



United Way, Inc.

CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

June 30, 2021 and 2020

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way, Inc.

We have audited the accompanying consolidated financial statements of United Way, Inc. and its wholly-owned subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way, Inc. as of June 30, 2021 and 2020, and the consolidated changes in their net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Board of Directors
United Way, Inc.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2021 consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
November 22, 2021

UNITED WAY, INC.

Consolidated Statements of Financial Position

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,183,262	\$ 4,435,453
Pledges receivable, net	2,917,882	3,354,955
Other receivables	363,501	350,078
Other assets	56,214	46,295
Long-term investments	10,922,124	8,528,210
Beneficial interest in perpetual trust	1,515,012	1,204,522
Equipment, net of accumulated depreciation of \$335,517 in 2021 and \$287,968 in 2020	<u>314,848</u>	<u>316,515</u>
Total assets	<u>\$ 20,272,843</u>	<u>\$ 18,236,028</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 682,354	\$ 784,735
Designations payable	1,475,721	1,410,985
Paycheck protection program (PPP) refundable advance	<u>-</u>	<u>385,000</u>
Total liabilities	2,158,075	2,580,720
Net assets		
Without donor restrictions		
Undesignated	1,513,693	1,656,265
Board designated - endowment	<u>6,486,093</u>	<u>5,051,801</u>
Total without donor restrictions	7,999,786	6,708,066
With donor restrictions	<u>10,114,982</u>	<u>8,947,242</u>
Total net assets	<u>18,114,768</u>	<u>15,655,308</u>
Total liabilities and net assets	<u>\$ 20,272,843</u>	<u>\$ 18,236,028</u>

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2021

(With summarized information for the year ended June 30, 2020 for comparison)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Campaign results:				
2021 campaign results	\$ -	\$ 77,585	\$ 77,585	\$ -
2020 campaign results	-	7,103,735	7,103,735	736,417
2019 campaign results	-	15,531	15,531	7,606,882
2018 campaign results	-	-	-	46,668
Less donor designations to other organizations, net	-	(928,064)	(928,064)	(976,666)
Less provision for uncollectible pledges	-	(280,452)	(280,452)	(189,508)
Net campaign results	-	5,988,335	5,988,335	7,223,793
Revenues, gains and other support:				
Net assets released from restriction from campaign				
2020 campaign	2,633,540	(2,633,540)	-	-
2019 campaign	3,474,748	(3,474,748)	-	-
Gifts and bequests	-	-	-	135,000
Grant and contract revenue	-	2,388,988	2,388,988	1,739,317
Service fees	113,798	26,670	140,468	194,777
Investment income	139,371	74,793	214,164	224,388
Realized gains (losses) on investments	36,187	24,947	61,134	(16,781)
Unrealized gains on investments	1,517,132	1,044,806	2,561,938	230,451
Miscellaneous	824,372	74	824,446	139,470
Other net assets released from restriction	2,556,095	(2,556,095)	-	-
Gain (loss) on perpetual trust	-	310,490	310,490	(31,934)
Total revenues	11,295,243	1,194,720	12,489,963	9,838,481
Expenses:				
Agency investments/awards	5,015,202	-	5,015,202	5,367,308
Less donor designations, net	(905,496)	-	(905,496)	(970,408)
Community impact	2,605,997	-	2,605,997	2,230,078
211 Maine	1,421,364	-	1,421,364	1,221,927
Total program services	8,137,067	-	8,137,067	7,987,181
Supporting services - management and general and fundraising	1,866,456	-	1,866,456	1,938,874
Total expenses	10,003,523	-	10,003,523	9,926,055
Change in net assets	1,291,720	1,167,740	2,459,460	(87,574)
Net assets, beginning of year	6,708,066	8,947,242	15,655,308	15,742,882
Net assets, end of year	\$ 7,999,786	\$ 10,114,982	\$ 18,114,768	\$ 15,655,308

