

**UNITED WAY OF
MID COAST MAINE, INC.**

FINANCIAL REPORT

June 30, 2018 and 2017

**UNITED WAY OF
MID COAST MAINE, INC.**

TABLE OF CONTENTS

June 30, 2018 and 2017

	Page No.
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Schedules of Partner Agency Funding	19



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Mid Coast Maine, Inc.
Bath, Maine

We have audited the accompanying financial statements of United Way of Mid Coast Maine, Inc. (a Maine nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Mid Coast Maine, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of partner agency funding on pages 18 and 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 to 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 as a whole.

Nicholson, Michael & Company

Waterville, Maine
October 17, 2018

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2018	2017
Current Assets		
Cash	\$ 563,451	\$ 733,100
Certificates of deposit	972,740	986,206
Pledges receivable, net	633,968	624,819
Other receivable	-	8,776
Prepaid expenses	3,019	-
Security deposit	4,838	4,838
Total Current Assets	<u>2,178,016</u>	<u>2,357,739</u>
Property, Plant and Equipment		
Equipment and fixtures	75,614	73,631
Leasehold improvements	5,419	5,419
Software	57,236	57,236
Total property, plant and equipment	<u>138,269</u>	<u>136,286</u>
Less: Accumulated depreciation	(134,146)	(127,420)
Net Property, Plant and Equipment	<u>4,123</u>	<u>8,866</u>
Other Assets		
Interest in assets held by the Maine Community Foundation	394,757	382,203
Total Other Assets	<u>394,757</u>	<u>382,203</u>
Total Assets	<u>\$ 2,576,896</u>	<u>\$ 2,748,808</u>

LIABILITIES and NET ASSETS

Current Liabilities		
Accounts payable - trade	\$ 4,962	\$ 6,284
Partner agency allocations payable	415,880	447,400
Designations payable	209,297	242,021
Accrued vacation	20,980	18,272
Deferred grant revenue	-	33,783
Total Current Liabilities	<u>651,119</u>	<u>747,760</u>
Net Assets		
Unrestricted - board designated	1,019,708	1,006,267
Unrestricted - undesignated	288,690	352,094
Temporarily restricted	615,980	641,288
Permanently restricted	1,400	1,400
Total Net Assets	<u>1,925,777</u>	<u>2,001,048</u>
Total Liabilities and Net Assets	<u>\$ 2,576,896</u>	<u>\$ 2,748,808</u>

See independent auditor's report.

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

UNITED WAY OF MID COAST MAINE, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support				
Campaign:				
Gross campaign results	\$ 720,166	\$ 923,943	\$ -	\$ 1,644,109
Less donor designations	(262,363)	-	-	(262,363)
Less provision for uncollectible pledges	(45,312)	(45,311)	-	(90,623)
Net campaign results	<u>412,491</u>	<u>878,632</u>	<u>-</u>	<u>1,291,123</u>
Other gains and support:				
Interest income	11,675	2,366	-	14,041
Increase in interest in assets held by the Maine Community Foundation	27,034	-	-	27,034
Non-campaign contributions and grants	14,669	78,278	-	92,947
Designations from other United Ways	215,160	-	-	215,160
Service fees	43,153	-	-	43,153
Net assets released from restrictions	984,584	(984,584)	-	-
Total other gains and support	<u>1,296,275</u>	<u>(903,940)</u>	<u>-</u>	<u>392,335</u>
Total Revenues, Gains, and Other Support	<u>1,708,766</u>	<u>(25,308)</u>	<u>-</u>	<u>1,683,458</u>
Distributions and Functional Expenses				
Gross funds awarded/distributed	1,239,432	-	-	1,239,432
Less donor designations	(262,363)	-	-	(262,363)
Net funds awarded/distributed	<u>977,069</u>	<u>-</u>	<u>-</u>	<u>977,069</u>
Agency and community service	470,944	-	-	470,944
Management and general	78,909	-	-	78,909
Fundraising	211,493	-	-	211,493
United Way Worldwide dues	20,314	-	-	20,314
Total Distributions and Functional Expenses	<u>1,758,729</u>	<u>-</u>	<u>-</u>	<u>1,758,729</u>
Total Changes in Net Assets	<u>(49,963)</u>	<u>(25,308)</u>	<u>-</u>	<u>(75,271)</u>
Net Assets at Beginning of Year	<u>1,358,361</u>	<u>641,288</u>	<u>1,400</u>	<u>2,001,048</u>
Net Assets at End of Year	<u>\$ 1,308,398</u>	<u>\$ 615,980</u>	<u>\$ 1,400</u>	<u>\$ 1,925,777</u>

