehicle	2,097	3,168	171	5,436	3,749	3,651	1,085	8,485	13,921	20,347
Dues and subscriptions	491	218	65	774	972	757	191	1,920	2,694	3,709
Meetings/special events	1,709	430	1,233	3,372	3,935	9,875	3,271	17,081	20,453	34,274
Career and volunteer development	2,607	934	278	3,819	2,983	3,872	964	7,819	11,638	20,879
Equipment rent/repairs/maintenance	4,442	2,131	635	7,208	6,808	4,321	1,868	12,997	20,205	13,848
Advertising	8,253	3,958	1,180	13,391	12,648	8,027	3,469	24,144	37,535	54,041
Insurance	3,140	1,506	449	5,095	4,812	3,054	1,320	9,186	14,281	13,697
Miscellaneous	336	118	35	489	1,546	235	624	2,405	2,894	6,211
Depreciation	3,585	1,719	512	5,816	5,495	3,487	1,508	10,490	16,306	23,019
Miscellaneous reimbursement	(1,225)	--	(810)	(2,035)	(15,575)	(7,010)	(1,500)	(24,085)	(26,120)	(48,161)
	<u>394,680</u>	<u>188,056</u>	<u>396,625</u>	<u>979,361</u>	<u>558,755</u>	<u>415,589</u>	<u>240,830</u>	<u>1,215,174</u>	<u>2,194,535</u>	<u>2,489,047</u>
United Way of America Dues	--	--	--	--	99,672	--	--	99,672	99,672	80,165
	<u>\$ 2,176,755</u>	<u>\$ 188,056</u>	<u>\$ 396,625</u>	<u>\$ 2,761,436</u>	<u>\$ 658,427</u>	<u>\$ 415,589</u>	<u>\$ 240,830</u>	<u>\$ 1,314,846</u>	<u>\$ 4,076,282</u>	<u>\$ 4,453,009</u>

The Notes to Financial Statements are an integral part of these statements.

United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006

1. Organization and Operations

United Way of Greater Mercer County (“UWGMC”) is a New Jersey, non-profit corporation that was formed to develop resources and address the most pressing needs facing people in the greater Mercer County, New Jersey area. UWGMC’s primary objective is to have a positive and lasting impact on the lives of people residing and working in its coverage area.

UWGMC’s focus in resource development is to generate financial and non-financial resources to address clearly identified community problems. UWGMC accomplishes this through workplace campaigns and individual requests for donations. Each person and organization contacted is asked to commit financial gifts to UWGMC and to make a contribution of time and talent. Through the development of these three vital resources, UWGMC positions itself to address the needs of the community.

Additionally, UWGMC obtains grants from private and public sources to address specific needs. These include grants made available from Federal and state sources passing through Mercer County, and competitive grants from private foundations.

UWGMC is responsible for granting funds to programs addressing targeted needs within the community. UWGMC utilizes a competitive grant-making process to identify the most pressing needs and to develop effective, outcome based solutions. Through its grant-making structure, community volunteers and human service professionals work collaboratively to affect the greatest impact for the families and individuals in need in the community.

UWGMC contracts with Infoline of Central Jersey (2-1-1) for its information and referral program in the community. 2-1-1 connects people with specific human service needs to programs serving the community. Referrals are made to quality programs and follow-up is done to assure satisfaction. UWGMC also works cooperatively with Hands on Helpers, volunteer organization, to provide on-line volunteer opportunities and referrals.

2. Summary of Significant Accounting Policies

Basis of Presentation

External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. For the years ended June 30, 2007 and 2006, UWGMC had accounting transactions in three net asset categories. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net assets category represents net assets that are subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of UWGMC.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. In addition, the prior-year comparative financial information does not contain details relating to the functional classification of expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWGMC’s financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Revenue and Support Recognition

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006

Unrestricted revenues are obtained through corporation, foundation, and general public contributions. These revenues are used to provide program services as well as to offset management and general and fundraising expenses. Revenues from these sources are recognized at the time the donation is pledged.