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Campaign results:			
2020 campaign results	\$ -	\$ 736,417	\$ 736,417
2019 campaign results	-	7,606,882	7,606,882
2018 campaign results	-	46,668	46,668
Less donor designations to other organizations, net	-	(976,666)	(976,666)
Less provision for uncollectible pledges	-	(189,508)	(189,508)
Net campaign results	-	7,223,793	7,223,793
Revenues, gains and other support:			
Net assets released from restriction from campaign			
2020 campaign	488,312	(488,312)	-
2019 campaign	3,294,294	(3,294,294)	-
2018 campaign	3,281,822	(3,281,822)	-
Gifts and bequests	135,000	-	135,000
Grant and contract revenue	-	1,739,317	1,739,317
Service fees	168,106	26,671	194,777
Investment income	154,090	70,298	224,388
Realized losses on investments	(10,357)	(6,424)	(16,781)
Unrealized gains on investments	134,100	96,351	230,451
Miscellaneous	138,543	927	139,470
Other net assets released from restriction	1,955,081	(1,955,081)	-
Loss on perpetual trust	-	(31,934)	(31,934)
Total revenues	9,738,991	99,490	9,838,481
Expenses:			
Agency investments/awards	5,367,308	-	5,367,308
Less donor designations, net	(970,408)	-	(970,408)
Community impact	2,368,354	-	2,368,354
211 Maine	1,221,927	-	1,221,927
Total program services	7,987,181	-	7,987,181
Supporting services - management and general and fundraising	1,938,874	-	1,938,874
Total expenses	9,926,055	-	9,926,055
Change in net assets	(187,064)	99,490	(87,574)
Net assets, beginning of year	6,895,130	8,847,752	15,742,882
Net assets, end of year	<u>\$ 6,708,066</u>	<u>\$ 8,947,242</u>	<u>\$ 15,655,308</u>

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

UNITED WAY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Total
	<u>Essential Programs and Services</u>	<u>Community Impact</u>	<u>211 Maine</u>	
Gross investments/awards/contracted services	\$ 5,015,202	\$ 544,535	\$ 1,285,803	\$ 6,845,540
Less donor designations, net	<u>(905,496)</u>	<u>-</u>	<u>-</u>	<u>(905,496)</u>
Agency investments/awards/ contracted services	4,109,706	544,535	1,285,803	5,940,044
Salaries	-	1,257,551	62,896	1,320,447
Employees' health and retirement benefits	-	215,398	3,410	218,808
Payroll taxes	-	93,023	4,707	97,730
Professional fees	-	151,158	8,732	159,890
Supplies	-	6,986	904	7,890
Telephone	-	13,186	252	13,438
Postage and shipping	-	4,037	218	4,255
Occupancy	-	104,233	4,676	108,909
Marketing and communications materials	-	14,211	34,709	48,920
Publications and subscription	-	3,125	-	3,125
Travel	-	2,175	308	2,483
Conferences, conventions and meetings	-	8,291	155	8,446
National agency support	-	59,043	-	59,043
Equipment, rental and maintenance	-	91,530	12,111	103,641
Insurance	-	6,499	2,483	8,982
Miscellaneous	-	8,097	-	8,097
Depreciation	<u>-</u>	<u>22,919</u>	<u>-</u>	<u>22,919</u>
Total operations	<u>-</u>	<u>2,061,462</u>	<u>135,561</u>	<u>2,197,023</u>
Total expenses	<u>\$ 4,109,706</u>	<u>\$ 2,605,997</u>	<u>\$ 1,421,364</u>	<u>\$ 8,137,067</u>

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

Supporting Services

<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 6,845,540
<u>-</u>	<u>-</u>	<u>-</u>	<u>(905,496)</u>
-	-	-	5,940,044
604,631	563,871	1,168,502	2,488,949
33,327	119,221	152,548	371,356
44,516	41,939	86,455	184,185
71,215	57,422	128,637	288,527
2,147	2,073	4,220	12,110
4,513	7,969	12,482	25,920
1,907	3,174	5,081	9,336
56,988	55,029	112,017	220,926
5,719	8,748	14,467	63,387
260	122	382	3,507
905	855	1,760	4,243
2,908	4,410	7,318	15,764
32,281	31,171	63,452	122,495
35,714	34,487	70,201	173,842
3,553	3,431	6,984	15,966
3,724	3,596	7,320	15,417
<u>12,531</u>	<u>12,099</u>	<u>24,630</u>	<u>47,549</u>
<u>916,839</u>	<u>949,617</u>	<u>1,866,456</u>	<u>4,063,479</u>
<u>\$ 916,839</u>	<u>\$ 949,617</u>	<u>\$ 1,866,456</u>	<u>\$10,003,523</u>

