

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

FINANCIAL REPORT

June 30, 2022 and 2021

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Mid Coast Maine, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Mid Coast Maine, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

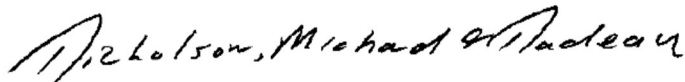
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Mid Coast Maine, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.



Waterville, Maine
December 13, 2022

UNITED WAY OF MID COAST MAINE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Current Assets | | |
| Cash | \$ 644,629 | \$ 683,570 |
| Promises to give, net | 589,150 | 561,707 |
| Prepaid expenses | 3,907 | 2,687 |
| Security deposit | 4,838 | 4,838 |
| Total Current Assets | <u>1,242,524</u> | <u>1,252,802</u> |
| Property, Plant and Equipment | | |
| Equipment and fixtures | 85,756 | 83,757 |
| Leasehold improvements | 5,419 | 5,419 |
| Software | 57,236 | 57,236 |
| Total property, plant and equipment | <u>148,411</u> | <u>146,412</u> |
| Less: Accumulated depreciation | <u>(141,885)</u> | <u>(139,560)</u> |
| Net Property, Plant and Equipment | <u>6,526</u> | <u>6,852</u> |
| Other Assets | | |
| Interest in assets held by the Maine Community Foundation | 440,837 | 499,185 |
| Investments - board designated | 685,790 | 576,805 |
| Investments - restricted | 261,636 | 269,803 |
| Total Other Assets | <u>1,388,263</u> | <u>1,345,793</u> |
| Total Assets | <u>\$ 2,637,313</u> | <u>\$ 2,605,447</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

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Current Liabilities | | |
| Accounts payable - trade | \$ 14,212 | \$ 12,426 |
| Partner agency allocations payable | 382,398 | 382,398 |
| Designations payable | 135,312 | 160,741 |
| Accrued vacation and payroll | 26,578 | 31,615 |
| Total Current Liabilities | <u>558,500</u> | <u>587,180</u> |
| Net Assets | | |
| Without donor restrictions | | |
| Board designated | 1,016,241 | 948,704 |
| Undesignated | 386,748 | 455,311 |
| With donor restrictions | 675,824 | 614,252 |
| Total Net Assets | <u>2,078,813</u> | <u>2,018,267</u> |
| Total Liabilities and Net Assets | <u>\$ 2,637,313</u> | <u>\$ 2,605,447</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, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Revenues, Gains, and Other Support | | | |
| Campaign: | | | |
| Gross campaign results | \$ 787,588 | \$ 889,069 | \$ 1,676,657 |
| Less donor designations | (160,037) | - | (160,037) |
| Less provision for uncollectible promises to give | (60,601) | (60,601) | (121,202) |
| Net campaign results | <u>566,950</u> | <u>828,468</u> | <u>1,395,418</u> |
| Other gains and support: | | | |
| Interest income | 2,138 | - | 2,138 |
| Net investment loss | (34,911) | - | (34,911) |
| Decrease in interest in assets held by the Maine Community Foundation | (43,018) | - | (43,018) |
| Non-campaign contributions and grants | 126,735 | 34,131 | 160,866 |
| Designations from other United Ways | 101,481 | - | 101,481 |
| Service fees | 24,455 | - | 24,455 |
| Net assets released from restrictions | 801,027 | (801,027) | - |
| Total other gains and support | <u>977,907</u> | <u>(766,896)</u> | <u>211,011</u> |
| Total Revenues, Gains, and Other Support | <u>1,544,857</u> | <u>61,572</u> | <u>1,606,429</u> |
| Distributions and Functional Expenses | | | |
| Gross funds awarded/distributed | 1,022,134 | - | 1,022,134 |
| Less donor designations | (160,037) | - | (160,037) |
| Net funds awarded/distributed | <u>862,097</u> | - | <u>862,097</u> |
| Program (agency and community service) | 363,714 | - | 363,714 |
| Management and general | 57,799 | - | 57,799 |
| Fundraising | 236,258 | - | 236,258 |
| United Way Worldwide dues | 26,015 | - | 26,015 |
| Total Distributions and Functional Expenses | <u>1,545,883</u> | <u>-</u> | <u>1,545,883</u> |
| Total Changes in Net Assets | <u>(1,026)</u> | <u>61,572</u> | <u>60,546</u> |
| Net Assets at Beginning of Year | <u>1,404,015</u> | <u>614,252</u> | <u>2,018,267</u> |
| Net Assets at End of Year | <u>\$ 1,402,989</u> | <u>\$ 675,824</u> | <u>\$ 2,078,813</u> |

See independent auditor's report.