UWGMC recognizes revenue and support from those governmental contracts which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract are recorded as a liability to the grantor. UWGMC does not maintain any equity in the grant or contract and, therefore, any excess of revenue over expenses is also recorded as a liability to the funding source. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the statements of financial position.

UWGMC receives donated services from volunteers, officers and directors and other organizations to support fundraising and administrative efforts. The value of these donated services is not included in these financial statements as they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing program and initiative and supporting services have been summarized on a functional basis. Some expenses, such as personnel, rent, supplies and telephone, are allocated to each program or function based on time spent by UWGMC staff in each of these areas which is consistent with the benefit derived by each program.

Cash and Cash Equivalents

UWGMC considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Property, Equipment and Depreciation

Property and equipment is recorded at cost, except for donated items which are recorded at fair value on the date of donation. Donated property and equipment is recorded as restricted support when donors stipulate how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted. Depreciation is provided using the straight-line method, as follows:

Description	Years
Office equipment and furniture	3-7 years

It is UWGMC policy to capitalize expenditures for those items in excess of \$500.

Income Taxes

UWGMC is a nonprofit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision for income taxes has been recorded in the statements of activities and changes in net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at June 30, 2007 and 2006 and the reported amounts of revenues and expenses during the years then ended. Accordingly, actual results could differ from these estimates. The allowance for uncollectible pledges receivable is an estimate based upon historical analysis of UWGMC experience with the collections of pledges. However, it is reasonably possible the actual uncollectible pledges will differ from the estimate in the near term.

United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006

3. Pledges Receivable

Pledges receivable are the amounts due from individual and corporate contributions in the New York, New Jersey and Connecticut area as a result of the annual campaign. Campaign pledge contributions are generally paid within one year. UWGMC provides an allowance for uncollectible pledges based on historical collection experience at the time campaign results are recorded.

Details of pledges receivable are as follows:

	2007	Restated 2006
Corporate and individual pledges receivable	\$ 2,761,486	\$ 2,974,254
Unrestricted United Way of Tri-State pledges	908,910	321,578
Less: Allowance for uncollectible pledges	<u>(563,216)</u>	<u>(593,415)</u>
	<u>\$ 3,107,180</u>	<u>\$ 2,702,417</u>

To the extent that corporate and individual pledges receivable have been designated by the donor for a specific agency, a corresponding liability for designations payable has been recorded. At June 30, 2007 and 2006, these designations, net of allowance for uncollectible pledges totaled \$1,796,068 and \$1,837,798, respectively.

4. Bequest Receivable

During the year ended June 30, 2006, UWGMC received a bequest from an estate and is to receive funds as follows:

	2007	Restated 2006
Receivable in less than one year	\$ 24,647	\$ 24,647
Receivable in one to five years	98,587	98,587
Receivable in more than five years	<u>197,173</u>	<u>221,820</u>
Total bequest receivable	320,407	345,054
Less discount to net present value	<u>(91,643)</u>	<u>(103,990)</u>
	228,764	241,064
Receivable in less than one year	<u>24,647</u>	<u>24,647</u>
Long-term receivable	<u>\$ 204,117</u>	<u>\$ 216,417</u>

In addition to the unit trusts there were two charitable annuity trusts formed as a result of the estate agreement. UWGMC is a named beneficiary of these trusts. The actual amount of the bequest is contingent on factors which can vary significantly over a long period of time and as a result the receivables for these trust have not been reflected in these financial statements. In addition, the net present value of these trusts as of June 30, 2007 and 2006, are \$29,000 and \$27,619, respectively.

5. Investments

Investments are presented at fair value. Unrealized gains and losses are included in the statements of activities and changes in net assets. Investment income is credited to unrestricted net assets unless otherwise restricted by the contributor.