UNITED WAY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services			Total
	<u>Essential Programs and Services</u>	<u>Community Impact</u>	<u>211 Maine</u>	
Gross investments/awards/contracted services	\$ 5,367,308	\$ 273,425	\$ 1,121,079	\$ 6,761,812
Less donor designations, net	<u>(970,408)</u>	<u>-</u>	<u>-</u>	<u>(970,408)</u>
Agency investments/awards/contracted services	4,396,900	273,425	1,121,079	5,791,404
Salaries	-	1,235,473	58,555	1,294,028
Employees' health and retirement benefits	-	206,111	1,678	207,789
Payroll taxes	-	91,423	4,350	95,773
Professional fees and contract services	-	149,917	6,067	155,984
Supplies	-	25,874	571	26,445
Telephone	-	11,719	399	12,118
Postage and shipping	-	3,519	336	3,855
Occupancy	-	147,206	2,368	149,574
Marketing and communications materials	-	18,531	21,158	39,689
Publications and subscription	-	229	-	229
Travel	-	4,894	2,130	7,024
Conferences, conventions and meetings	-	16,988	565	17,553
National agency support	-	40,500	-	40,500
Equipment, rental and maintenance	-	110,293	-	110,293
Insurance	-	5,816	2,671	8,487
Miscellaneous	-	4,719	-	4,719
Depreciation	<u>-</u>	<u>21,717</u>	<u>-</u>	<u>21,717</u>
Total operations	<u>-</u>	<u>2,094,929</u>	<u>100,848</u>	<u>2,195,777</u>
Total expense	<u>\$ 4,396,900</u>	<u>\$ 2,368,354</u>	<u>\$ 1,221,927</u>	<u>\$ 7,987,181</u>

<u>Supporting Services</u>			
<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total 2020</u>
\$ 6,761,812	\$ -	\$ -	\$ 6,761,812
<u>(970,408)</u>	<u>-</u>	<u>-</u>	<u>(970,408)</u>
5,791,404	-	-	5,791,404
1,294,028	637,068	1,931,096	3,225,124
207,789	104,977	312,766	520,555
95,773	47,613	143,386	239,159
155,984	64,770	220,754	376,738
26,445	3,690	30,135	56,580
12,118	7,708	19,826	31,944
3,855	2,740	6,595	10,450
149,574	82,937	232,511	382,085
39,689	11,392	51,081	90,770
229	572	801	1,030
7,024	2,810	9,834	16,858
17,553	15,331	32,884	50,437
40,500	21,764	62,264	102,764
110,293	44,017	154,310	264,603
8,487	3,125	11,612	20,099
4,719	2,001	6,720	11,439
<u>21,717</u>	<u>11,670</u>	<u>33,387</u>	<u>55,104</u>
<u>2,195,777</u>	<u>1,064,185</u>	<u>3,259,962</u>	<u>5,455,739</u>
<u>\$ 7,987,181</u>	<u>\$ 1,064,185</u>	<u>\$ 3,259,962</u>	<u>\$11,247,143</u>

UNITED WAY, INC.

Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 2,459,460	\$ (87,574)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	47,549	46,015
Net realized and unrealized gains on investments	(2,623,072)	(213,670)
(Gain) loss on perpetual trust	(310,490)	31,934
(Forgiveness) proceeds from PPP refundable advance	(385,000)	385,000
Changes in operating assets and liabilities		
Pledges receivable	437,073	1,620,051
Other receivables	(13,423)	8,409
Other assets	(9,919)	46,434
Accounts payable and accrued expenses	(102,381)	321,338
Designations payable	<u>64,736</u>	<u>(2,206,047)</u>
Net cash used by operating activities	<u>(435,467)</u>	<u>(48,110)</u>
Cash flows from investing activities		
Purchase of equipment	(45,882)	(255,133)
Liquidation of Preble Street funds	-	(160,824)
Purchase of investments	(1,921,876)	(2,946,745)
Proceeds from sale and maturities of investments	<u>2,151,034</u>	<u>3,171,922</u>
Net cash provided (used) by investing activities	<u>183,276</u>	<u>(190,780)</u>
Net decrease in cash and cash equivalents	<u>(252,191)</u>	<u>(238,890)</u>
Cash and cash equivalents, beginning of year	<u>4,435,453</u>	<u>4,674,343</u>
Cash and cash equivalents, end of year	<u>\$ 4,183,262</u>	<u>\$ 4,435,453</u>

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

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. Description of Organization and Summary of Significant Accounting Policies

Organization

United Way, Inc., d/b/a United Way of Greater Portland (United Way) improves people's lives by mobilizing the caring power of our communities. With financial, volunteer, and in-kind support, United Way works with community partners to address the most pressing health and human service issues in Greater Portland.

