

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

FINANCIAL REPORT

June 30, 2020 and 2019

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

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June 30, 2020 and 2019

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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, 2020 and 2019, 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.

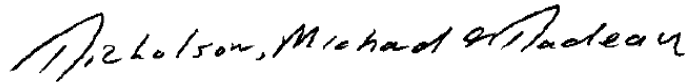
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020 and 2019, 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 21 and 22 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.

A handwritten signature in black ink that reads "Michael A. Nolan". The signature is written in a cursive style with a large initial "M".

Waterville, Maine
February 13, 2021

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	2020	2019
Current Assets		
Cash	\$ 686,888	\$ 460,230
Promises to give, net	626,315	710,133
Other receivable	8,680	6,000
Prepaid expenses	-	3,101
Security deposit	4,838	4,838
Total Current Assets	<u>1,326,721</u>	<u>1,184,302</u>
Property, Plant and Equipment		
Equipment and fixtures	79,914	79,914
Leasehold improvements	5,419	5,419
Software	57,236	57,236
Total property, plant and equipment	<u>142,569</u>	<u>142,569</u>
Less: Accumulated depreciation	<u>(137,937)</u>	<u>(136,140)</u>
Net Property, Plant and Equipment	<u>4,632</u>	<u>6,429</u>
Other Assets		
Interest in assets held by the Maine Community Foundation	383,697	395,482
Restricted cash - board designated	-	456,892
Certificates of deposit - board designated	56,458	243,360
Certificates of deposit - restricted	-	262,181
Investments - board designated	520,250	-
Investments - restricted	238,985	-
Total Other Assets	<u>1,199,390</u>	<u>1,357,915</u>
Total Assets	<u>\$ 2,530,743</u>	<u>\$ 2,548,646</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 FINANCIAL POSITION

June 30,

LIABILITIES and NET ASSETS

	2020	2019
Current Liabilities		
Accounts payable - trade	\$ 4,962	\$ 4,962
Partner agency allocations payable	371,772	415,900
Designations payable	170,894	189,647
Accrued vacation	36,956	30,797
Total Current Liabilities	<u>584,584</u>	<u>641,306</u>
Other Liabilities		
Paycheck Protection Program Loan	<u>100,100</u>	<u>-</u>
Total Liabilities	<u>684,684</u>	<u>641,306</u>
Net Assets		
Without donor restrictions		
Board designated	902,742	981,189
Undesignated	363,669	276,836
With donor restrictions	579,648	649,315
Total Net Assets	<u>1,846,059</u>	<u>1,907,340</u>
Total Liabilities and Net Assets	<u>\$ 2,530,743</u>	<u>\$ 2,548,646</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Campaign:			
Gross campaign results	\$ 672,257	\$ 869,139	\$ 1,541,396
Less donor designations	(204,624)	-	(204,624)
Less provision for uncollectible promises to give	(48,334)	(48,335)	(96,669)
Net campaign results	<u>419,299</u>	<u>820,804</u>	<u>1,240,103</u>
Other gains and support:			
Interest income	13,288		13,288
Net investment return	11,813		11,813
Increase in interest in assets held by the Maine Community Foundation	3,035	-	3,035
Non-campaign contributions and grants	23,047	257,922	280,969
Designations from other United Ways	197,864	-	197,864
Service fees	37,390	-	37,390
Net assets released from restrictions	1,148,393	(1,148,393)	-
Total other gains and support	<u>1,434,830</u>	<u>(890,471)</u>	<u>544,359</u>
Total Revenues, Gains, and Other Support	<u>1,854,129</u>	<u>(69,667)</u>	<u>1,784,462</u>
Distributions and Functional Expenses			
Gross funds awarded/distributed	1,342,691	-	1,342,691
Less donor designations	(204,624)	-	(204,624)
Net funds awarded/distributed	<u>1,138,067</u>	-	<u>1,138,067</u>
Program (agency and community service)	405,599	-	405,599
Management and general	76,931	-	76,931
Fundraising	207,158	-	207,158
United Way Worldwide dues	17,988	-	17,988
Total Distributions and Functional Expenses	<u>1,845,743</u>	<u>-</u>	<u>1,845,743</u>
Total Changes in Net Assets	<u>8,386</u>	<u>(69,667)</u>	<u>(61,281)</u>
Net Assets at Beginning of Year	<u>1,258,025</u>	<u>649,315</u>	<u>1,907,340</u>
Net Assets at End of Year	<u>\$ 1,266,411</u>	<u>\$ 579,648</u>	<u>\$ 1,846,059</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>-</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>1,308,397</u>	<u>617,380</u>	<u>1,925,777</u>
Net Assets at End of Year	<u>\$ 1,258,025</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.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Agency and Community Service	Management and General	Fund Raising	Total
Salaries	\$ 255,053	\$ 50,250	\$ 107,604	\$ 412,907
Employee benefits	54,604	10,758	23,037	88,399
Payroll taxes	20,194	3,978	8,520	32,692
Professional fees	18,182	2,868	9,128	30,178
Office expense	8,576	1,352	4,306	14,234
Telephone	2,165	341	1,087	3,593
Postage and shipping	2,026	319	1,017	3,362
Occupancy	24,995	3,941	12,549	41,485
Insurance	3,356	529	1,685	5,570
Maintenance - equipment	4,496	709	2,258	7,463
Publications and software	1,482	233	744	2,459
Marketing	3,425	540	1,719	5,684
Travel	1,995	315	1,002	3,312
Conferences and meetings	674	106	338	1,118
Dues	1,562	247	784	2,593
Miscellaneous	1,731	275	869	2,875
Campaign materials	-	-	12,682	12,682
Contracted Services	-	-	17,285	17,285
Depreciation	1,083	170	544	1,797
	<u>\$ 405,599</u>	<u>\$ 76,931</u>	<u>\$ 207,158</u>	<u>\$ 689,688</u>