United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006

At June 30, investments consisted of the following:

	2007		Restated 2006	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of deposit	\$ 1,213,773	\$ 1,195,903	\$ 1,442,300	\$ 1,391,513
U.S. mortgage pools and asset backed securities	215,931	207,981	176,838	129,855
Mutual funds	545,407	603,888	410,038	458,305
Government bonds	35,928	34,737	135,779	139,689
	<u>\$ 2,011,039</u>	<u>\$ 2,042,509</u>	<u>\$ 2,164,955</u>	<u>\$ 2,119,362</u>

The annual return on investments exclusive of unrealized gains (losses) of \$77,063 and \$(28,952) based on market value, was approximately 4 percent and 3.5 percent for the years ended June 30, 2007 and 2006, respectively.

6. Beneficial Interest in Assets Held by a Foundation

In 1997, UWGMC established a Designated Fund with the Princeton Area Community Foundation (the "Foundation") through a transfer of unrestricted funds. Under the Fund Agreement, the Board of Trustees of the Foundation has full authority and discretion as to the investment of the assets of the Fund. Gifts may be made at any time by UWGMC and both the principal and the net income are available for the charitable purposes of UWGMC. The fair market value of the fund at June 30, 2007 and 2006 was \$138,632 and \$118,504, respectively.

7. Property and Equipment

Property and equipment, shown net of accumulated depreciation at June 30, consisted of the following:

	2007	Restated 2006
Leasehold improvements	\$ 4,900	\$ 4,900
Furniture and equipment	277,670	274,194
Less: Accumulated depreciation	<u>(241,107)</u>	<u>(224,801)</u>
	<u>\$ 41,463</u>	<u>\$ 54,293</u>

Depreciation expense amounted to \$16,306 and \$23,019 for the years ended June 30, 2007 and 2006, respectively.

8. Retirement Plans and Other Retirement Benefits

UWGMC sponsors a defined contribution pension plan (the "Plan") which covers all eligible employees over the age of twenty-one who have completed one year of service. The expense for the plan years ended June 30, 2007 and 2006 was \$101,519 and \$91,953, respectively. It is UWGMC's policy to fund the Plan monthly.

UWGMC provides non-contributory health care and life insurance benefits to certain retired employees. UWGMC's policy is to recognize the expense as incurred when the premiums come due. During the years ended June 30, 2007 and 2006, \$20,700 and \$19,205, respectively, have been paid to provide benefits for four retired employees. These benefits apply only to former employees of Delaware Valley United Way and United Way-Princeton Area Communities who retired and were qualified under grandfather provisions of the former organizations. Current UWGMC employees have no provision for future health or life insurance benefits.

**United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006**

9. United Way of America's-Regional Office

UWGMC is one of 30 United Ways that participate in the annual campaign of the United Way of America's-Regional Office ("UWA-RO") in New York City (formerly United Way of Tri-State), an organization responsible for managing the campaign for corporations that elect to be part of the regional campaign. At its June 2007 meeting, the UWGMC Board of Trustees approved the "United Way Regional Partnership Agreement for the Tri-State Area". This approval is required annually for UWGMC to continue participation in the regional campaign and distribution process. Contributions from these corporations and their employees are accounted for by UWA-RO, who in turn distributes the collected pledges among the participating United Ways according to a formula, which includes factors such as need and where the funds are raised. A significant portion of the UWGMC's campaign revenue is generated from employees of corporations that participate in the UWA-RO Campaign. A major change in the distribution factors or in the participation of large corporations could have a material impact on UWGMC's operations.

Following is a summary of the UWA-RO distributions:

	2007	Restated 2006
UWA-RO distribution share – unrestricted funds, net of processing costs and estimated pledge losses	\$ 664,517	\$ 511,490
Pledges designated by donors to United Way or a funded agency through another UWA-RO participant, net of processing costs and pledge losses	<u>1,143,054</u>	<u>1,104,375</u>
Total UWA-RO distribution	<u>\$ 1,807,571</u>	<u>\$ 1,615,865</u>

Total campaign revenue at June 30, 2007 and 2006 has been reduced by \$3,316,382 and \$3,575,533, respectively, which represents the UWA-RO Campaign revenue raised by UWGMC in excess of what United Way of UWA-RO distributes to UWGMC.