United Way is the sole member of 211 Maine, Inc., a Maine nonprofit corporation (211 Maine). 211 Maine was established to offer comprehensive health and human services information and referral services for the State of Maine.

United Way and 211 Maine, collectively are referred to as "the Organization."

Reporting Entity and Consolidation

The accompanying consolidated financial statements include the accounts of United Way, Inc. and 211 Maine. All intercompany balances and transactions have been eliminated in consolidation.

Operations

Annual United Way campaigns are conducted in the fall of each year. Undesignated campaign contributions are used to support 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, health, and diversity and inclusion strategies; and to pay the Organization's operating expenses. Donors may choose to designate their pledges to a partner agency, a non-partner agency that provides health and human services within the State of Maine (the State), or another out-of-area United Way.

Annual fall campaigns are reduced by pledges that are designated to other organizations (Specific Care donations), and by a provision for uncollectible pledges. The resulting net pledges are reflected as campaign results with donor restrictions until released from restriction and expended. Approximately one half of the prior and current years' campaign results are released from restriction in the current year's statement of activities. The balance of the current year's net pledges is included in net assets with donor restrictions at year-end. Specific Care donations, net of an administrative fee and provisions for uncollectible pledges, have been recorded as designations payable in the consolidated statement of financial position and have not been recorded as revenue or expense in the consolidated statements of activities.

The Organization also processes pledges and collects and distributes funds outside of greater Portland from employees of several companies. Like Specific Care pledges raised locally, these donations, net of an administrative fee and provisions for uncollectible pledges, have been recorded as designations payable in the consolidated statement of financial position and have not been recorded as revenue or expense in the consolidated statements of activities. See Note 3.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

In addition to annual campaign and other cash contributions, donors can utilize various planned giving vehicles including bequests, gifts of securities, and life insurance to support the Organization's long-term operations. Such contributions are assets of the Organization. Endowment assets are managed by the Organization's Finance Committee in accordance with an Investment Policy approved by the Board of Directors (Board).

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Organization's management and the Board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt securities with original maturities of three months or less when purchased, excluding investments held in trust.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices in the consolidated statements of financial position.

Investment securities are exposed to various risks, such as interest rate, market and credit risks.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the consolidated statements of financial position.

Equipment

Equipment is carried at cost or, if acquired by gift, at appraised value at date of gift. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used for a specific purpose, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Grant and Contract Revenue

The Organization also undertakes other specific initiatives periodically in connection with its goals for the education, financial stability, and health of the greater Portland community. These initiatives are funded by operating dollars from the sources referenced above as well as grants from foundations and corporations.

Expenditure-driven grants are recognized in the period expenditures are incurred in connection with the grant. Other grants and contracts are recognized as conditions, if any, are met under the terms of the grant and contract agreements.

Expenses Allocations

Expenses are allocated to both programs and supporting services. Salaries and wages are allocated based on estimates of time spent by members of the staff. Other expenses that are not directly attributable to one category are allocated based on full-time equivalents.

Subsequent Events

Management has evaluated subsequent events through November 22, 2021, the date the accompanying consolidated financial statements were available to be issued.

Effective July 1, 2021, United Way of York County (UWYC) will merge with and into United Way of Greater Portland (UWGP), with UWGP as the surviving corporation. The new organization will be known as United Way of Southern Maine.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. Liquidity and Availability of Financial Assets

As of June 30, 2021 and 2020, the Organization had working capital of approximately \$5,306,000 and \$5,560,000, respectively, and average days cash on hand (based on normal expenditures) of approximately 153 and 174, respectively.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor restricted resources or, where appropriate, borrowings.

