




United Way, Inc.

CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

June 30, 2022 and 2021

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way, Inc.

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 U.S. GAAS 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 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.

Board of Directors
United Way, Inc.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 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. GAAS. 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
December 1, 2022

UNITED WAY, INC.

Consolidated Statements of Financial Position

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,571,211	\$ 4,183,262
Pledges receivable, net	2,945,466	2,917,882
Other receivables	379,471	363,501
Other assets	171,141	56,214
Certificates of deposit	117,660	-
Long-term investments	9,555,189	10,922,124
Beneficial interest in perpetual trusts	1,522,493	1,515,012
Equipment, net of accumulated depreciation of \$445,524 in 2022 and \$335,517 in 2021	<u>404,491</u>	<u>314,848</u>
Total assets	<u>\$ 21,667,122</u>	<u>\$ 20,272,843</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 791,498	\$ 682,354
Designations payable	<u>1,137,618</u>	<u>1,475,721</u>
Total liabilities	<u>1,929,116</u>	<u>2,158,075</u>
Net assets		
Without donor restrictions		
Undesignated	1,444,535	1,513,693
Board designated	<u>5,689,766</u>	<u>6,486,093</u>
Total without donor restrictions	7,134,301	7,999,786
With donor restrictions	<u>12,603,705</u>	<u>10,114,982</u>
Total net assets	<u>19,738,006</u>	<u>18,114,768</u>
Total liabilities and net assets	<u>\$ 21,667,122</u>	<u>\$ 20,272,843</u>

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2022

(With summarized information for the year ended June 30, 2021 for comparison)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Campaign results:				
2022 campaign results	\$ -	\$ 85,305	\$ 85,305	\$ -
2021 campaign results	-	7,812,136	7,812,136	77,585
2020 campaign results	-	49,296	49,296	7,103,735
2019 campaign results	-	-	-	15,531
Less donor designations to other organizations, net	-	(946,421)	(946,421)	(928,064)
Less provision for uncollectible pledges	-	(113,022)	(113,022)	(280,452)
Net campaign results	-	<u>6,887,294</u>	<u>6,887,294</u>	5,988,335
Revenues, gains and other support:				
Net assets released from restriction from campaign				
2021 campaign	3,542,268	(3,542,268)	-	-
2020 campaign	3,354,795	(3,354,795)	-	-
Gifts and bequests	124,570	-	124,570	-
Grant and contract revenue	-	5,524,692	5,524,692	2,388,988
Service fees	155,863	42,235	198,098	140,468
Investment income	157,734	96,806	254,540	214,164
Realized gains on investments	244,638	170,953	415,591	61,134
Unrealized (losses) gains on investments	(1,042,947)	(715,000)	(1,757,947)	2,561,938
Contributions received in the merger with United Way of York County	510,957	592,019	1,102,976	-
Miscellaneous	197,856	2,186	200,042	824,446
Other net assets released from restriction	2,842,425	(2,842,425)	-	-
(Loss) gain on perpetual trusts	-	(372,974)	(372,974)	310,490
Total revenues	<u>10,088,159</u>	<u>2,488,723</u>	<u>12,576,882</u>	<u>12,489,963</u>
Expenses:				
Agency investments/awards	5,100,623	-	5,100,623	5,015,202
Less donor designations, net	(939,612)	-	(939,612)	(905,496)
Community impact	2,986,662	-	2,986,662	2,605,997
211 Maine	1,552,070	-	1,552,070	1,421,364
Total program services	<u>8,699,743</u>	-	<u>8,699,743</u>	8,137,067
Supporting services - management and general and fundraising	2,253,901	-	2,253,901	1,866,456
Total expenses	<u>10,953,644</u>	-	<u>10,953,644</u>	<u>10,003,523</u>
Change in net assets	(865,485)	2,488,723	1,623,238	2,459,460
Net assets, beginning of year	<u>7,999,786</u>	<u>10,114,982</u>	<u>18,114,768</u>	<u>15,655,308</u>
Net assets, end of year	<u>\$ 7,134,301</u>	<u>\$ 12,603,705</u>	<u>\$ 19,738,006</u>	<u>\$ 18,114,768</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Campaign results:			
2021 campaign results	\$ -	\$ 77,585	\$ 77,585
2020 campaign results	-	7,103,735	7,103,735
2019 campaign results	-	15,531	15,531
Less donor designations to other organizations, net	-	(928,064)	(928,064)
Less provision for uncollectible pledges	-	<u>(280,452)</u>	<u>(280,452)</u>
Net campaign results	-	5,988,335	5,988,335
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)	-
Grant and contract revenue	-	2,388,988	2,388,988
Service fees	113,798	26,670	140,468
Investment income	139,371	74,793	214,164
Realized gains on investments	36,187	24,947	61,134
Unrealized gains on investments	1,517,132	1,044,806	2,561,938
Miscellaneous	824,372	74	824,446
Other net assets released from restriction	2,556,095	(2,556,095)	-
Gain on perpetual trust	-	<u>310,490</u>	<u>310,490</u>
Total revenues	<u>11,295,243</u>	<u>1,194,720</u>	<u>12,489,963</u>
Expenses:			
Agency investments/awards	5,015,202	-	5,015,202
Less donor designations, net	(905,496)	-	(905,496)
Community impact	2,605,997	-	2,605,997
211 Maine	<u>1,421,364</u>	-	<u>1,421,364</u>
Total program services	8,137,067	-	8,137,067
Supporting services - management and general and fundraising	<u>1,866,456</u>	-	<u>1,866,456</u>
Total expenses	<u>10,003,523</u>	<u>-</u>	<u>10,003,523</u>
Change in net assets	1,291,720	1,167,740	2,459,460
Net assets, beginning of year	<u>6,708,066</u>	<u>8,947,242</u>	<u>15,655,308</u>
Net assets, end of year	<u>\$ 7,999,786</u>	<u>\$ 10,114,982</u>	<u>\$ 18,114,768</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, 2022