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

UNITED WAY OF MID COAST MAINE, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenues, Gains, and Other Support | | | |
| Campaign: | | | |
| Gross campaign results | \$ 694,386 | \$ 859,290 | \$ 1,553,676 |
| Less donor designations | (184,012) | - | (184,012) |
| Less provision for uncollectible promises to give | (80,393) | (80,393) | (160,786) |
| Net campaign results | <u>429,981</u> | <u>778,897</u> | <u>1,208,878</u> |
| Other gains and support: | | | |
| Interest income | 361 | - | 361 |
| Net investment return | 4,007 | - | 4,007 |
| Increase in interest in assets held by the Maine Community Foundation | 130,718 | - | 130,718 |
| Non-campaign contributions and grants | 4,553 | 91,494 | 96,047 |
| Designations from other United Ways | 167,917 | - | 167,917 |
| Service fees | 29,203 | - | 29,203 |
| Paycheck Protection Program loan forgiveness | 100,100 | - | 100,100 |
| Net assets released from restrictions | 835,787 | (835,787) | - |
| Total other gains and support | <u>1,272,646</u> | <u>(744,293)</u> | <u>528,353</u> |
| Total Revenues, Gains, and Other Support | <u>1,702,627</u> | <u>34,604</u> | <u>1,737,231</u> |
| Distributions and Functional Expenses | | | |
| Gross funds awarded/distributed | 1,027,976 | - | 1,027,976 |
| Less donor designations | (184,012) | - | (184,012) |
| Net funds awarded/distributed | <u>843,964</u> | <u>-</u> | <u>843,964</u> |
| Program (agency and community service) | 365,364 | - | 365,364 |
| Management and general | 83,415 | - | 83,415 |
| Fundraising | 245,839 | - | 245,839 |
| United Way Worldwide dues | 26,441 | - | 26,441 |
| Total Distributions and Functional Expenses | <u>1,565,023</u> | <u>-</u> | <u>1,565,023</u> |
| Total Changes in Net Assets | <u>137,604</u> | <u>34,604</u> | <u>172,208</u> |
| Net Assets at Beginning of Year | <u>1,266,411</u> | <u>579,648</u> | <u>1,846,059</u> |
| Net Assets at End of Year | <u>\$ 1,404,015</u> | <u>\$ 614,252</u> | <u>\$ 2,018,267</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, 2022

| | Agency and Community Service | Management and General | Fund Raising | Total |
|---------------------------|------------------------------------|---------------------------|-------------------|-------------------|
| Salaries | \$ 200,504 | \$ 23,224 | \$ 118,311 | \$ 342,039 |
| Employee benefits | 37,776 | 4,375 | 22,290 | 64,441 |
| Payroll taxes | 16,797 | 1,946 | 9,912 | 28,655 |
| Professional fees | 58,768 | 15,285 | 36,063 | 110,116 |
| Office expense | 7,047 | 1,833 | 4,324 | 13,204 |
| Telephone | 2,949 | 767 | 1,810 | 5,526 |
| Postage and shipping | 1,814 | 472 | 1,113 | 3,399 |
| Occupancy | 18,323 | 4,765 | 11,243 | 34,331 |
| Insurance | 4,825 | 1,255 | 2,961 | 9,041 |
| Maintenance - equipment | 2,076 | 540 | 1,274 | 3,890 |
| Publications and software | 159 | 41 | 98 | 298 |
| Marketing | 5,246 | 1,364 | 3,219 | 9,829 |
| Travel | 422 | 110 | 259 | 791 |
| Dues | 1,525 | 396 | 935 | 2,856 |
| Miscellaneous | 4,242 | 1,103 | 2,601 | 7,946 |
| Campaign materials | - | - | 7,741 | 7,741 |
| Contracted Services | - | - | 11,343 | 11,343 |
| Depreciation | 1,241 | 323 | 761 | 2,325 |
| | <u>\$ 363,714</u> | <u>\$ 57,799</u> | <u>\$ 236,258</u> | <u>\$ 657,771</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, 2021

