

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

FINANCIAL REPORT

June 30, 2019 and 2018

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

TABLE OF CONTENTS

June 30, 2019 and 2018

	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
Supplementary Information	
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, 2019 and 2018, 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, 2019 and 2018, 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 19 and 20 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 31, 2019

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2019	2018
Current Assets		
Cash	\$ 469,390	\$ 563,451
Promises to give, net	710,133	633,968
Other receivable	6,000	-
Prepaid expenses	3,101	3,019
Security deposit	4,838	4,838
Total Current Assets	<u>1,193,462</u>	<u>1,205,276</u>
Property, Plant and Equipment		
Equipment and fixtures	79,914	75,614
Leasehold improvements	5,419	5,419
Software	57,236	57,236
Total property, plant and equipment	<u>142,569</u>	<u>138,269</u>
Less: Accumulated depreciation	<u>(136,140)</u>	<u>(134,146)</u>
Net Property, Plant and Equipment	<u>6,429</u>	<u>4,123</u>
Other Assets		
Interest in assets held by the Maine Community Foundation	395,482	394,757
Restricted cash - board designated	447,732	-
Certificates of deposit - board designated	243,360	685,815
Certificates of deposit - restricted	262,181	286,925
Total Other Assets	<u>1,348,755</u>	<u>1,367,497</u>
Total Assets	<u>\$ 2,548,646</u>	<u>\$ 2,576,896</u>

LIABILITIES and NET ASSETS

Current Liabilities		
Accounts payable - trade	\$ 4,962	\$ 4,962
Partner agency allocations payable	415,900	415,880
Designations payable	189,647	209,297
Accrued vacation	30,797	20,980
Total Current Liabilities	<u>641,306</u>	<u>651,119</u>
Net Assets		
Without donor restrictions		
Board designated	1,025,500	1,019,708
Undesignated	232,526	288,690
With donor restrictions	649,315	617,380
Total Net Assets	<u>1,907,340</u>	<u>1,925,777</u>
Total Liabilities and Net Assets	<u>\$ 2,548,646</u>	<u>\$ 2,576,896</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Campaign:			
Gross campaign results	\$ 703,456	\$ 904,435	\$ 1,607,891
Less donor designations	(238,215)	-	(238,215)
Less provision for uncollectible promises to give	(53,220)	(53,221)	(106,441)
Net campaign results	<u>412,021</u>	<u>851,214</u>	<u>1,263,235</u>
Other gains and support:			
Interest income	17,629	2,256	19,885
Increase in interest in assets held by the Maine Community Foundation	15,225	-	15,225
Non-campaign contributions and grants	15,137	46,867	62,004
Designations from other United Ways	225,200	-	225,200
Service fees	35,234	-	35,234
Net assets released from restrictions	868,402	(868,402)	-
Total other gains and support	<u>1,176,827</u>	<u>(819,279)</u>	<u>357,548</u>
Total Revenues, Gains, and Other Support	<u>1,588,848</u>	<u>31,935</u>	<u>1,620,783</u>
Distributions and Functional Expenses			
Gross funds awarded/distributed	1,155,323	-	1,155,323
Less donor designations	(238,215)	-	(238,215)
Net funds awarded/distributed	<u>917,108</u>	-	<u>917,108</u>
Program (agency and community service)	426,551	-	426,551
Management and general	76,197	-	76,197
Fundraising	200,065	-	200,065
United Way Worldwide dues	19,299	-	19,299
Total Distributions and Functional Expenses	<u>1,639,220</u>	<u>-</u>	<u>1,639,220</u>
Total Changes in Net Assets	<u>(50,372)</u>	<u>31,935</u>	<u>(18,437)</u>
Net Assets at Beginning of Year	<u>1,308,398</u>	<u>617,380</u>	<u>1,925,777</u>
Net Assets at End of Year	<u>\$ 1,258,026</u>	<u>\$ 649,315</u>	<u>\$ 1,907,340</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