See independent auditor's report.
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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 CASH FLOWS

Years Ended June 30,

	2020	2019
Cash flows from operating activities:		
Changes in net assets	\$ (61,281)	\$ (18,437)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	1,797	1,994
Provision for uncollectible promises to give	96,669	106,441
Net investment return	(11,813)	-
Increase in assets held by the Maine Community Foundation	(3,035)	(15,225)
(Increase) decrease in operating assets:		
Promises to give	(12,851)	(182,606)
Other receivable	(2,680)	(6,000)
Prepaid expenses	3,101	(82)
Increase (decrease) in operating liabilities:		
Partner agency allocations and designations payable	(62,881)	(19,630)
Accrued vacation	6,159	9,817
Net cash flows from operating activities	(46,815)	(123,728)
Cash flows from investing activities:		
Purchase of property, plant and equipment	-	(4,300)
Purchase of investments	(747,422)	-
Change in certificates of deposit	449,083	467,199
Distribution from Maine Community Foundation	14,820	14,500
Net cash flows from investing activities	(283,519)	477,399
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program Loan	100,100	-
Net cash flows from financing activities	100,100	-
Net change in cash and cash equivalents	(230,234)	353,671
Cash at beginning of year	917,122	563,451
Cash end of year	\$ 686,888	\$ 917,122
Presentation of cash on statements of financial position		
Cash	\$ 686,888	\$ 460,230
Restricted cash - board designated	-	456,892
Total Cash	\$ 686,888	\$ 917,122

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, 2020 and 2019

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 years ended June 30, 2020 and 2019, United Way's board of directors authorized the closure of certain board designated certificates of deposit accounts to consolidate those assets in a third party managed investment fund. United Way's goal is to better diversify and generate greater returns on its assets.

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, 2020 and 2019

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.

Investments

United Way records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2020 and 2019, 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, 2020 and 2019

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 maintains investment accounts that are managed by diversified investment managers and whose performance is monitored by the finance committee of the Board of Directors. United Way also holds an interest in assets held by the Maine Community Foundation. Although the fair value of investments and the interest in assets held by the Maine Community Foundation is subject to fluctuation on a year-to-year basis, management believes that existing investment policies and guidelines are prudent for the long-term benefit of United Way.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets but did result in a corresponding decrease in prior year board designated net assets and increase in prior year undesignated net assets of \$44,311.