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	4,183,262	4,435,453
Pledges receivable	2,917,882	3,354,955
Other receivables	363,501	350,078
Budgeted endowment draw	349,000	345,000
Beneficial interest in perpetual trust	1,515,012	1,204,522
Long-term investments	<u>10,922,124</u>	<u>8,528,210</u>
Total financial assets	20,250,781	18,218,218
Less assets with restrictions		
Beneficial interest in perpetual trust	(1,515,012)	(1,204,522)
Designated funds - out-of-area	(1,113,833)	(1,019,378)
Designated funds - local	(599,977)	(590,086)
Donor restricted endowment funds	(4,418,536)	(3,476,409)
Board designated endowment funds	(6,486,093)	(5,051,801)
Grant funds	(307,348)	(173,630)
211 Maine funds	<u>(519,291)</u>	<u>(617,933)</u>
	<u>(14,960,090)</u>	<u>(12,133,759)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,290,691</u>	<u>\$ 6,084,459</u>

The Organization maintains reserves in a range of between 15% and 25% of total expenses as determined by the previous year's audited financial statements. Additionally, by policy the lower limit on the range should not fall below 150% of the average monthly expenditures based on the past calendar year.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. Pledges Receivable

The Organization serves and conducts its annual campaign in the Greater Portland, Maine region. The ability and willingness of individuals and corporations to honor their pledges are generally dependent on current economic conditions within the geographic area. The Organization estimates the allowance for uncollectible pledges using historical loss factors and current economic conditions. All pledges receivable are due in one year.

As of June 30, 2021 and 2020, the balance of pledges receivable, net of allowance for uncollectible pledges, by campaign year is as follows:

2021			
<u>Campaign Year</u>	<u>Gross Pledges Receivable</u>	<u>Allowance</u>	<u>Net Pledges Receivable</u>
2021	\$ 11,024	\$ -	\$ 11,024
2020	2,348,112	241,734	2,106,378
2019	337,219	337,219	-
2018	<u>196,469</u>	<u>196,469</u>	<u>-</u>
	2,892,824	775,422	2,117,402
Specific Care pledges	<u>875,993</u>	<u>75,513</u>	<u>800,480</u>
	<u>\$ 3,768,817</u>	<u>\$ 850,935</u>	<u>\$ 2,917,882</u>
2020			
<u>Campaign Year</u>	<u>Gross Pledges Receivable</u>	<u>Allowance</u>	<u>Net Pledges Receivable</u>
2020	\$ 197	\$ -	\$ 197
2019	2,882,951	266,819	2,616,132
2018	202,483	202,483	-
2017	<u>310,873</u>	<u>310,873</u>	<u>-</u>
	3,396,504	780,175	2,616,329
Specific Care pledges	<u>806,443</u>	<u>67,817</u>	<u>738,626</u>
	<u>\$ 4,202,947</u>	<u>\$ 847,992</u>	<u>\$ 3,354,955</u>

The Organization processes campaign pledges for other organizations outside the local service area as described in Note 1. Such Specific Care pledges are included in pledges receivable and designations payable in the accompanying consolidated statements of financial position.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

4. Investments and Endowments

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of the State of Maine to require appreciation on investments of contributions restricted by donors to be maintained in perpetuity, unless the donor has otherwise indicated in the gift instrument, to be considered donor restricted until appropriated by the Organization's Board.

The long-term investments are governed by an investment policy and endowment spending policy as approved periodically by the Organization's Board. The investment policies include guidance on investment objectives, asset allocation, investment quality and diversification, and performance measurement and reporting. Such policies attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Management continues appropriation from certain funds of perpetual duration as approved by the Board. The portfolio is invested in a manner that is intended to generate annual returns of the Consumer Price Index increase plus 5%, net of expenses, while assuming a moderate level of risk. The Board uses outside professionals to manage its investment portfolio. The Organization's target investment allocation is 75% equities and 25% fixed income. The endowment spending policy specifies a range of 3% to 5% of invested funds annually. Such spending totaled approximately \$382,000 and \$345,000 in fiscal 2021 and 2020, respectively.

A summary of investments at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
U.S. Treasury notes and obligations of government agencies	\$ 308,899	\$ 312,474
Mutual funds - equity	9,200,717	7,061,055
Money market accounts	885,196	96,324
Corporate bonds	<u>527,312</u>	<u>1,058,357</u>
	<u>\$ 10,922,124</u>	<u>\$ 8,528,210</u>

Such investments are allocated as follows:

	<u>2021</u>	<u>2020</u>
United Way endowments		
Net assets without donor restrictions	\$ 6,503,588	\$ 5,051,801
Net assets with donor restrictions	<u>4,418,536</u>	<u>3,476,409</u>
	<u>\$ 10,922,124</u>	<u>\$ 8,528,210</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