10. UWGMC Entered Into or Continued Contracts as Follows

State of New Jersey Division of Youth and Family Services

UWGMC operated two grants totaling \$29,430 for the fiscal year ended June 30, 2007. The first grant in the amount of \$19,620 was to provide Emergency Assistance to Mercer County families for rent, mortgage, security deposits, and utility payments. The second grant in the amount of \$9,810 was to provide rent, mortgage, security, and utility assistance to DYFS families.

Mercer County Human Services Advisory Council Social Services to the Homeless Funds

UWGMC provided grant management for the period July 1 through December 31, 2006 in the amount of \$215,684. The purpose of the grant is to provide emergency assistance for rent and mortgage, security deposits, and utilities. The assistance is provided to Mercer County families and individuals who qualify for short term, non-recurring assistance.

County of Mercer Child Care Voucher Program Grant

UWGMC was selected to manage a grant for the calendar year 2007 in the amount of \$95,000. The purpose of the grant is to administer child care vouchers for eligible Mercer County residents who do not qualify for child care assistance through any of the programs operated by the Child Care Connection or for a slot in a center subsidized by state funds. The funding is for children ages 0-12 who are enrolled in all-day care, before and/or after school care, and/or summer camp.

United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006

At June 30, 2007 and 2006 contract revenues from grants are as follows:

	2007	Restated 2006
Community Public Partnership Grant-Mercer County Board of Social Services	\$ --	\$ 152,530
New Jersey Department of Youth and Family Services	29,378	39,240
Social Service/Homeless Grant- Mercer County Board of Social Services	212,943	324,720
Mercer County Child Care Voucher Program	48,719	74,252
Other Grants	44,305	15,594
Total	<u>\$ 335,345</u>	<u>\$606,336</u>

11. Commitments

UWGMC rents office facilities under a non-cancelable operating lease agreement through March 2008. Minimum lease payments under the lease are as follows:

Year ending June 30,

2008	\$ 86,310
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UWGMC's rent and occupancy expense for office space under its lease amounted to \$176,952 and \$192,889 for the years ended June 30, 2007 and 2006, respectively.

12. Administrative Cost Ratio

UWGMC calculates the administrative cost ratio, per the United Way of America's Functional Expense and Overhead Reporting Standards for United Ways, as follows:

	2007	Restated 2006
Support services		
Form 990 Line 14, management and general expenses	\$ 558,755	\$ 551,706
Form 990 Line 15, fundraising expenses	656,421	642,714
Form 990 Line 16, payments to affiliates	99,672	80,165
Total support services	<u>\$ 1,314,848</u>	<u>\$ 1,274,585</u>
Total revenue and support from Form 990 Line 12	<u>\$ 10,407,718</u>	<u>\$ 10,593,222</u>
Administrative cost ratio	<u>12.63%</u>	<u>12.03%</u>

United Way of Greater Mercer County
Notes to Financial Statements
June 30, 2007 and 2006

13. Net Assets

Components of net assets at June 30, were as follows:

	2007	Restated 2006
Unrestricted, available for		
General operations	\$ 1,405,864	\$ 998,589
Investment in property and equipment	41,463	54,293
Board appropriated reserves		
Agency Core Service grants	994,131	929,498
Community public partnership activities	24,815	24,815
Priority responsive fund	16,889	16,430
Community initiative fund	49,094	36,122
Latino vision council	19,120	19,470
Endowment contributions	138,632	118,504
Other estates and trusts contributions	806,630	714,051
	<u>2,049,311</u>	<u>1,858,890</u>
Total unrestricted net assets	<u>\$ 3,496,638</u>	<u>\$ 2,911,772</u>
Temporarily restricted		
Restricted by donor for programmatic use in subsequent years		
Employees' charitable campaign costs	\$ 87,577	\$ 68,851
Bequest receivable for use in subsequent years	204,117	216,417
Campaign pledges for use in subsequent year	284,472	309,718
	<u>\$ 576,166</u>	<u>\$ 594,986</u>
Permanently restricted – donor endowed principal	<u>\$ 26,022</u>	<u>\$ 26,022</u>