| | Agency and Community Service | Management and General | Fund Raising | Total |
|---------------------------|---|-----------------------------------|-------------------------|-------------------|
| Salaries | \$ 235,405 | \$ 52,179 | \$ 141,518 | \$ 429,102 |
| Employee benefits | 47,631 | 10,558 | 28,635 | 86,824 |
| Payroll taxes | 19,062 | 4,225 | 11,459 | 34,746 |
| Professional fees | 15,055 | 3,915 | 9,238 | 28,208 |
| Office expense | 9,934 | 2,584 | 6,096 | 18,614 |
| Telephone | 2,419 | 629 | 1,485 | 4,533 |
| Postage and shipping | 1,596 | 415 | 980 | 2,991 |
| Occupancy | 19,431 | 5,053 | 11,924 | 36,408 |
| Insurance | 3,082 | 802 | 1,892 | 5,776 |
| Maintenance - equipment | 3,511 | 913 | 2,154 | 6,578 |
| Publications and software | 1,182 | 308 | 726 | 2,216 |
| Marketing | 2,090 | 543 | 1,282 | 3,915 |
| Travel | 1,805 | 470 | 1,108 | 3,383 |
| Conferences and meetings | 94 | 24 | 58 | 176 |
| Dues | 617 | 160 | 378 | 1,155 |
| Miscellaneous | 1,584 | 412 | 971 | 2,967 |
| Campaign materials | - | - | 11,334 | 11,334 |
| Contracted Services | - | - | 14,069 | 14,069 |
| Depreciation | 866 | 225 | 532 | 1,623 |
| | <u>\$ 365,364</u> | <u>\$ 83,415</u> | <u>\$ 245,839</u> | <u>\$ 694,618</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,

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Changes in net assets | \$ 60,546 | \$ 172,208 |
| Adjustments to reconcile changes in net assets to net cash flows from operating activities: | | |
| Depreciation | 2,325 | 1,623 |
| Provision for uncollectible promises to give | 121,202 | 160,786 |
| Net investment (return) loss | 34,911 | (4,007) |
| Change in assets held by the Maine Community Foundation | 43,018 | (130,718) |
| Paycheck Protection Program loan forgiveness | - | (100,100) |
| (Increase) decrease in operating assets: | | |
| Promises to give | (148,645) | (96,178) |
| Other receivable | - | 8,680 |
| Prepaid expenses | (1,220) | (2,687) |
| Increase (decrease) in operating liabilities: | | |
| Partner agency allocations and designations payable | (25,429) | 473 |
| Accounts payable | 1,786 | 7,464 |
| Accrued vacation and payroll | (5,037) | (5,341) |
| Net cash flows from operating activities | 83,457 | 12,203 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (1,999) | (3,843) |
| Purchase of investments | (135,729) | (83,366) |
| Change in certificates of deposit | - | 56,458 |
| Distribution from Maine Community Foundation | 15,330 | 15,230 |
| Net cash flows from investing activities | (122,398) | (15,521) |
| Net change in cash and cash equivalents | (38,941) | (3,318) |
| Cash at beginning of year | 683,570 | 686,888 |
| Cash end of year | \$ 644,629 | \$ 683,570 |

**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, 2022 and 2021

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.

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.

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 of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

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.

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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021, 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.

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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

Subsequent Events

Management has evaluated subsequent events through December 13, 2022, 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 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:

| | 2022 | 2021 |
|---------------------------|---------------------------|--------------------|
| Cash and cash equivalents | \$644,629 | \$683,570 |
| Promises to give | 589,150 | 561,707 |
| | <u>\$1,233,779</u> | <u>\$1,245,277</u> |

United Way's board of directors has designated net assets totaling \$1,016,241 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.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

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.

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, 2022:

| | Fair Value | Level 1 | Level 2 | Level 3 |
|--------------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | \$309,250 | \$309,250 | | |
| Corporate bonds | 503,860 | | \$503,860 | |
| Mutual funds | 134,316 | 134,316 | | |
| Interest in assets held by MCF | <u>440,837</u> | | | <u>\$440,837</u> |
| Total Investments | <u>\$1,388,263</u> | <u>\$443,566</u> | <u>\$503,860</u> | <u>\$440,837</u> |