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF MID COAST MAINE, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support				
Campaign:				
Gross campaign results	\$ 690,031	\$ 925,194	\$ -	\$ 1,615,225
Less donor designations	(291,485)	-	-	(291,485)
Less provision for uncollectible pledges	(20,610)	(20,610)	-	(41,219)
Net campaign results	<u>377,937</u>	<u>904,585</u>	<u>-</u>	<u>1,282,521</u>
Other gains and support:				
Interest income	7,072	601	-	7,673
Decrease in interest in assets held by the Maine Community Foundation	42,952	-	-	42,952
Non-campaign contributions and grants	148,114	-	-	148,114
Designations from other United Ways	246,161	-	-	246,161
Service fees	46,797	-	-	46,797
Net assets released from restrictions	851,379	(851,379)	-	-
Total other gains and support	<u>1,342,475</u>	<u>(850,778)</u>	<u>-</u>	<u>491,697</u>
Total Revenues, Gains, and Other Support	<u>1,720,412</u>	<u>53,807</u>	<u>-</u>	<u>1,774,218</u>
Distributions and Functional Expenses				
Gross funds awarded/distributed	1,313,396	-	-	1,313,396
Less donor designations	(291,485)	-	-	(291,485)
Net funds awarded/distributed	1,021,911	-	-	1,021,911
Agency and community service	473,854	-	-	473,854
Management and general	84,740	-	-	84,740
Fundraising	207,881	-	-	207,881
United Way Worldwide dues	21,377	-	-	21,377
Total Distributions and Functional Expenses	<u>1,809,763</u>	<u>-</u>	<u>-</u>	<u>1,809,763</u>
Total Changes in Net Assets	<u>(89,352)</u>	<u>53,807</u>	<u>-</u>	<u>(35,545)</u>
Net Assets at Beginning of Year	<u>1,447,712</u>	<u>587,481</u>	<u>1,400</u>	<u>2,036,593</u>
Net Assets at End of Year	<u>\$ 1,358,361</u>	<u>\$ 641,288</u>	<u>\$ 1,400</u>	<u>\$ 2,001,048</u>

See independent auditor's report.

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

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Agency and Community Service	Management and General	Fund Raising	Total
Salaries	\$ 298,289	\$ 51,207	\$ 109,763	\$ 459,259
Employee benefits	62,477	10,725	22,989	96,191
Payroll taxes	23,391	4,016	8,608	36,015
Professional fees	22,589	3,375	9,333	35,297
Office expense	8,079	1,207	3,338	12,624
Telephone	2,548	380	1,052	3,980
Postage and shipping	2,690	402	1,110	4,202
Occupancy	24,921	3,722	10,295	38,938
Insurance	3,086	461	1,275	4,822
Maintenance - equipment	4,312	644	1,783	6,739
Publications and software	445	66	184	695
Marketing	5,016	749	2,072	7,837
Travel	3,040	454	1,256	4,750
Conferences and meetings	733	109	302	1,144
Dues	3,132	468	1,293	4,893
Miscellaneous	1,891	281	783	2,955
Campaign materials	-	-	11,899	11,899
Contracted Services	-	-	22,380	22,380
Depreciation	4,305	643	1,778	6,726
	<u>\$ 470,944</u>	<u>\$ 78,909</u>	<u>\$ 211,493</u>	<u>\$ 761,346</u>