The changes in United Way endowment funds by net asset category for the years ended June 30, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balances, June 30, 2019	\$ 4,891,778	\$ 3,487,119	\$ 8,378,897
Net investment return	219,816	157,425	377,241
Additions	120,648	13,374	134,022
Change in donor designation	-	(16,666)	(16,666)
Appropriation for expenditure	<u>(180,441)</u>	<u>(164,843)</u>	<u>(345,284)</u>
Balances, June 30, 2020	5,051,801	3,476,409	8,528,210
Net investment return	1,644,098	1,132,287	2,776,385
Additions	11,037	8,004	19,041
Change in donor designation	-	(19,040)	(19,040)
Appropriation for expenditure	<u>(203,348)</u>	<u>(179,124)</u>	<u>(382,472)</u>
Balances, June 30, 2021	<u>\$ 6,503,588</u>	<u>\$ 4,418,536</u>	<u>\$ 10,922,124</u>

5. Beneficial Interest in Perpetual Trust

The Organization is the income beneficiary of an irrevocable perpetual trust. These funds are held and controlled by Bank of America, as trustee. The Organization is entitled to 85% of the income from the trust. The Organization has recorded an asset in the consolidated statements of financial position at the present value of estimated future distributions which approximates the fair value of the Organization's share of trust assets at the consolidated statement of financial position date.

6. Net Assets

Undesignated net assets are without donor restrictions and available for programs and support services of the Organization. The Board of Directors has designated net assets without donor restrictions for long-term purposes labeled above as endowment. The income earned on these investments is to be used for charitable purposes including initiatives.

Net assets with donor restrictions temporary in nature are available for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Campaign contributions	\$ 3,354,795	\$ 3,474,748
Endowment funds appreciation	2,436,879	1,461,417
Grant funds	307,348	173,630
211 Maine	<u>519,291</u>	<u>617,933</u>
	<u>\$ 6,618,313</u>	<u>\$ 5,727,728</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Campaign contributions and endowment funds are considered time restricted in nature.

Net assets maintained in perpetuity for which the income is without donor restrictions at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Beneficial interest in perpetual trust (Note 5)	\$ 1,515,012	\$ 1,204,522
Endowment funds	<u>1,981,657</u>	<u>2,014,992</u>
	<u>\$ 3,496,669</u>	<u>\$ 3,219,514</u>

7. Employee Benefits

The Organization has established a Tax Deferred Annuity Plan in accordance with Section 403(b) of the Internal Revenue Code (the Code), which covers all employees. Employees may elect to defer a portion of their compensation of which a certain percent (6% in 2021 and 2020) determined annually by the Board is matched dollar-for-dollar by the Organization. In addition, the Plan provides for discretionary contributions by the Organization. The amounts deferred by the employee vest immediately and the Organization's contributions vest over a four-year period. The Organization's contribution to the Plan in 2021 and 2020 was \$110,078 and \$103,527, respectively.

8. Leases

The Organization had a lease agreement for office space. The agreement carried an initial ten-year term through June 2020 and two five-year options. During 2020, the Organization entered into a new lease agreement for different office space. This agreement carries an initial fifteen-year term through 2035 with two options to extend the lease for five-year terms. Total rent expense amounted to \$190,215 and \$230,574 for the years ended June 30, 2021 and 2020, respectively.

Minimum future rental payments under the lease are as follows:

2022	\$ 146,700
2023	150,300
2024	154,100
2025	158,000
2026	162,000
Thereafter	<u>1,654,500</u>
Total	<u>\$ 2,425,600</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

9. Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Code and as such is exempt from federal and state income taxes.

Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to the consolidated financial statements.

10. Volunteer Services

During the years ended June 30, 2021 and 2020, volunteers provided 4,806 and 12,615 hours of service to Organization programs, respectively. The volunteers provide various nonspecialized services to the Organization, none of which have been recognized as revenue or expense in the consolidated statements of activities.

11. Concentrations of Credit Risk

The Organization maintains its cash balances at a financial institution that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant risk on cash and cash equivalents.

12. Commitment

The Organization has an agreement with The Opportunity Alliance, a nonprofit corporation, through June 30, 2022 (subject to termination by either party in certain events). The Opportunity Alliance provides call center services and other administrative services for 211 Maine. Expenses for these services totaled \$1,285,803 and \$1,027,171 in fiscal 2021 and 2020, respectively. At June 30, 2021 and 2020, 211 Maine owed The Opportunity Alliance \$112,618 and \$175,876, respectively, which is included in accounts payable and accrued expenses in the consolidated statements of financial position.