	Without Donor Restrictions	With Donor Restrictions	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 promises to give	(45,312)	(45,312)	(90,623)
Net campaign results	<u>412,492</u>	<u>878,632</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>392,335</u>
Total Revenues, Gains, and Other Support	<u>1,708,767</u>	<u>(25,309)</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>977,069</u>
Program (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>1,758,729</u>
Total Changes in Net Assets	<u>(49,963)</u>	<u>(25,309)</u>	<u>(75,271)</u>
Net Assets at Beginning of Year	<u>1,358,360</u>	<u>642,688</u>	<u>2,001,048</u>
Net Assets at End of Year	<u>\$ 1,308,398</u>	<u>\$ 617,380</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.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Agency and Community Service	Management and General	Fund Raising	Total
Salaries	\$ 271,338	\$ 50,347	\$ 105,350	\$ 427,035
Employee benefits	55,400	10,280	21,509	87,189
Payroll taxes	20,302	3,767	7,883	31,952
Professional fees	17,806	2,643	7,373	27,822
Office expense	7,013	1,041	2,904	10,958
Telephone	2,438	362	1,010	3,810
Postage and shipping	3,154	468	1,306	4,928
Occupancy	26,771	3,974	11,085	41,830
Insurance	3,281	487	1,359	5,127
Maintenance - equipment	4,279	635	1,772	6,686
Publications and software	1,590	236	658	2,484
Marketing	5,990	889	2,480	9,359
Travel	1,912	284	792	2,988
Conferences and meetings	1,069	159	443	1,671
Dues	819	122	339	1,280
Miscellaneous	2,112	314	873	3,299
Campaign materials	-	-	12,415	12,415
Contracted Services	-	-	19,986	19,986
Depreciation	1,277	189	528	1,994
	<u>\$ 426,551</u>	<u>\$ 76,197</u>	<u>\$ 200,065</u>	<u>\$ 702,813</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 CASH FLOWS

Years Ended June 30,

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ (18,437)	\$ (75,271)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	1,994	6,726
Provision for uncollectible promises to give	106,441	90,623
Increase in assets held by the Maine Community Foundation	(15,225)	(27,034)
(Increase) decrease in operating assets:		
Promises to give	(182,606)	(99,772)
Other receivable	(6,000)	8,776
Prepaid expenses	(82)	(3,019)
Increase (decrease) in operating liabilities:		
Partner agency allocations and designations payable	(19,630)	(64,244)
Accounts payable	-	(1,322)
Accrued vacation	9,817	2,708
Deferred revenue	-	(33,783)
Net cash flows from operating activities	(123,728)	(195,612)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,300)	(1,983)
Change in certificates of deposit	467,199	13,466
Distribution from Maine Community Foundation	14,500	14,480
Net cash flows from investing activities	477,399	25,963
Net change in cash and cash equivalents	353,671	(169,649)
Cash at beginning of year	563,451	733,100
Cash end of year	\$ 917,122	\$ 563,451
Presentation of cash on statements of financial position		
Cash	\$ 469,390	\$ 563,451
Restricted cash - board designated	447,732	-
Total Cash	\$ 917,122	\$ 563,451

**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, 2019 and 2018

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

United Way of Mid Coast Maine, Inc. (United Way), a Maine nonprofit corporation, was established in 1956 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.

United Way 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.

Cash and Cash Equivalents

United Way considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

During the year ended June 30, 2019, United Way's board of directors authorized the closure of certain board designated certificates of deposit accounts totaling \$447,732 to consolidate those assets in a third party managed fund. United Way's goal is to better diversify and generate greater returns on its assets. The request for proposal process to select a third party fund management firm was underway at the close of the fiscal year. These amounts are reported as restricted cash – board designated in the statements of financial position.

Certificates of Deposit

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

United Way separately reports within its statements of financial position certificates of deposit which are board designated and restricted by donors.

Promises to Give

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.

United Way records unconditional promises to give that are expected to be collected within one year at net realizable value. All promises to give are due in one year therefore no promises to give have been discounted to the present value of their estimated future cash flows. United Way determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Property, Plant and Equipment

Property, plant and equipment acquisitions in excess of \$1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation expense is computed on the straight-line basis over the estimated useful lives of the assets, ranging from 5 to 20 years, or in the case of capitalized lease assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

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 promises to give 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, 2019 and 2018

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue and Revenue Recognition – Continued

Annual fall campaigns are reduced by promises to give that are designated to other organizations, and by a provision for uncollectible promises to give. The resulting net promises to give are reflected as either with or without donor restrictions. It has been United Way's policy to report approximately one half of campaign results as support with donor restriction in the current year's statement of activities with any remaining balance being included in net assets with donor restrictions at year-end.