**See independent auditor's report.
The accompanying notes are an integral part of these financial statements.**

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2017

	Agency and Community Service	Management and General	Fund Raising	Total
Salaries	\$ 301,594	\$ 55,504	\$ 105,824	\$ 462,922
Employee benefits	63,952	11,770	22,440	98,162
Payroll taxes	23,298	4,288	8,175	35,761
Professional fees	11,986	1,858	4,571	18,415
Office expense	9,230	1,431	3,519	14,180
Telephone	2,443	379	932	3,754
Postage and shipping	2,785	432	1,061	4,278
Occupancy	25,014	3,878	9,538	38,430
Insurance	3,243	503	1,237	4,983
Maintenance - equipment	4,802	744	1,832	7,378
Publications and software	1,664	258	634	2,556
Marketing	7,258	1,125	2,767	11,150
Travel	3,657	567	1,394	5,618
Conferences and meetings	2,725	422	1,039	4,186
Dues	2,649	411	1,009	4,069
Miscellaneous	1,467	226	561	2,254
Campaign materials	-	-	16,756	16,756
Contracted Services	-	-	22,271	22,271
Depreciation	6,087	944	2,321	9,352
	<u>\$ 473,854</u>	<u>\$ 84,740</u>	<u>\$ 207,881</u>	<u>\$ 766,475</u>

See independent auditor's report.

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

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30,

	2018	2017
Cash flows from operating activities:		
Changes in net assets	\$ (75,271)	\$ (35,545)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	6,726	9,352
Provision for uncollectible pledges	90,623	41,219
(Increase) decrease in assets held by the Maine Community Foundation	(27,034)	(42,952)
Decrease in operating assets:		
Pledges receivable	(99,772)	(17,898)
Other receivable	8,776	(8,776)
Prepaid expenses	(3,019)	2,419
Increase (decrease) in operating liabilities:		
Partner agency allocations and designations payable	(64,244)	31,042
Accounts payable	(1,322)	963
Accrued vacation	2,708	1,720
Deferred revenue	(33,783)	(70,250)
Net cash flows from operating activities	<u>(195,612)</u>	<u>(88,706)</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,983)	-
Change in certificates of deposit	13,466	(3,972)
Distribution from Maine Community Foundations	14,480	14,370
Net cash flows from investing activities	<u>25,963</u>	<u>10,398</u>
Net change in cash and cash equivalents	(169,649)	(78,308)
Cash at beginning of year	<u>733,100</u>	<u>811,408</u>
Cash end of year	<u>\$ 563,451</u>	<u>\$ 733,100</u>

**See independent auditor's report.
The accompanying notes are an integral part of these financial statements.**

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

United Way of Mid Coast Maine, Inc. (United Way), a Maine nonprofit corporation, was established in 1954 and its mission is to improve lives by mobilizing the caring power of communities. The governance and leadership of the Organization's affairs reside in a volunteer board of directors.

United Way works to improve lives in the priority areas of education, to help people reach their potential; financial stability, to help people meet their basic needs with dignity and move towards greater economic security; and good health, to help people experience safety and wellness in their community. United Way engages and mobilizes people and partners in the Mid Coast area to give, advocate, and volunteer.

The Organization solicits and receives contributions for its initiative work to achieve the greatest possible community impact, and for partner agency programs that are effective in changing people's lives in education, financial stability, and health.

Basis of Presentation

The financial statements have been prepared using the accrual method of accounting in accordance with professional standards. Under the standards, United Way is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor imposed stipulations that may or will be met either by actions of United Way and/or the passage of time.

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

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Cash

For purposes of the statements of cash flows, United Way considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash.

Certificates of Deposit

Certificates of deposit are comprised of those with original and remaining maturities greater than three months.

Pledges Receivable

United Way serves and conducts its annual campaign in the Mid Coast Maine region which includes Lincoln and Sagadahoc Counties and the communities of Brunswick and Harpswell. The ability and willingness of individuals and corporations to honor their pledges is generally dependent on current economic conditions with the geographic area.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pledges Receivable – Continued

An allowance for uncollectible pledges receivable is provided when it is believed that receivable balances may not be collected in full. It is United Way's policy to write off receivables against the allowance when management determines the receivable will not be collected. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience, and individual analysis of receivable balances, and current economic conditions.

All pledges are due in one year therefore no pledge amounts have been discounted to the present value of their estimated future cash flows.

Property, Plant and Equipment

Property, plant and equipment are stated at cost at the date of acquisition, or fair value at date of donation in the case of gifts, less accumulated depreciation. Depreciation is calculated using the straight-line method over estimated useful lives of 5 to 20 years.