13. Contracts

211 Maine enters into contracts with the State. Revenues related to the contracts approximated \$635,000 in 2021 and 2020. As of July 1, 2020, 211 Maine entered into a contract with the State through June 30, 2022 with a committed amount up to \$1,270,000 for services to be provided by 211 Maine.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

14. Fair Value Measurement

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis are summarized below.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2021				
Investments:				
U.S. Treasury notes and obligations of government agencies	\$ 308,899	\$ -	\$ 308,899	\$ -
Mutual funds				
Foreign equity funds	2,451,357	2,451,357	-	-
Domestic equity funds	6,749,360	6,749,360	-	-
Money market accounts	885,196	885,196	-	-
Corporate bonds	<u>527,312</u>	<u>-</u>	<u>527,312</u>	<u>-</u>
Total investments	<u>\$ 10,922,124</u>	<u>\$ 10,085,913</u>	<u>\$ 836,211</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,515,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,515,012</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2020				
Investments:				
U.S. Treasury notes and obligations of government agencies	\$ 312,474	\$ -	\$ 312,474	\$ -
Mutual funds				
Foreign equity funds	1,699,001	1,699,001	-	-
Domestic equity funds	5,362,054	5,362,054	-	-
Money market accounts	96,324	96,324	-	-
Corporate bonds	<u>1,058,357</u>	<u>-</u>	<u>1,058,357</u>	<u>-</u>
Total investments	<u>\$ 8,528,210</u>	<u>\$ 7,157,379</u>	<u>\$ 1,370,831</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,204,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,522</u>

Level 2 measurements consist of corporate bonds and government obligations valued based on quoted prices for similar assets.

The Level 3 beneficial interest in perpetual trust is valued based on the present value of expected cash flows using quoted market prices of the assets in the trust multiplied by the Organization's share of the trust.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, July 1, 2019	\$ 1,236,456
Change in value of trust	<u>(31,934)</u>
Balance, June 30, 2020	1,204,522
Change in value of trust	<u>310,490</u>
Balance, June 30, 2021	<u>\$ 1,515,012</u>

15. PPP Refundable Advance

During 2020, the Organization qualified for and received a loan pursuant to the PPP, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in the amount of \$385,000. The PPP provided funds to pay up to 24 weeks of payroll and other specified costs, and forgiveness of the loan was dependent upon compliance with this and other terms and conditions of the CARES Act. Forgiveness is subject to the sole approval of the SBA. The Organization has chosen to follow the conditional contribution model for the loan, and has opted to not record any income until forgiveness is received. The full amount received was reported as a refundable advance in the liability section of the consolidated statement of financial position at June 30, 2020. This loan was forgiven during 2021 and is included in miscellaneous income on the Consolidated Statement of Activities.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

16. COVID-19 Considerations and Uncertainty

On March 13, 2020, the U.S. government declared a national state of emergency as a result of the global pandemic of COVID-19. Efforts were taken by national, state, and local governments to manage the spread of COVID-19 which included the temporary shutdown of businesses in many sectors and imposing limitations on travel and the size and duration of group meetings. While these mandates have gradually become less restrictive during the fiscal year 2021, most industry sectors are still experiencing disruption to business operations and may experience further impacts related to volatility in operations, investment returns, and reduced philanthropic support. Significant uncertainty still surrounds the duration of the pandemic and operational adjustments that must be made to accommodate guidance from the Center for Disease Control and Prevention, the potential economic ramifications, and further government actions to mitigate them. Therefore, management is not in a position to reasonably estimate the full financial impact and duration.

SUPPLEMENTARY INFORMATION

UNITED WAY, INC.

Consolidating Statement of Financial Position

June 30, 2021

ASSETS

	<u>United Way, Inc.</u>	<u>211 Maine, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 3,818,984	\$ 364,278	\$ -	\$ 4,183,262
Pledges receivable, net	2,917,882	-	-	2,917,882
Other receivables	93,942	269,738	(179)	363,501
Other assets	54,456	1,758	-	56,214
Long-term investments	10,922,124	-	-	10,922,124
Beneficial interest in perpetual trust	1,515,012	-	-	1,515,012
Equipment, less accumulated depreciation	<u>314,848</u>	<u>-</u>	<u>-</u>	<u>314,848</u>
Total assets	<u>\$ 19,637,248</u>	<u>\$ 635,774</u>	<u>\$ (179)</u>	<u>\$ 20,272,843</u>