Subsequent Events

Management has evaluated subsequent events through February 13, 2021, 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 – ACCOUNTING STANDARDS

Recently Adopted Accounting Pronouncements

Grants and Contracts

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. United Way has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements using a modified retrospective approach. The adoption of ASU 2018-08 on July 1, 2019 did not result in a material impact that required recognition of a cumulative adjustment of the opening net asset balance for grants and contracts that were not completed at June 30, 2019.

Statement of Cash Flows

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. United Way has adopted these provisions in the accompanying financial statements using a retrospective approach which means that both years are presented in accordance with the standards.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 2 – ACCOUNTING STANDARDS – CONTINUED

Recently Issued Accounting Pronouncements Not Yet Adopted

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, 2021. Management is currently evaluating the impact adoption of this ASU will have on its financial statements.

NOTE 3 – 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:

	2020	2019
Cash and cash equivalents	\$686,888	\$460,230
Promises to give	626,315	710,133
Other receivable	8,680	6,000
	<u>\$1,321,883</u>	<u>\$1,176,363</u>

United Way's board of directors has designated net assets totaling \$902,742 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 4 – 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.

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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 4 – FAIR VALUE MEASUREMENTS AND DISCLOSURES - CONTINUED

- 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.

Investment Securities

The fair value of fixed income, publicly traded equity securities is based on quoted market prices, when available, or market prices provided by recognized broker dealers. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year.

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.

The following table presents assets measured at fair value on a recurring basis as of June 30, 2020:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$292,001	\$292,001		
Corporate bonds	405,064		\$405,064	
Mutual funds	62,170	62,170		
Interest in assets held by MCF	<u>383,697</u>			<u>\$383,697</u>
Total Investments	<u>\$1,142,932</u>	<u>\$354,171</u>	<u>\$405,064</u>	<u>\$383,697</u>

As of June 30, 2019, the interest in assets held by the Maine Community Foundation were the only assets measured at fair value on a recurring basis and were classified as level 3.

See Note 6 for summarized activity of level 3 classified assets.

NOTE 5 – PROMISES TO GIVE

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

	2020	2019
Promises to give	\$756,315	\$840,133
Less: allowance for uncollectible promises to give	<u>(130,000)</u>	<u>(130,000)</u>
Promises to give, net	<u>\$626,315</u>	<u>\$710,133</u>

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 6 – 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:

	2020	2019
Beginning balance	\$395,482	\$394,757
Interest and dividend income	2,104	3,515
Gains (losses)	6,826	17,050
Fees	(5,895)	(5,340)
Distribution to United Way	(14,820)	(14,500)
Ending balance	<u>\$383,697</u>	<u>\$395,482</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:

	2020	2019
Interest and dividend income	\$2,104	\$3,515
Gains (losses)	6,826	17,050
Fees	(5,895)	(5,340)
Net increase (decrease)	<u>\$3,035</u>	<u>\$15,225</u>

NOTE 7 – PARTNER AGENCY ALLOCATIONS PAYABLE

Funding to partner agencies is approved annually by the Board of Directors. During the year ended June 30, 2020, the Board of Directors approved a total amount of \$743,544 in partner agency funding to be distributed between July 1, 2019 and June 30, 2020. The first two quarterly payments are paid from the fall 2019 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 2020 campaign and local economic conditions.

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.

See Note 11 for additional disclosures related to partner agency funding and other community impact distributions.

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2020, United Way qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender (PPP Lender) for an aggregate principal amount of \$100,100 (PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, is payable monthly with the first six monthly payments deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. United Way has elected to account for the PPP Loan as a financial liability in accordance with FASB ASC 470, *Debt*. United Way did not accrue interest on the PPP Loan as of June 30, 2020 as management considered the amount immaterial to the financial statements as a whole.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN – CONTINUED

It is United Way’s intent to apply for loan forgiveness during the year ended June 30, 2021 under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the U.S. Small Business Administration. United Way is eligible for loan forgiveness in an amount equal to payments made during the 24 week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. United Way used its loan proceeds to partially subsidize direct payroll expenses. As it relates to loan forgiveness, United Way will follow the guidance from FASB ASC 405-20, *Liabilities: Extinguishments of Liabilities*. Under this guidance, the proceeds from the loan would remain recorded as a financial liability until the loan is, in part or wholly, forgiven and United Way has been legally released as the primary obligor under the loan. Once the loan is, in part or wholly, forgiven and legal release is received, United Way would reduce the liability by the amount forgiven and record gain on extinguishment.