The following table presents assets measured at fair value on a recurring basis as of June 30, 2021:

| | Fair Value | Level 1 | Level 2 | Level 3 |
|--------------------------------|--------------------|------------------|------------------|------------------|
| Cash and cash equivalents | \$173,700 | \$173,700 | | |
| Corporate bonds | 535,002 | | \$535,002 | |
| Mutual funds | 137,906 | 137,906 | | |
| Interest in assets held by MCF | <u>499,185</u> | | | <u>\$499,185</u> |
| Total Investments | <u>\$1,345,793</u> | <u>\$311,606</u> | <u>\$535,002</u> | <u>\$499,185</u> |

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

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 5 – PROMISES TO GIVE

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

| | 2022 | 2021 |
|--|-------------------------|------------------|
| Promises to give | \$719,150 | \$691,707 |
| Less: allowance for uncollectible promises to give | (130,000) | (130,000) |
| Promises to give, net | <u>\$589,150</u> | <u>\$561,707</u> |

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:

| | 2022 | 2021 |
|------------------------------|-------------------------|------------------|
| Beginning balance | \$499,185 | \$383,697 |
| Interest and dividend income | 1,317 | 1,344 |
| Gains (losses) | (35,594) | 138,320 |
| Fees | (8,741) | (8,946) |
| Distribution to United Way | (15,330) | (15,230) |
| Ending balance | <u>\$440,837</u> | <u>\$499,185</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:

| | 2022 | 2021 |
|------------------------------|--------------------------|------------------|
| Interest and dividend income | \$1,317 | \$1,344 |
| Gains (losses) | (35,594) | 138,320 |
| Fees | (8,741) | (8,946) |
| Net increase (decrease) | <u>\$(43,018)</u> | <u>\$130,718</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, 2022, the Board of Directors approved a total amount of \$764,796 in partner agency funding to be distributed between July 1, 2022 and June 30, 2023. The first two quarterly payments are paid from the fall 2021 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 2022 campaign and local economic conditions.

Funding to partner agencies is approved annually by the Board of Directors. During the year ended June 30, 2021, the Board of Directors approved a total amount of \$764,796 in partner agency funding to be distributed between July 1, 2021 and June 30, 2022. The first two quarterly payments are paid from the fall 2020 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 2021 campaign and local economic conditions.

See Note 10 for additional disclosures related to partner agency funding and other community impact distributions.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

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). United Way applied for loan forgiveness during the year ended June 30, 2021 under the provisions of the CARES Act. Loan forgiveness is subject to the sole approval of the U.S. Small Business Administration. United Way was 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. United Way’s loan forgiveness application was approved during the year ended June 30, 2021. As a result, United Way recorded loan forgiveness revenue in the 2021 statement of activities.

NOTE 9 – BOARD DESIGNATED NET ASSETS

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

| | 2022 | 2021 |
|--------------------------|---------------------------|------------------|
| Endowment | \$313,151 | \$354,599 |
| Stabilization reserve | 436,800 | 460,522 |
| Operating reserve | 213,890 | 80,082 |
| Home visiting initiative | 17,300 | 17,300 |
| Harbor Children’s Center | 35,100 | 36,201 |
| Total | <u>\$1,016,241</u> | <u>\$948,704</u> |

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2022 | 2021 |
|---|-------------------------|------------------|
| Subject to expenditure for specified purpose: | | |
| Provision of food and shelter | \$265,731 | \$265,731 |
| CASH Coalition | 24,077 | 9,970 |
| Diaper Project | 20,014 | 21,871 |
| Other | 4,667 | 4,667 |
| | <u>314,489</u> | <u>302,239</u> |
| Subject to passage of time: | | |
| Campaign | 359,935 | 310,613 |
| | <u>674,424</u> | <u>612,852</u> |
| Not subject to spending or passage of time | <u>1,400</u> | <u>1,400</u> |
| | <u>\$675,824</u> | <u>\$614,252</u> |

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

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:

| | 2022 | 2021 |
|---|-------------------------|------------------|
| Provision of food and shelter (purpose) | \$540 | \$20,000 |
| CA\$H Coalition (purpose) | 11,638 | 4,571 |
| Diaper Project (purpose) | 6,916 | 7,371 |
| Other projects (purpose) | 2,787 | 6,159 |
| Campaign (passage of time) | 779,146 | 797,686 |
| | <u>\$801,027</u> | <u>\$835,787</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:

| | 2022 | 2021 |
|-------------------------------|-------------------------|------------------|
| Success by 6: Early Childhood | \$217,289 | \$217,289 |
| Healthcare & Safety | 154,480 | 154,480 |
| Basic Needs/Safety Net | 174,281 | 174,281 |
| Healthy Community Connections | 218,746 | 218,746 |
| Total | <u>\$764,796</u> | <u>\$764,796</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

During the year ended June 30, 2022, United Way received \$5,059 from various donors in support of the Diaper Project including: \$5,000 from the Davenport Trust; and \$59 from others. United Way has collected and distributed, to date, close to 485,000 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 \$6,627 to support fuel assistance at several programs in the region.