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable and accrued liabilities	\$ 566,050	\$ 116,304	\$ -	\$ 682,354
Designations payable	1,475,721	-	-	1,475,721
Other liabilities	<u>-</u>	<u>179</u>	<u>(179)</u>	<u>-</u>
Total liabilities	2,041,771	116,483	(179)	2,158,075
Net assets				
Without donor restrictions				
Undesignated	1,513,693	-	-	1,513,693
Board designated - endowment	<u>6,486,093</u>	<u>-</u>	<u>-</u>	<u>6,486,093</u>
Total without donor restrictions	7,999,786	-	-	7,999,786
With donor restrictions	<u>9,595,691</u>	<u>519,291</u>	<u>-</u>	<u>10,114,982</u>
Total net assets	<u>17,595,477</u>	<u>519,291</u>	<u>-</u>	<u>18,114,768</u>
Total liabilities and net assets	<u>\$ 19,637,248</u>	<u>\$ 635,774</u>	<u>\$ (179)</u>	<u>\$ 20,272,843</u>

UNITED WAY, INC.

Consolidating Statement of Activities

Year Ended June 30, 2021

	United Way, Inc.					
	Without Donor Restrictions	With Donor Restrictions	Total	211 Maine, Inc.	Eliminations	Total
Campaign results	\$ -	\$ 7,196,851	\$ 7,196,851	\$ -	\$ -	\$ 7,196,851
Less donor designations to other organizations, net	-	(928,064)	(928,064)	-	-	(928,064)
Less provision for uncollectible pledges	-	(280,452)	(280,452)	-	-	(280,452)
Net campaign results	-	5,988,335	5,988,335	-	-	5,988,335
Revenue, gains and other support						
Net assets released from restriction						
2020 campaign	2,633,540	(2,633,540)	-	-	-	-
2019 campaign results	3,474,748	(3,474,748)	-	-	-	-
Grant and contract revenue	-	1,209,259	1,209,259	1,295,978	(143,229)	2,362,008
Service fees	113,798	-	113,798	26,670	-	140,468
Investment income	139,371	74,793	214,164	-	-	214,164
Realized gains on investments	36,187	24,947	61,134	-	-	61,134
Unrealized gains on investments	1,517,132	1,044,806	2,561,938	-	-	2,561,938
Miscellaneous	824,372	-	824,372	74	-	824,446
Other net assets released from restriction	1,277,960	(1,277,960)	-	26,980	-	26,980
Gain on perpetual trust	-	310,490	310,490	-	-	310,490
Total revenues	10,017,108	1,266,382	11,283,490	1,349,702	(143,229)	12,489,963
Expenses						
Agency investments/ awards	5,015,202	-	5,015,202	-	-	5,015,202
Less donor designations, net	(905,496)	-	(905,496)	-	-	(905,496)
Community impact	2,749,226	-	2,749,226	-	(143,229)	2,605,997
211 Maine	-	-	-	1,421,364	-	1,421,364
Total program services	6,858,932	-	6,858,932	1,421,364	(143,229)	8,137,067
Supporting services - management and general and fundraising	1,866,456	-	1,866,456	-	-	1,866,456
Total expenses	8,725,388	-	8,725,388	1,421,364	(143,229)	10,003,523
Change in net assets before change in net assets with donor restrictions for 211 Maine, Inc.	1,291,720	1,266,382	2,558,102	(71,662)	-	2,486,440

UNITED WAY, INC.

Consolidating Statement of Activities (Concluded)

Year Ended June 30, 2021

	United Way, Inc.					
	Without Donor Restrictions	With Donor Restrictions	Total	211 Maine, Inc.	Eliminations	Total
Change in net assets with donor restrictions						
Net assets released from restrictions	-	-	-	(26,980)	-	(26,980)
Decrease in net assets with donor restrictions	-	-	-	(26,980)	-	(26,980)
Increase (decrease) in net assets	1,291,720	1,266,382	2,558,102	(98,642)	-	2,459,460
Net assets, beginning of year	<u>6,708,066</u>	<u>8,329,309</u>	<u>15,037,375</u>	<u>617,933</u>	-	<u>15,655,308</u>
Net assets, end of year	<u>\$ 7,999,786</u>	<u>\$ 9,595,691</u>	<u>\$ 17,595,477</u>	<u>\$ 519,291</u>	<u>\$ -</u>	<u>\$ 18,114,768</u>