Support received by United Way under grants that qualify as exchange type transactions are recognized when the terms of the agreement have been met (generally when related expenditures have been incurred). Amounts received but unearned are included in the statements of financial position as deferred revenue. Support received by United Way that qualify as nonexchange contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and Materials

During the periods ending June 30, 2019 and 2018, a substantial number of volunteers contributed significant amounts of time to United Way's program services and its fund-raising campaigns. These services have not been recognized in the financial statements, as they do not meet the criteria for recognition under applicable standards. Donated materials and equipment are recorded at fair market value on the date of receipt.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

United Way is exempt from federal income tax under Section 501(c)(3), as confirmed by a determination letter issued by the Internal Revenue Service and is classified as other than a private foundation under IRC Section 509(a)(1). 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires United Way to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Instruments and Credit Risk

United Way maintains its cash and certificates of deposit accounts at multiple financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times throughout the year, United Way's cash balance may exceed FDIC insurance. United Way has entered into an account collateral agreement with the financial institution where the account is maintained, the purpose of which is to collateralize amounts in excess of the FDIC insured amount. United Way has not experienced any losses in its cash and certificates of deposit accounts and management believes it has effectively mitigated any significant risks with respect to these accounts.

Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of outstanding amounts are due from donors supportive of United Way's mission. United Way holds an interest in assets held by the Maine Community Foundation. Although the fair value of this interest is subject to fluctuation on a year-to-year basis, management believes that MCF's investment policies and guidelines are prudent for the long-term benefit of United Way.

Recently Adopted Accounting Pronouncements

On August 18, 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 update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. United Way has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued 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 is currently evaluating the impact adoption of this ASU will have on its financial statements.

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 is currently evaluating the impact adoption of this ASU will have on its financial statements.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements - Continued

Grants and Contracts

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The amendments in this update will likely result in more grants and contracts being accounted for as either contributions or conditional contributions. The amendments in this update apply to both resources received by a recipient and resources given by a resource provider, except for transfers of assets from government entities to business entities. For contributions received, the guidance is effective for annual periods beginning after December 15, 2018. For resource providers, the guidance is effective for annual periods beginning after December 15, 2019. Management is currently evaluating the impact adoption of this ASU will have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through October 31, 2019, 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.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$469,390
Promises to give	710,133
Other receivable	6,000
	<u>\$1,185,523</u>

United Way's board of directors has designated net assets totaling \$1,025,500 for various purposes. United Way does not intend to utilize these funds for general expenditure (other than amounts appropriated as part of United Way's annual budget approval) however these amounts could be made available if necessary.

NOTE 3 – FAIR VALUE MEASUREMENTS AND DISCLOSURES

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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 3 – FAIR VALUE MEASUREMENTS AND DISCLOSURES - CONTINUED

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 5 for summarized activity.

NOTE 4 – PROMISES TO GIVE

Promises to give, less allowance for uncollectible pledges, are summarized as follows as of June 30:

	2019	2018
Promises to give	\$840,133	\$763,968
Less: allowance for uncollectible promises to give	(130,000)	(130,000)
Promises to give, net	<u>\$710,133</u>	<u>\$633,968</u>

NOTE 5 – 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:

	2019	2018
Beginning balance	\$394,757	\$382,203
Interest and dividend income	3,515	2,897
Gains (losses)	17,050	29,702
Fees	(5,340)	(5,565)
Distribution to United Way	(14,500)	(14,480)
Ending balance	<u>\$395,482</u>	<u>\$394,757</u>

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 5 – INTEREST IN ASSETS HELD BY THE MAINE COMMUNITY FOUNDATION – CONTINUED

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:

	2019	2018
Interest and dividend income	\$3,515	\$2,897
Gains (losses)	17,050	29,702
Fees	(5,340)	(5,565)
Net increase (decrease)	<u>\$15,225</u>	<u>\$27,034</u>

NOTE 6 – PARTNER AGENCY ALLOCATIONS PAYABLE

Funding to partner agencies is approved annually by the Board of Directors. During the year ended June 30, 2019, the Board of Directors approved a total amount of \$831,800 in partner agency funding to be distributed between July 1, 2018 and June 30, 2019. The first two quarterly payments are paid from the fall 2018 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 2019 campaign and local economic conditions.