14. Concentrations of Credit Risk

UWGMC's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, receivables and investments. UWGMC's financial instruments are placed with a wide array of institutions that have high credit ratings. Cash equivalents and investments are in certificates of deposit, treasury bills, money market funds and high quality equities. This investment policy limits UWGMC's exposure to concentrations of credit risk. UWGMC frequently has cash in excess of FDIC limitations. UWGMC has a long-standing history of collecting its pledges receivable, which are from campaign pledges from numerous donors over the tri-state area. An allowance for uncollectibles has been established for amounts whose collection is questionable. In addition, UWGMC has numerous grant receivables from State, County and other sources for which they have a long standing history of collecting the grants receivable.

15. Prior Period Adjustment

During the year ended June 30, 2007, an error in the calculation of the net present value for the bequest receivable at June 30, 2006 (see footnote 4) was discovered. As a result, the bequest receivable and revenue were understated by \$137,075. The adjustment related to this correction of an error resulted in an increase in net assets at June 30, 2006 of \$137,075.



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New York and Pennsylvania

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Trustees,
United Way of Greater Mercer County:

We have audited the financial statements of United Way of Greater Mercer County as of and for the year ended June 30, 2007, and have issued our report thereon dated September 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered United Way of Greater Mercer County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way of Greater Mercer County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of United Way of Greater Mercer County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects United Way of Greater Mercer County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the United Way of Greater Mercer County's financial statements that is more than inconsequential will not be prevented or detected by the United Way of Greater Mercer County's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way of Greater Mercer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, management, Federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC". The signature is written in a cursive, flowing style.

September 12, 2007

SUPPLEMENTARY INFORMATION

**United Way of Greater Mercer County
Schedule of Grants to Agencies
Years Ended June 30, 2007 and 2006**

Core service grants were authorized by the Board of Trustees and paid to participating United Way agencies. These grants were distributed or are payable as follows:

	2007	2006
Core service grants		
American Red Cross of Central New Jersey	\$ 65,000	\$ 65,000
The ARC/ Mercer, Inc.	50,000	50,000
Assoc. for Advancement of Mental Health	57,000	57,000
Better Beginnings Day Care Center	65,000	65,000
Big Brothers/Big Sisters of Mercer County, Inc.	11,500	11,500
Boy and Girls Club of Trenton/Mercer County	45,000	45,000
Cancer Care, Inc.	10,000	10,000
Carolyn Stokes Day Nursery	15,000	15,000
Catholic Charities Diocese of Trenton	153,500	153,500
Catholic Youth Organization of Mercer County	25,000	25,000
Central New Jersey Legal Services, Inc.	8,000	8,000
The Child Care Connection	12,000	12,000
Children's Home Society of New Jersey, Inc.	10,000	10,000
Community Action Service Center, Inc.	25,000	25,000
CONTACT of Mercer County, Inc.	15,000	15,000
Court Appointed Special Advocates of Mercer County	25,000	25,000
Crawford House, Inc.	15,000	15,000
Crisis Ministry of Princeton and Trenton	8,000	8,000
Enable, Inc.	18,000	15,511
Family and Children's Services of Central NJ	8,000	8,000
Family Guidance Corporation	160,000	160,000
Freedom House, Inc.	21,000	21,000
Greater Trenton Comm. Mental Health Center, Inc.	62,000	62,000
Homefront	36,000	36,000
Interfaith Caregivers of Greater Trenton, Inc.	14,500	14,500
Interfaith Hospitality Network of Mercer Co.	(667)	4,669
Jewish Family & Children's Service of Greater Mercer County	43,000	43,000
John O. Wilson Hamilton Neighborhood Service Center	30,000	30,000
LifeTies, Inc.	10,000	10,000
Maryville, Inc.	7,000	7,000
Mercer County Hispanic Association - MECHA	15,000	15,000
Mercer Street Friends	76,000	73,500
Mill Hill Child & Family Development Corporation	20,000	20,000
Mobile Meals of Trenton	25,000	25,000
Mount Carmel Guild of Trenton, Inc.	50,000	50,000
New Grange School of Princeton	--	(3,253)
Planned Parenthood Assn. of Mercer Area	9,000	9,000
Prevention Education, Inc.	24,000	24,000
Prince of Peace Lutheran Church	19,000	19,000
Princeton Nursery School, Inc.	50,000	50,000
Princeton Senior Resource Center	10,000	10,000
Princeton Young Achievers	20,000	20,000
Rescue Mission of Trenton	24,956	25,000
Signs of Sobriety, Inc.	5,000	5,000
St. Francis Medical Center	15,000	15,000