	<u>Program Services</u>			
	<u>Essential Programs and Services</u>	<u>Community Impact</u>	<u>211 Maine</u>	<u>Total</u>
Gross investments/awards/contracted services	\$ 5,100,623	\$ 507,759	\$ 1,430,999	\$ 7,039,381
Less donor designations, net	<u>(939,612)</u>	<u>-</u>	<u>-</u>	<u>(939,612)</u>
Agency investments/awards/contracted services	<u>4,161,011</u>	<u>507,759</u>	<u>1,430,999</u>	<u>6,099,769</u>
Salaries	-	1,523,236	65,720	1,588,956
Employees' health and retirement benefits	-	256,519	4,118	260,637
Payroll taxes	-	114,447	4,862	119,309
Professional fees	-	129,648	5,090	134,738
Supplies	-	8,953	1,498	10,451
Telephone	-	15,487	-	15,487
Postage and shipping	-	4,105	-	4,105
Occupancy	-	145,613	3,752	149,365
Marketing and communications materials	-	22,065	30,784	52,849
Publications and subscription	-	382	-	382
Travel	-	3,419	1,107	4,526
Conferences, conventions and meetings	-	16,223	885	17,108
National agency support	-	65,754	-	65,754
Equipment, rental and maintenance	-	127,799	-	127,799
Insurance	-	14,065	3,255	17,320
Miscellaneous	-	7,066	-	7,066
Depreciation	<u>-</u>	<u>24,122</u>	<u>-</u>	<u>24,122</u>
Total operations	<u>-</u>	<u>2,478,903</u>	<u>121,071</u>	<u>2,599,974</u>
Total expenses	<u>\$ 4,161,011</u>	<u>\$ 2,986,662</u>	<u>\$ 1,552,070</u>	<u>\$ 8,699,743</u>

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

<u>Supporting Services</u>			
<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 7,039,381
<u>-</u>	<u>-</u>	<u>-</u>	<u>(939,612)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,099,769</u>
658,875	739,013	1,397,888	2,986,844
36,991	158,889	195,880	456,517
51,113	55,418	106,531	225,840
47,270	41,044	88,314	223,052
2,256	2,540	4,796	15,247
5,367	11,091	16,458	31,945
2,167	2,812	4,979	9,084
78,101	87,956	166,057	315,422
10,931	12,375	23,306	76,155
90	274	364	746
405	782	1,187	5,713
5,363	5,732	11,095	28,203
35,268	39,718	74,986	140,740
52,534	59,162	111,696	239,495
7,544	8,496	16,040	33,360
3,209	3,606	6,815	13,881
<u>12,938</u>	<u>14,571</u>	<u>27,509</u>	<u>51,631</u>
<u>1,010,422</u>	<u>1,243,479</u>	<u>2,253,901</u>	<u>4,853,875</u>
<u>\$1,010,422</u>	<u>\$ 1,243,479</u>	<u>\$ 2,253,901</u>	<u>\$10,953,644</u>

UNITED WAY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Total
	Essential Programs and Services	Community Impact	211 Maine	
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	<u>4,109,706</u>	<u>544,535</u>	<u>1,285,803</u>	<u>5,940,044</u>
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 and contract services	-	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 expense	<u>\$ 4,109,706</u>	<u>\$ 2,605,997</u>	<u>\$ 1,421,364</u>	<u>\$ 8,137,067</u>