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.

See Note 9 for additional disclosures related to partner agency funding and other community impact distributions.

NOTE 7 – BOARD DESIGNATED NET ASSETS

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

	2019	2018
Endowment	\$280,937	\$280,422
Stabilization reserve	346,827	344,197
Operating reserve	344,265	341,618
Home visiting initiative	17,300	17,300
Harbor Children’s Center	36,171	36,171
Total	<u>\$1,025,500</u>	<u>\$1,019,708</u>

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose:		
Provision of food and shelter	\$262,181	\$286,925
CA\$H Coalition	1,560	9,118
Diaper Project	11,346	2,405
	275,087	298,448
Subject to passage of time:		
Campaign	372,828	317,532
	647,915	615,980
Not subject to spending or passage of time	1,400	1,400
	\$649,315	\$617,380

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2019	2018
Provision of food and shelter (purpose)	\$27,000	\$20,000
CA\$H Coalition (purpose)	24,844	17,758
Diaper Project (purpose)	7,433	9,622
Best Start initiative (purpose)	-	32,783
Other projects (purpose)	13,206	6,594
Campaign (passage of time)	795,919	897,827
	\$868,402	\$984,584

NOTE 9 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND ACTIVITIES

Partner Agency

Partner agency funding was approved for programs in the following areas for the years ended June 30:

	2019	2018
Success by 6: Early Childhood	\$211,552	\$205,860
Healthcare & Safety	157,600	-
Youth & Lifelong Learning	-	166,540
Basic Needs/Safety Net	246,558	247,370
Healthy Community Connections	216,090	-
Safe and Healthy Community	-	211,990
Total	\$831,800	\$831,760

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 9 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND ACTIVITIES – CONTINUED

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

Healthcare & Safety: dedicated to everyone having access to affordable and high-quality healthcare and being safe from abuse and violence.

Youth & Lifelong Learning: 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: promotes financial stability and independence by supporting programs dedicated to meeting the basic needs of the community, offering food and shelter, and increasing independence.

Healthy Community Connections: fosters emotional health through positive relationships such as youth mentors and elder volunteer matches and community inclusion for people who could otherwise be isolated.

Safe and Healthy Community: 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

During the year ended June 30, 2019, United Way received \$16,374 from various donors in support of the Diaper Project including: \$5,782 from the Topsham Espresso Rotary Music at the Museum event; \$3,719 from the Bath Savings Institution Diaper Drive; \$3,000 from the Doree Taylor Charitable Foundation; \$1,000 from the Bath Rotary Club; \$2,500 from the George P. Davenport Trust; and \$373 from other miscellaneous donors. United Way has collected and distributed, to date, 334,534 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 \$3,207 to support fuel assistance at a number of programs in the region.

The Board of Directors approved becoming the Fiscal Agent for Midcoast CA\$H in December 2015. During the year ended June 30, 2019, United Way received the following funds for Midcoast CA\$H: Bath Savings Institution, \$1,500; First Federal Savings, \$500; New Ventures Maine (University of Maine Systems) \$5,000; Davenport Trust, \$4,000; and \$6,000 from 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 CA\$H program. During the year ended June 30, 2019, a payment of \$24,844 was made to Goodwill Industries of Northern New England.

Other Community Impact Activities

United Way received a contribution for *Success By 6* initiatives of \$1,000, from Comcast. This contribution helped with staff costs to coordinate this year's Community Read Aloud event and miscellaneous expenses.

United Way received a contribution of \$10,000 which was used to provide \$5,000 in support of Midcoast Maine Community Action's Housing Counseling Program, and \$5,000 for Tedford Housing's Homelessness Prevention Program.