United Way of Mid Coast Maine, Inc.

NOTES to FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022, United Way received the following funds in support of this initiative: Bath Savings Institution \$8,000, MRRRA \$2,000, Davenport Fund \$4,000, IRS VITA grant funding \$11,124 and University of Maine \$621.

Other Community Impact Activities

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, 2022, the Board of Directors approved and distributed \$34,895 to the 2-1-1 Maine Initiative.

In February 2022, United Way approved one-time funding for dental equipment of \$7,000 to Lincoln County Dental.

In May 2022, United Way approved a one-time supplemental payment of \$5,000 funding for the Pantry Partners Program of Mid Coast Hunger Prevention.

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, 2022 and 2021, annual dues in the amount of \$26,015 and \$26,441, 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, 2022 and 2021 were \$21,096 and \$33,693, respectively.

NOTE 15 – LEASES

United Way leases its office space from Mid Coast Community Action Program. The current lease agreement expires August 1, 2022 and the lease has two additional two-year renewal option, which United Way intends to exercise. During the current term, the annual rent is \$24,898.

Rent expense for the years ended June 30, 2022 and 2021 was \$24,898 and \$25,361, respectively and is included in occupancy in the statements of functional expenses.

NOTE 16 – CONCENTRATIONS

During each of the years ended June 30, 2022 and 2021, United Way received campaign revenues of approximately 25% from one organization and its employees.

UNITED WAY OF MID COAST MAINE, INC.

SCHEDULE OF PARTNER AGENCY FUNDING

Year Ended June 30, 2022

| | From Community Fund | By Donor Choice | Total |
|--|------------------------------------|--------------------------------|-------------------|
| Bath Area Family YMCA | \$ 46,000 | \$ 4,799 | \$ 50,799 |
| Big Brother Big Sisters Bath/Brunswick | 27,000 | 4,977 | 31,977 |
| Big Brother Big Sisters of Mid-Maine | 25,496 | 388 | 25,884 |
| Boothbay Region Community Resource Council | 16,500 | 1,104 | 17,604 |
| Boothbay Region District Nursing Association | 4,000 | 52 | 4,052 |
| Brunswick Area Respite Care | 23,000 | 715 | 23,715 |
| Catholic Charities of Maine | 14,400 | 1,177 | 15,577 |
| Central Lincoln County YMCA | 9,000 | 553 | 9,553 |
| Coast Kids Preschool | 15,000 | 102 | 15,102 |
| Elmhurst, Inc. | 10,800 | 130 | 10,930 |
| Family Focus | 58,446 | 1,504 | 59,950 |
| Gathering Place | 11,000 | 692 | 11,692 |
| Girl Scouts of Maine | 7,400 | 1,954 | 9,354 |
| Habitat for Humanity / 7 Rivers Maine | 10,500 | 208 | 10,708 |
| Healthy Kids! A Family Resource Network | 42,000 | 390 | 42,390 |
| Home to Home | 6,580 | - | 6,580 |
| Independence Association of Maine | 17,100 | 1,120 | 18,220 |
| Lincoln County Dental | 6,500 | 130 | 6,630 |
| Maine Family Planning | 5,625 | 666 | 6,291 |
| Mid Coast Chapter American Red Cross | 12,500 | 2,358 | 14,858 |
| Mid Coast Hunger Prevention | 13,000 | 6,722 | 19,722 |
| Midcoast Community Alliance | 9,000 | - | 9,000 |
| Midcoast Literacy | 34,304 | 416 | 34,720 |
| Midcoast Maine Community Action | 75,240 | 1,390 | 76,630 |
| Midcoast Youth Center | - | 780 | 780 |
| Mobius, Inc. | 13,950 | 1,298 | 15,248 |
| MSAD 75 School Based Health Center | 16,450 | 790 | 17,240 |
| New Hope for Women, Inc. | 29,848 | 1,500 | 31,348 |
| OASIS Health Clinic | 30,000 | 3,168 | 33,168 |
| People Plus Center | 19,600 | 1,332 | 20,932 |
| Pine Tree Legal Assistance | 22,000 | 441 | 22,441 |
| Planned Parenthood of NNE | 10,152 | 7,430 | 17,582 |
| Sexual Assault Support Serv. of Mid Coast | 14,405 | 1,185 | 15,590 |
| Spectrum Generations - Meals on Wheels | 25,000 | 3,562 | 28,562 |
| Tedford Housing | 63,000 | 3,606 | 66,606 |
| Through These Doors | 6,000 | 280 | 6,280 |
| The Salvation Army Bath/Brunswick | 14,000 | 2,526 | 16,526 |
| | <u>\$ 764,796</u> | <u>\$ 59,445</u> | <u>\$ 824,241</u> |