Partner Agency Allocations Payable

Approved partner agencies receive funding based on a June year end, and the amount committed for the next 6 months is reflected as an allocation payable in the statements of financial position.

Designations Payable

The financial statements have excluded amounts that were raised for organizations specifically designated by the donors from campaign revenue and program service expenses. Amounts not yet distributed are reflected as designations payable in the statements of financial position.

Interest in Assets Held by the Maine Community Foundation

United Way is an income beneficiary of assets held by the Maine Community Foundation (MCF) as a result of making nonreciprocal transfers of assets to MCF and specifying itself as the beneficiary. United Way receives distributions from these assets each year. MCF has variance power over these assets. Therefore, the Board of Trustees of MCF (Board) has the power to modify, consistent with State law including seeking the approval of the appropriate court or Attorney General, any restriction or condition on the distribution of funds to United Way if, in the sole judgement of the Board (without the necessity of the approval or any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

United Way accounts for its rights to the assets held by MCF in accordance with applicable standards. Under the standards, United Way recognizes its irrevocable rights to the cash flows as an asset and as contribution revenue. Contributions are recognized at fair value and classified as an increase in unrestricted net assets. On an annual basis, United Way must remeasure its interest in the assets held by MCF using the same valuation technique that was used to initially measure that interest, classifying the change as either a gain or loss in unrestricted net assets.

Annual Campaigns

Annual United Way campaigns are conducted in the fall of each year. Undesignated campaign contributions are used to support various local health and human service programs of partner agencies; to support other community programs and initiatives; to make grants in support of education, financial stability, and health and safety; and to pay United Way's operating expenses. Donors may choose to designate their pledges to a partner agency, a non-partner agency that provides health and human services with the State of Maine, or another out-of-area-United Way.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Annual Campaigns – Continued

Annual fall campaigns are reduced by pledges that are designated to other organizations, and by a provision for uncollectible pledges. The resulting net pledges are reflected as either unrestricted or temporarily restricted. It has been United Way's policy to report approximately one half of campaign results as temporarily restricted support in the current year's statement of activities with any remaining balance being included in temporarily restricted net assets at year-end.

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period received and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. 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 statement of activities as net assets released from restriction.

United Way also follows this reporting practice for donor-restricted gifts whose restrictions are met in the same reporting period.

Grants are either recorded as exchange transactions or contributions based on criteria contained in the grant award.

Support received by United Way under grants that qualify as exchange transactions and are recognized as revenues when the terms of the agreement have been met (generally when related expenditures have been incurred). Amounts received but unearned are included in the statement of financial position as deferred revenue.

Support received by United Way under grants that qualify as contributions are recognized as revenues in the period received and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donated Services and Materials

A substantial number of volunteers have donated significant amounts of their time to United Way's program services and its fund-raising campaigns. The fair value of these services is not recognized in the statements of activities since they do not meet the criteria for recognition under financial accounting standards. Donated materials and equipment are recorded at fair market value on the date of receipt.

Income Taxes

The Organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for income taxes.

Management evaluated United Way's tax positions and concluded that United Way had taken no uncertain tax positions that required adjustment to the financial statements. United Way does not expect that unrecognized tax benefits or liabilities arising from tax positions will change significantly within the next twelve months.

Functional Expenses

Expenses have been allocated to both program and support services based on time studies, space utilization, and specific identification of certain expenses.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, United Way uses various methods including market, income and cost approaches. Based on these approaches, United Way often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. United Way utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Valuation for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques. Level 3 valuations incorporate the entity's own assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, United Way performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Interest in Assets Held by the Maine Community Foundation

The fair value of the interest in assets held by the Maine Community Foundation (MCF) is based on annual and semi-annual valuations, fund statements, and statements of activities provided to United Way. Therefore, this interest will be classified as Level 3. See Note 4 for summarized activity.