NOTE 9 – BOARD DESIGNATED NET ASSETS

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

	2020	2019
Endowment	\$272,562	\$280,937
Stabilization reserve	457,708	487,382
Operating reserve	119,001	159,399
Home visiting initiative	17,300	17,300
Harbor Children’s Center	36,171	36,171
Total	<u>\$902,742</u>	<u>\$981,189</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to expenditure for specified purpose:		
Provision of food and shelter	\$235,731	\$262,181
CASH Coalition	6,541	1,560
Diaper Project	6,574	11,346
	<u>248,846</u>	<u>275,087</u>
Subject to passage of time:		
Campaign	329,402	372,828
	<u>578,248</u>	<u>647,915</u>
Not subject to spending or passage of time	1,400	1,400
	<u>\$579,648</u>	<u>\$649,315</u>

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

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:

	2020	2019
Provision of food and shelter (purpose)	\$26,450	\$27,000
CA\$H Coalition (purpose)	6,519	24,844
Diaper Project (purpose)	9,809	7,433
COVID 19 Urgent Needs Project (purpose)	221,704	-
Other projects (purpose)	19,681	13,206
Campaign (passage of time)	864,230	795,919
	<u>\$1,148,393</u>	<u>\$868,402</u>

NOTE 11 – 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:

	2020	2019
Success by 6: Early Childhood	\$190,397	\$211,552
Healthcare & Safety	141,840	157,600
Basic Needs/Safety Net	216,826	246,558
Healthy Community Connections	194,481	216,090
Total	<u>\$743,544</u>	<u>\$831,760</u>

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.

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.

Additional Community Impact Distributions

United Way established a rapid response to COVID-19 by creating a COVID Fund which received support from local donors wanting to help Mid Coast residents in great need. United Way quickly set up this Fund and simple application process, raised contributions, and distributed 100% of the \$221,704 collected to a wide variety of initiatives on the front lines, getting help to our most vulnerable neighbors. Funding was focused in the following areas:

- **Food & Basic Needs:** By far the most funding went to programs providing food and other basic needs, including not only local food pantries, but also new partners to United Way - farms and initiatives growing and delivering food safely to pantries to meet the increased need.
- **Early Childhood & Teen Resources:** Programs supporting new parents and at-risk teens, as well as childcare, received funding to provide these critical services safely.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 11 – PARTNER AGENCY FUNDING AND OTHER COMMUNITY IMPACT DISTRIBUTIONS AND ACTIVITIES – CONTINUED

Additional Community Impact Distributions – continued

- **Outreach to Especially Vulnerable People:** Isolated elders, people with developmental disabilities, and victims and survivors of domestic violence were cared for with special, safe, human connection during the pandemic.

Overall, including use of United Way board designated reserve funds, United Way's COVID-19 Fund distributed \$261,623 in support of Mid Coast residents.

During the year ended June 30, 2020, United Way received \$5,036 from various donors in support of the Diaper Project including: \$2,500 from Main Street Foundation; \$1,000 from Alfred M. Senter Fund; \$500 from Mid Coast Hospital; and \$250 from Grace Episcopal Church. United Way has collected and distributed, to date, 374,990 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 \$3,500 to support fuel assistance at a number of programs in the region.

The Board of Directors agreed to make the Midcoast CASH Coalition an initiative of UWMCM in order to keep its current responsibilities, and to provide all program management. The move ensured that this extremely successful program, which is so closely aligned with United Way's mission, continues to provide the quality of service that it has demonstrated each year. During the year ended June 30, 2020, United Way received the following funds in support of this initiative: Bath Savings Institution, \$2,000; First Federal Savings, \$500; New Ventures Maine (University of Maine Systems) \$4,000; Davenport Trust, \$4,000; \$6,000 from IRS VITA grant funding; \$500 from Maine Women's Fund; and \$500 from Norway Savings.