See independent auditor's report.

UNITED WAY OF MID COAST MAINE, INC.

SCHEDULE OF PARTNER AGENCY FUNDING

Year Ended June 30, 2021

| | From Community Fund | By Donor Choice | Total |
|--|------------------------------------|--------------------------------|-------------------|
| Bath Area Family YMCA | \$ 46,000 | \$ 2,987 | \$ 48,987 |
| Big Brother Big Sisters Bath/Brunswick | 27,000 | 3,934 | 30,934 |
| Big Brother Big Sisters of Mid-Maine | 25,496 | 78 | 25,574 |
| Boothbay Region Community Resource Council | 16,500 | - | 16,500 |
| Boothbay Region District Nursing Association | 4,000 | - | 4,000 |
| Brunswick Area Respite Care | 23,000 | 933 | 23,933 |
| Catholic Charities of Maine | 14,400 | 1,180 | 15,580 |
| Central Lincoln County YMCA | 9,000 | 328 | 9,328 |
| Coast Kids Preschool | 15,000 | 1,128 | 16,128 |
| Elmhurst, Inc. | 10,800 | 734 | 11,534 |
| Family Focus | 58,446 | 1,164 | 59,610 |
| Gathering Place | 11,000 | 443 | 11,443 |
| Girl Scouts of Maine | 7,400 | 1,167 | 8,567 |
| Good Shepard Food Bank | - | 17,952 | 17,952 |
| Habitat for Humanity / 7 Rivers Maine | 10,500 | 701 | 11,201 |
| Healthy Kids! A Family Resource Network | 42,000 | 210 | 42,210 |
| Home to Home | 6,580 | - | 6,580 |
| Independence Association of Maine | 17,100 | 1,272 | 18,372 |
| Lincoln County Dental | 6,500 | 96 | 6,596 |
| Maine Family Planning | 5,625 | 920 | 6,545 |
| Mid Coast Chapter American Red Cross | 12,500 | 2,192 | 14,692 |
| Mid Coast Hunger Prevention | 13,000 | 5,075 | 18,075 |
| Midcoast Community Alliance | 9,000 | - | 9,000 |
| Midcoast Literacy | 34,304 | 146 | 34,450 |
| Midcoast Maine Community Action | 75,240 | 616 | 75,856 |
| Mobius, Inc. | 13,950 | 1,044 | 14,994 |
| MSAD 75 School Based Health Center | 16,450 | 548 | 16,998 |
| New Hope for Women, Inc. | 29,848 | 1,028 | 30,876 |
| OASIS Health Clinic | 30,000 | 2,478 | 32,478 |
| Parent Program of Mid Coast Maine, Inc. | - | 75 | 75 |
| People Plus Center | 19,600 | 1,058 | 20,658 |
| Pine Tree Legal Assistance | 22,000 | 430 | 22,430 |
| Planned Parenthood of NNE | 10,152 | 5,768 | 15,920 |
| Sexual Assault Support Serv. of Mid Coast | 14,405 | 1,164 | 15,569 |
| Spectrum Generations - Meals on Wheels | 25,000 | 2,949 | 27,949 |
| Tedford Housing | 63,000 | 1,402 | 64,402 |
| Through These Doors | 6,000 | 17 | 6,017 |
| The Salvation Army Bath/Brunswick | 14,000 | 487 | 14,487 |
| | <u>\$ 764,796</u> | <u>\$ 61,704</u> | <u>\$ 826,500</u> |

See independent auditor's report.