Recent Financial Accounting Pronouncements

Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions of this update include:

- eliminating the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements and requiring enhanced disclosure in the notes to the financial statements to provide information about the nature, amounts, and effects of the various types of donor-imposed restrictions;
- disclosing qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date;
- disclosing amounts of expenses by both their natural classification and their functional classification;
- disclosing the method used to allocate costs among program and support functions.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements – Continued

The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Adoption of this ASU will significantly impact the presentation and disclosures of the financial statements. United Way will adopt this ASU for the fiscal year ended June 30, 2019.

Leases

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). Under this ASU, a lessee should recognize in the statement of financial position a lease liability and lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

Revenue Recognition

In May 2014, the FASB issues ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for fiscal periods beginning after December 15, 2018. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

NOTE 2 – CASH

United Way maintains its cash and certificates of deposit balances in several financial institutions located in Maine. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times throughout the year, United Way's cash and certificates of deposit balances may exceed FDIC insurance. United Way has not experienced any losses in such accounts and management believes it is not exposed to any significant risk.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable, less allowance for uncollectible pledges, by campaign year are summarized as follows as of June 30:

	2018	2017
Pledges receivable	\$763,968	\$734,819
Less: allowance for uncollectible pledges	<u>(130,000)</u>	<u>(110,000)</u>
Pledges receivable, net	<u>\$633,968</u>	<u>\$624,819</u>

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 4 – INTEREST IN ASSETS HELD BY THE MAINE COMMUNITY FOUNDATION

The following schedule summarizes the market value of the interest in assets held by the Maine Community Foundation as of June 30:

	2018	2017
Beginning balance	\$382,203	\$353,621
Interest and dividend income	2,897	2,934
Gains (losses)	29,702	44,218
Fees	(5,565)	(4,200)
Distribution to United Way	(14,480)	<u>(14,370)</u>
Ending balance	<u>\$394,757</u>	<u>\$382,203</u>

The following schedule summarizes the net increase (decrease) in assets held by the Maine Community Foundation as reflected in the statements of activities for the years ended June 30:

	2018	2017
Interest and dividend income	\$2,897	\$2,934
Gains (losses)	29,702	44,218
Fees	(5,565)	<u>(4,200)</u>
Net increase (decrease)	<u>\$27,034</u>	<u>\$42,952</u>

NOTE 5 – PARTNER AGENCY ALLOCATIONS PAYABLE

Funding to partner agencies is approved annually by the Board of Directors. During the year ended June 30, 2018, the Board of Directors approved a total amount of \$831,760 in partner agency funding to be distributed between July 1, 2017 and June 30, 2018. The first two quarterly payments are paid from the fall 2017 campaign and are recorded as a liability on the accompanying financial statements. The last two quarterly payments are paid from and contingent upon the fall 2018 campaign and local economic conditions.

During the year ended June 30, 2017, the Board of Directors approved a total amount of \$894,800 in partner agency funding to be distributed between July 1, 2017 and June 30, 2018. The first two quarterly payments are paid from the fall 2016 campaign and are recorded as a liability on the accompanying financial statements. The last two quarterly payments are paid from and contingent upon the fall 2017 campaign and local economic conditions.

See Note 8 for additional disclosures related to partner agency funding and other community impact distributions.

NOTE 6 – BOARD DESIGNATED NET ASSETS

Board designated net assets consisted of the following as of June 30:

	2018	2017
Endowment	\$280,422	\$271,509
Stabilization reserve	344,197	341,279
Operating reserve	341,618	340,008
Home visiting initiative	17,300	17,300
Harbor Children’s Center	<u>36,171</u>	<u>36,171</u>
Total	<u>\$1,019,708</u>	<u>\$982,984</u>

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of June 30:

	2018	2017
Campaign	\$317,532	\$336,728
Provision of food and shelter	286,925	304,560
CA\$H Coalition	9,118	-
Diaper Project	2,405	-
Total	<u>\$615,980</u>	<u>\$641,288</u>

NOTE 8 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND ACTIVITIES

Partner Agency

Partner agency funding was approved for programs in four areas as follows for the years ended June 30:

	2018	2017
Success by 6: Early Childhood Council	\$205,860	\$219,000
Youth & Lifelong Learning Council	166,540	187,150
Basic Needs/Safety Net Council	247,370	263,150
Safe and Healthy Community Council	211,990	<u>225,500</u>
Total	<u>\$831,760</u>	<u>\$894,800</u>

Success By 6: Early Childhood Council: dedicated to ensuring that all Mid Coast children get the best possible start in life.