Other Community Impact Activities

United Way distributed \$2,500 to the Maine Children's Alliance to provide third year support of the Strengthening Maine's 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 also distributed \$10,000 to the Midcoast Community Alliance for the Merrymeeting Project in support of homeless youth and \$500 for the Back to School Set for Success; and \$100 for the Wiscasset School Feed our Scholars program.

United Way received \$7,500 from the Avangrid Foundation which was distributed to the Midcoast Community Alliance Merrymeeting project.

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, 2020, the Board of Directors approved and distributed \$32,658 to the 2-1-1 Maine Initiative.

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, 2020, 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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 12 – 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 13 – UNITED WAY WORLDWIDE

During the years ended June 30, 2020 and 2019, annual dues in the amount of \$17,988 and \$19,299, 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 14 – 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, 2020 and 2019 were \$41,386 and \$37,613, respectively.

NOTE 15 – 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, 2020 and 2019 was \$31,021 and \$31,337, respectively and is included in occupancy in the statements of functional expenses.

NOTE 16 – CONCENTRATIONS

During each of the years ended June 30, 2020 and 2019, United Way received campaign revenues of approximately 28% and 29% from one organization and its employees, respectively.

NOTE 17 – UNCERTAINTY

Management is currently evaluating the COVID-19 virus pandemic and while it is reasonably possible that the pandemic could have a negative effect on United Way's operations, financial position and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

UNITED WAY OF MID COAST MAINE, INC.

SCHEDULE OF PARTNER AGENCY FUNDING

Year Ended June 30, 2020

	From Community Fund	By Donor Choice	Total
Bath Area Family YMCA	\$ 40,536	\$ 1,565	\$ 42,101
Big Brother Big Sisters Bath/Brunswick	27,000	5,651	32,651
Big Brother Big Sisters of Midcoast ME	23,220	287	23,507
Boothbay Region Community Resource Council	14,760	-	14,760
Boothbay Region District Nursing	3,600	74	3,674
Bruswick Area Respite Care	20,430	647	21,077
Catholic Charities of Maine	13,815	1,201	15,016
Central Lincoln County YMCA	8,460	680	9,140
Coast Kids Preschool	13,500	2,485	15,985
Elmhurst, Inc.	10,800	663	11,463
Family Focus	58,446	1,531	59,977
Gathering Place	9,189	-	9,189
Girl Scouts of Maine	7,200	1,158	8,358
Good Shepard Food Bank	3,006	8,004	11,010
Habitat for Humanity / 7 Rivers Maine	9,900	1,157	11,057
Healthy Kids! A Family Resource Network	38,070	-	38,070
Home to Home	5,924	-	5,924
Independence Association of Maine	17,100	1,751	18,851
Lincoln County Dental	6,300	96	6,396
Maine Family Planning	5,625	584	6,209
Mid Coast Chapter American Red Cross	13,948	2,098	16,046
Mid Coast Hunger Prevention	37,791	6,720	44,511
Midcoast Literacy	31,914	426	32,340
Midcoast Maine Community Action	71,424	968	72,392
Mobius, Inc.	13,950	421	14,371
MSAD 75 School Based Health Center	14,805	333	15,138
New Hope for Women, Inc.	26,991	1,998	28,989
OASIS Health Clinic	25,200	2,750	27,950
Parent Program of Mid Coast Maine, Inc.	8,793	39	8,832
People Plus Center	17,397	651	18,048
Pine Tree Legal Assistance	19,854	238	20,092
Planned Parenthood of NNE	10,152	8,926	19,078
Sexual Assault Support Serv. of Mid Coast	15,300	1,893	17,193
Spectrum Generations - Meals on Wheels	20,700	3,624	24,324
Tedford Housing	60,066	2,638	62,704
The Gathering Place	-	535	535
Through These Doors	5,553	97	5,650
The Salvation Army Bath/Brunswick	12,825	921	13,746
	<u>\$ 743,544</u>	<u>\$ 62,810</u>	<u>\$ 806,354</u>

See independent auditor's report.

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
	<u>\$ 831,800</u>	<u>\$ 65,580</u>	<u>\$ 897,380</u>

See independent auditor's report.