United Way distributed \$2,500 to the Maine Children's Alliance to provide third year support of the Strengthening Maines Early Childhood System project. This project is also known as the Right from the Start Coalition and works to develop and promote public policies in support of young children and their families.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 9 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND 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, 2019, the Board of Directors approved and distributed \$36,243 to the 2-1-1 Maine Initiative.

United Way also received \$700 in a contract with 2-1-1 Maine to provide localized 2-1-1 promotional materials for the Mid Coast region.

United Way distributed \$1,639 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.

During the year ended June 30, 2019, United Way also used \$27,000 of reserves from the Krechkin Family Estate fund to help pay for some of the food and shelter distributions provided through the Community Impact Fund.

NOTE 10 – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, related taxes, benefits and various other operating expenditures are allocated on the basis of estimates of time and effort. When applicable, certain costs are directly allocated among program and supporting functions.

NOTE 11 – UNITED WAY WORLDWIDE

During the years ended June 30, 2019 and 2018, annual dues in the amount of \$19,299 and \$20,314, 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 12 – 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, 2019 and 2018 were \$37,613 and \$35,520, respectively.

NOTE 13 – LEASES

United Way leases its office space from Mid Coast Community Action Program. The current lease agreement expires August 1, 2020 and the lease has two additional two year renewal options. During the current term, the annual rent is \$30,458 plus \$1,060 for an additional conference room which is leased for three months each year.

Rent expense for the years ended June 30, 2019 and 2018 was \$31,337 and \$29,476, respectively and is included in occupancy in the statements of functional expenses.

NOTE 14 – CONCENTRATIONS

During each of the years ended June 30, 2019 and 2018, United Way received campaign revenues of approximately 29% from one organization and its employees.

UNITED WAY OF MID COAST MAINE, INC.

SCHEDULE OF PARTNER AGENCY FUNDING

Year Ended June 30, 2019

	From Community Fund	By Donor Choice	Total
Bath Area Family YMCA	\$ 45,040	\$ 3,427	\$ 48,467
Big Brother Big Sisters Bath/Brunswick	30,000	5,314	35,314
Big Brother Big Sisters of Midcoast ME	25,800	154	25,954
Boothbay Region Community Resource Council	16,400	-	16,400
Boothbay Region District Nursing	4,000	155	4,155
Bruswick Area Respite Care	22,700	1,091	23,791
Catholic Charities of Maine	15,350	609	15,959
Central Lincoln County YMCA	9,400	487	9,887
Coast Kids Preschool	15,000	2,137	17,137
Elmhurst, Inc.	12,000	483	12,483
Family Focus	64,940	2,754	67,694
Gathering Place	10,210	162	10,372
Girl Scouts of Maine	8,000	2,955	10,955
Good Shepard Food Bank	3,340	6,953	10,293
Habitat for Humanity / 7 Rivers Maine	11,000	827	11,827
Healthy Kids! A Family Resource Network	42,300	316	42,616
Home to Home	6,582	283	6,865
Independence Association of Maine	19,000	1,580	20,580
Lincoln County Dental	7,000	-	7,000
Maine Family Planning	6,250	786	7,036
Mid Coast Chapter American Red Cross	15,498	2,957	18,455
Mid Coast Hunger Prevention	41,990	6,145	48,135
Midcoast Literacy	35,460	330	35,790
Midcoast Maine Community Action	79,360	56	79,416
Mobius, Inc.	15,500	232	15,732
MSAD 75 School Based Health Center	16,450	607	17,057
New Hope for Women, Inc.	29,990	1,747	31,737
OASIS Health Clinic	28,000	4,094	32,094
Parent Program of Mid Coast Maine, Inc.	9,770	122	9,892
People Plus Center	19,330	949	20,279
Pine Tree Legal Assistance	22,060	21	22,081
Planned Parenthood of NNE	11,280	6,300	17,580
Sexual Assault Support Serv. of Mid Coast	17,000	1,544	18,544
Spectrum Generations - Meals on Wheels	23,000	3,265	26,265
Tedford Housing	72,380	4,941	77,321
Through These Doors	6,170	360	6,530
The Salvation Army Bath/Brunswick	14,250	1,437	15,687
	\$ 831,800	\$ 65,580	\$ 897,380

See independent auditor's report.

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.