**United Way of Greater Mercer County
Schedule of Grants to Agencies
Years Ended June 30, 2007 and 2006**

	2007	2006
Core service grants		
Trent Center East	\$ 20,000	\$ 20,000
Trenton Area YMCA	25,000	22,000
Union Industrial Home Assn. for the Destitute Children of Trenton	-- 12,000	-- 12,000
United Progress, Inc.	--	10,000
Urban Woman's Center (NJSFCWC), Inc.	--	9,500
Womanspace, Inc.	78,000	78,000
YWCA - Princeton	30,000	30,000
YWCA - Trenton	35,000	35,000
	<u>1,586,789</u>	<u>1,600,427</u>
Hands on Helpers Grant	20,000	20,000
In-kind gifts	130,311	187,965
Community initiatives grants		
American Red Cross	3,000	--
First Book Program	1,000	--
Greater Mercer Ride Provide	753	--
Mercer Alliance to End Homelessness	8,750	--
Hurricane relief distribution	--	6,710
Community needs assessment expenses	--	1,572
Priority responsive grants		
Catholic Charities Disaster Services	--	5,000
Hands on Helpers	--	3,000
Holiday Drive expenditures	13,538	10,305
Military emergency assistance	2,335	--
Princeton Nursery School	5,000	2,000
Medicool 2005 Summer Cooling Program	--	--
	--	6,659
Emergency and special grants		
Disaster Relief Assistance-Trenton Flooding	7,199	--
Medicool 2006 Summer Cooling Program	2,900	9,114
Mercer Alliance to End Homelessness	500	--
Mercer County Baby Bundle Program	--	75
Mercer County Hurricane Katrina Relief	--	970
United Way of America Hurricane Katrina Relief	--	25,000
United Way of Florida Hurricane Relief	--	5,000
	<u>1,782,075</u>	<u>1,883,797</u>
Total	\$ 1,782,075	\$ 1,883,797

**United Way of Greater Mercer County
Additional Pledges Not Collected by UWGMC
Years Ended June 30, 2007 and 2006 (Unaudited)**

In addition to pledges collected by UWGMC, additional resources are generated through UWGMC but are not included in the accompanying financial statements. These resources include funds distributed directly to participating agencies as well as grant funds for which UWGMC administers and provides bookkeeping services. For the years ended June 30, 2007 and 2006, additional amounts of \$212,965 and \$198,774, respectively were generated by UWGMC activity. A summary of these resources is as follows:

Emergency Food and Shelter Program provides funds to Mercer County, New Jersey resulting from UWGMC's management of that program. For the years ended June 30, 2007 and 2006, funds paid directly to participating agencies totaled \$172,936 and \$142,284, respectively.

UWGMC manages the county participation in the Gifts-in-Kind International Program. During the years ended June 30, 2007 and 2006, \$40,029 and \$56,490, respectively has been received in equipment and supplies throughout Mercer County as a result of this program.

This information is not covered by the Independent Auditors' Report.