<u>Supporting Services</u>			
<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Total 2021</u>
\$ -	\$ -	\$ -	\$ 6,845,540
<u>-</u>	<u>-</u>	<u>-</u>	<u>(905,496)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,940,044</u>
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 Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,623,238	\$ 2,459,460
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Contribution received in the merger with United Way of York County	(1,102,976)	-
Depreciation	51,631	47,549
Net realized and unrealized losses (gains) on investments	1,342,356	(2,623,072)
Loss (gain) on perpetual trusts	372,974	(310,490)
Forgiveness from PPP refundable advance	-	(385,000)
Changes in operating assets and liabilities		
Pledges receivable	383,592	437,073
Other receivables	(5,710)	(13,423)
Other assets	(106,015)	(9,919)
Accounts payable and accrued expenses	(257,311)	(102,381)
Designations payable	(350,041)	64,736
Net cash provided (used) by operating activities	<u>1,951,738</u>	<u>(435,467)</u>
Cash flows from investing activities		
Purchase of equipment	(130,188)	(45,882)
Cash assumed upon merger	597,640	-
Purchase of certificate of deposits	(117,660)	-
Purchase of investments	(2,158,606)	(1,921,876)
Proceeds from sale and maturities of investments	<u>2,245,025</u>	<u>2,151,034</u>
Net cash provided by investing activities	<u>436,211</u>	<u>183,276</u>
Net increase (decrease) in cash and cash equivalents	2,387,949	(252,191)
Cash and cash equivalents, beginning of year	<u>4,183,262</u>	<u>4,435,453</u>
Cash and cash equivalents, end of year	<u>\$ 6,571,211</u>	<u>\$ 4,183,262</u>

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

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

1. Description of Organization and Summary of Significant Accounting Policies

Organization

United Way, Inc., d/b/a United Way of Southern Maine (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 Southern Maine.

Effective July 1, 2021, United Way of York County (UWYC) merged with and into United Way of Greater Portland (UWGP), with UWGP as the surviving corporation. The new organization is known as United Way, Inc., d/b/a United Way of Southern Maine.

The merger was the result of an effort to strengthen the impact of the Organization's missions in Maine. All staff, assets, and liabilities have been assumed by United Way. No consideration was exchanged.

Assets acquired and liabilities assumed were as follows (balances approximate fair value):

Cash and cash equivalents	\$	597,635
Pledges receivable, net		411,180
Other current assets		19,172
Long-term investments		61,840
Property and equipment, net		11,086
Beneficial interest in perpetual trusts		<u>380,456</u>
Total assets		1,481,369
Current liabilities		<u>378,393</u>
Excess of fair value of net assets	\$	<u><u>1,102,976</u></u>

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 and 211 Maine. All intercompany balances and transactions have been eliminated in consolidation.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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.

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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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. 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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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 December 1, 2022, the date the accompanying consolidated financial statements were available to be issued.

2. Liquidity and Availability of Financial Assets

As of June 30, 2022 and 2021, the Organization had working capital of approximately \$8,085,000 and \$5,306,000, respectively, and average days cash on hand (based on normal expenditures) of approximately 223 and 153, 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,571,211	\$ 4,183,262
Pledges receivable	2,945,466	2,917,882
Other receivables	379,471	363,501
Budgeted endowment draw	384,000	349,000
Beneficial interest in perpetual trusts	1,522,493	1,515,012
Long-term investments	<u>9,555,189</u>	<u>10,922,124</u>
Total financial assets	<u>21,357,830</u>	<u>20,250,781</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Less assets with restrictions		
Beneficial interest in perpetual trusts	(1,522,493)	(1,515,012)
Designated funds - out-of-area	(815,415)	(1,113,833)
Designated funds - local	(581,441)	(599,977)
Donor restricted endowment funds	(3,865,423)	(4,418,536)
Board designated funds	(5,689,766)	(6,486,093)
Grant funds	(3,309,729)	(307,348)
211 Maine funds	(444,853)	(519,291)
	<u>(16,229,120)</u>	<u>(14,960,090)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,128,710</u>	<u>\$ 5,290,691</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.