Youth & Lifelong Learning Council: dedicated to providing education and support for youth and people of any age, challenge or disability to reach their full potential.

Basic Needs/Safety Net Council: promotes financial stability and independence by supporting programs dedicated to meeting the basic needs of the community, offering food and shelter, and increasing independence.

Safe and Healthy Community Council: dedicated to everyone being safe from abuse and violence, having access to affordable and high-quality health care, and having support as they age.

Additional Community Impact Distributions

United Way has received \$12,027 in support of the Diaper Project which, to date, has collected and distributed 194,652 diapers to the Mid Coast community.

United Way also supported the statewide Keep Me Warm effort that raised funds which were distributed proportionally to each of the United Ways and Community Action Programs in the state. The Board of Directors approved the distribution of United Way of Mid Coast Maine’s share of \$3,593 to support fuel assistance at a number of programs in the region.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 8 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND ACTIVITIES – CONTINUED

Additional Community Impact Distributions – Continued

The Board of Directors approved becoming the Fiscal Agent for Midcoast CASH in December 2015. During the year ended June 30, 2018, United Way received the following funds for Midcoast CASH: Bath Savings Institution, \$2,000; Key Bank, \$1,000; First Federal Savings, \$500; Norway Savings Bank \$500; Camden National Bank, \$500; New Ventures Maine (University of Maine in Augusta) \$2,000; Midcoast Charitable Foundation \$1,600; New Ventures Maine (University of Maine System) \$5,000; Bowdoin College \$2,500; Davenport Trust, \$4,000 and \$7,275 VITA Grant funding. United Way has an MOU (established in 2016) with Goodwill Industries of Northern New England, to provide the program management of the Midcoast CASH program. During the year ended June 30, 2018, a payment of \$17,758 was made to Goodwill Industries of Northern New England from the funds received. The United Way of Mid Coast Maine Board of Directors approved \$665 of United Way funds in support of the program.

Other Community Impact Activities

United Way, in collaboration with Mid Coast Hospital, Mid Coast Medical Group and other key partners has developed the **Best Start** Initiative (referred to at times as the Home Visiting Initiative) to reach more families with parent support and education services, and to connect more families earlier, preferably during the prenatal period, with these services. The multi-year initiative aims to strengthen parent bonds early with their child, to strengthen parent skills and confidence, and to help reduce or prevent toxic stress during the child's early critical years. During the year ended June 30, 2018, \$18,000 was paid to Midcoast Maine Community Action to support the **Best Start** Specialist position (referred to in past years as the Resource Coordinator) for the period July – December 2017, and \$1,760 was paid to Hornby Zeller Associates for contracted evaluation services.

United Way received a contribution for *Success By 6* initiatives of \$2,000, from Comcast. This contribution helped with staff costs to coordinate this year's Community Read Aloud event and miscellaneous expenses.

United Way also used \$23,250 of reserves during the year ended June 30, 2018 to support one-time funding of special projects presented by several partner agencies. These projects are: \$10,000 to Tedford Housing to establish and supplemental security deposit fund; \$10,000 to Mid Coast Hunger Prevention Program to purchase and use a new refrigerated truck, increasing capacity to serve more clients; \$1,000 Mid Coast Community Alliance to support their Back-To-School initiative; \$250 to Boothbay Region Community Resources Set for Success event; and \$2,000 to Healthy Kids to upgrade their phone system to better respond to their client's needs. These amounts were included with gross funds awarded/distributed in the 2018 statement of activities.

United Way distributed \$2,000 to the Maine Association for the Education of Young Children (ME AEYC) to provide second-year support of the Maine Policy and Advocacy Project, also known as the Right from the Start Coalition, to develop and promote public policies in support of young children and their families.

Topsham Espresso Rotary donated \$3,000 from its Music at the Museum event to United Way to support pregnant women and families affected by the opioid crisis. United Way passed the full amount of \$3,000 to Mid Coast Hospital to support its Healthy Generations Program, a program of the Addiction Resource Center that provides services and support to pregnant women and their families affected by substance abuse issues.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 8 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND ACTIVITIES – CONTINUED

Other Community Impact Activities – Continued

United Way, in collaboration with all other nine United Ways in Maine and Ingraham (since merged to become The Opportunity Alliance) launched 2-1-1 Maine, Inc. in 2006, providing an efficient and cost-effective response to the growing complexities and needs in social, health, economic and human services. Through a 24-hour a day Call Center and statewide database accessible through the internet, 2-1-1 Maine makes confidential access to information, services and opportunities available free, anytime, anywhere for anyone in the State of Maine. During the year ended June 30, 2018, the Board of Directors approved and distributed \$36,896 to the 2-1-1 Maine Initiative.

United Way also received \$1,700 in a contract with 2-1-1 Maine to provide a Regional Resource Center for the Mid Coast region.

The focus of **Volunteer Administrators of Midcoast Maine** (VAMM) is to promote volunteer administration as a profession and to create opportunities for networking and professional development including training in best practices and issues relating to volunteer administration. VAMM consistently creates low cost, local opportunities for mid coast nonprofits to more effectively engage volunteers and thereby expand their ability to achieve their mission. VAMM hosts an annual Volunteer Administrators conference that provides educational presentations, workshops, and training. The 65 to 80 participants provide support for the conference with pass through ticket sales of \$935 through United Way.

United Way distributed \$1,636 in support of the statewide Volunteer Maine's volunteer matching software, Get Connected, which supports United Way of Mid Coast Maine's role as a community resource on volunteerism and gateway for volunteer involvement and engagement.

NOTE 9 – UNITED WAY WORLDWIDE

During the years ended June 30, 2018 and 2017, annual dues in the amount of \$20,314 and \$21,377, respectively, were paid to United Way Worldwide for support services, including use of branded materials, and volunteer and staff development. United Way complies with United Way Worldwide's membership certification standards.

NOTE 10 – RETIREMENT PLAN

United Way maintains a Tax Deferred Annuity (Section 403b) plan. The plan covers all employees who have satisfied a one year service requirement. United Way contributes 5% of each eligible employee's compensation and matches up to an additional 5% employee contribution. Total retirement plan contributions for the years ended June 30, 2018 and 2017 were \$35,520 and \$40,074, respectively.

NOTE 11 – LEASES

United Way leases its office space from Mid Coast Community Action Program. The lease expired August 1, 2016 at which time United Way exercised a two year renewal option. The lease has two additional two year renewal options. During the current renewal term, the annual rent is \$29,476 plus \$1,026 for an additional conference room which is leased for three months each year.

Rent expense for the years ended June 30, 2018 and 2017 was \$29,476 and \$29,438, respectively and is included in occupancy in the statements of functional expenses.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 12 - CONCENTRATIONS

During each of the years ended June 30, 2018 and 2017, United Way received campaign revenues of approximately 32% from one organization and its employees.

NOTE 13 - SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including October 17, 2018, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

UNITED WAY OF MID COAST MAINE, INC.

SCHEDULE OF PARTNER AGENCY FUNDING

Year Ended June 30, 2018

	From Community Fund	By Donor Choice	Total
Bath Area Family YMCA	\$ 46,210	\$ 3,846	\$ 50,056
Big Brother Big Sisters Bath Brunswick	30,740	4,656	35,396
Big Brother Big Sisters of Midcoast ME	26,320	726	27,046
Boothbay Region Community Resource Council	9,400	509	9,909
Boothbay Region District Nursing	4,700	-	4,700
Bruswick Area Respite Care	23,500	2,454	25,954
Catholic Charities of Maine	15,980	922	16,902
Central Lincoln County YMCA	10,340	1,017	11,357
Coast Kids Preschool	12,690	2,148	14,838
ElderCare Network of Lincoln County	-	211	211
Elmhurst, Inc.	12,220	807	13,027
Family Crisis Services	6,870	770	7,640
Family Focus	66,740	1,927	68,667
Gathering Place	8,460	10	8,470
Girl Scouts of Maine	8,460	801	9,261
Good Shepard Food Bank	3,340	8,529	11,869
Habitat for Humanity / 7 Rivers Maine	10,340	1,719	12,059
Healthy Kids! A Family Resource Network	42,300	907	43,207
Home to Home	6,580	-	6,580
Independence Association of Maine	19,740	1,272	21,012
Lincoln Academy School Based Clinic	-	336	336
Lincoln County Dental	7,520	24	7,544
Maine Family Planning	6,580	1,430	8,010
Mid Coast Chapter American Red Cross	19,740	4,467	24,207
Mid Coast Hunger Prevention	43,240	7,287	50,527
Midcoast Maine Community Action	80,470	715	81,185
Mobius, Inc.	15,510	760	16,270
MSAD 75 School Based Health Center	16,450	1,074	17,524
New Hope for Women, Inc.	29,990	1,811	31,801
OASIS Health Clinic	26,320	3,539	29,859
Parent Program of Mid Coast Maine, Inc.	-	700	700
People Plus Center	17,210	738	17,948
Pine Tree Legal Assistance	21,060	1,006	22,066
Planned Parenthood of NNE	11,280	6,228	17,508
Sexual Assault Support Serv. of Mid Coast	17,300	1,376	18,676
Spectrum Generations - Meals on Wheels	21,620	3,560	25,180
Tedford Housing	72,380	5,400	77,780
Teen & Young Parent Program	9,400	-	9,400
The Salvation Army Bath/Brunswick	15,040	2,355	17,395
Tri County Literacy	35,720	595	36,315
	<u>\$ 831,760</u>	<u>\$ 76,632</u>	<u>\$ 908,392</u>

See independent auditor's report.

UNITED WAY OF MID COAST MAINE, INC.

SCHEDULE OF PARTNER AGENCY FUNDING

Year Ended June 30, 2017

	From Community Fund	By Donor Choice	Total
Bath Area Family YMCA	\$ 49,150	\$ 1,753	\$ 50,903
Big Brother Big Sisters Bath Brunswick	32,700	7,177	39,877
Big Brother Big Sisters of Midcoast ME	28,000	263	28,263
Boothbay Region Community Resource Council	10,000	-	10,000
Boothbay Region District Nursing	5,000	-	5,000
Bruswick Area Respite Care	25,000	1,753	26,753
Catholic Charities of Maine	17,000	1,139	18,139
Central Lincoln County YMCA	11,000	486	11,486
Coast Kids Preschool	13,500	870	14,370
ElderCare Network of Lincoln County	-	431	431
Elmhurst, Inc.	13,000	1,391	14,391
Family Crisis Services	7,300	875	8,175
Family Focus	71,000	2,559	73,559
Gathering Place	9,000	-	9,000
Girl Scouts of Maine	9,000	1,045	10,045
Good Shepard Food Bank	3,550	8,200	11,750
Habitat for Humanity / 7 Rivers Maine	11,000	1,595	12,595
Healthy Kids! A Family Resource Network	45,000	714	45,714
Home to Home	7,000	233	7,233
Independence Association of Maine	21,000	1,575	22,575
Lincoln County Dental	8,000	760	8,760
Maine Family Planning	7,000	1,892	8,892
Mid Coast Chapter American Red Cross	21,000	5,191	26,191
Mid Coast Hunger Prevention	46,000	11,204	57,204
Midcoast Maine Community Action	85,600	803	86,403
Mobius, Inc.	16,500	889	17,389
MSAD 75 School Based Health Center	17,500	835	18,335
New Hope for Women, Inc.	31,900	1,118	33,018
OASIS Health Clinic	28,000	2,615	30,615
Opportunity Alliance	10,000	-	10,000
People Plus Center	18,300	1,434	19,734
Pine Tree Legal Assistance	22,400	480	22,880
Planned Parenthood of NNE	12,000	6,498	18,498
Sexual Assault Support Serv. of Mid Coast	18,400	2,337	20,737
Spectrum Generations - Meals on Wheels	23,000	3,035	26,035
Tedford Housing	77,000	5,433	82,433
Teen & Young Parent Program	10,000	411	10,411
The Salvation Army Bath/Brunswick	16,000	3,542	19,542
Tri County Literacy	38,000	387	38,387
	<u>\$ 894,800</u>	<u>\$ 80,923</u>	<u>\$ 975,723</u>

See independent auditor's report.