3. Pledges Receivable

The Organization serves and conducts its annual campaign in the Southern Maine region including Cumberland and York counties. 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,, the balance of pledges receivable, net of allowance for uncollectible pledges, by campaign year is as follows:

	<u>2022</u>		
<u>Campaign Year</u>	<u>Gross Pledges Receivable</u>	<u>Allowance</u>	<u>Net Pledges Receivable</u>
2022	\$ 7,118	\$ -	\$ 7,118
2021	2,422,492	276,724	2,145,768
2020	169,105	169,105	-
2019	<u>321,008</u>	<u>321,008</u>	<u>-</u>
	2,919,723	766,837	2,152,886
Specific Care pledges	<u>868,464</u>	<u>75,884</u>	<u>792,580</u>
	<u>\$ 3,788,187</u>	<u>\$ 842,721</u>	<u>\$ 2,945,466</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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	196,469	196,469	-
	2,892,824	775,422	2,117,402
Specific Care pledges	875,993	75,513	800,480
	<u>\$ 3,768,817</u>	<u>\$ 850,935</u>	<u>\$ 2,917,882</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.

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 \$384,000 and \$382,000 in fiscal years 2022 and 2021, respectively.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

A summary of investments at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
U.S. Treasury notes and obligations of government agencies	\$ 1,141,724	\$ 308,899
Mutual funds - equity	7,440,999	9,200,717
Money market accounts	382,427	885,196
Corporate bonds	<u>590,039</u>	<u>527,312</u>
	<u>\$ 9,555,189</u>	<u>\$ 10,922,124</u>

Such investments are allocated as follows:

	<u>2022</u>	<u>2021</u>
United Way investments		
Net assets without donor restrictions	\$ 5,689,766	\$ 6,503,588
Net assets with donor restrictions (endowment)	<u>3,865,423</u>	<u>4,418,536</u>
	<u>\$ 9,555,189</u>	<u>\$ 10,922,124</u>

The changes in United Way investment funds by net asset category for the years ended June 30, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</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	6,503,588	4,418,536	10,922,124
Net investment return	(695,787)	(473,894)	(1,169,681)
Additions	107,106	129,539	236,645
Change in donor designation	-	(50,242)	(50,242)
Appropriation for expenditure	<u>(225,141)</u>	<u>(158,516)</u>	<u>(383,657)</u>
Balances, June 30, 2022	<u>\$ 5,689,766</u>	<u>\$ 3,865,423</u>	<u>\$ 9,555,189</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

5. **Beneficial Interest in Perpetual Trusts**

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.

Effective with the merger, the Organization became a beneficiary under two irrevocable perpetual trusts. These funds are held and controlled by HM Payson, as trustee. The Organization is entitled to 16.67% and 10% of the fair value of the Levasseur and Ross trusts, respectively. Trust principal is not available to be spent, and as such the Organization is not permitted to spend the principal of the trusts, nor does it have control over the investment of the trust assets. 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>2022</u>	<u>2021</u>
Campaign contributions	\$ 3,495,109	\$ 3,354,795
Endowment funds appreciation	1,825,351	2,436,879
Grant funds	3,309,729	307,348
211 Maine	<u>444,854</u>	<u>519,291</u>
	<u>\$ 9,075,043</u>	<u>\$ 6,618,313</u>

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>2022</u>	<u>2021</u>
Beneficial interest in perpetual trusts (Note 5)	\$ 1,522,493	\$ 1,515,012
Endowment funds	<u>2,006,169</u>	<u>1,981,657</u>
	<u>\$ 3,528,662</u>	<u>\$ 3,496,669</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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 2022 and 2021) 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 2022 and 2021 was \$128,181 and \$110,078, respectively.

8. Leases

The Organization has a lease agreement for office space in Portland, Maine. This agreement carries an initial fifteen-year term through 2035 with two options to extend the lease for five-year terms. The Organization has an additional lease for office space in Kennebunk, Maine through December 31, 2024.

Total rent expense amounted to \$269,755 and \$190,215 for the years ended June 30, 2022 and 2021, respectively.

Minimum future rental payments under the two leases are as follows:

2023	\$ 176,700
2024	180,500
2025	158,000
2026	162,000
2027	166,100
Thereafter	<u>1,654,500</u>
Total	<u>\$ 2,497,800</u>

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, 2022 and 2021, volunteers provided 12,760 and 4,806 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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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 \$1,430,999 and \$1,285,803 in fiscal years 2022 and 2021, respectively. At June 30, 2022 and 2021, 211 Maine owed The Opportunity Alliance \$105,792 and \$112,618, respectively, which is included in accounts payable and accrued expenses in the consolidated statements of financial position. The contract, with an amount of \$2,877,646, was renewed through June 30, 2024.

13. Contracts

211 Maine enters into contracts with the State. Revenues related to the contracts approximated \$1,087,000 and \$635,000 in 2022 and 2021, respectively. As of July 1, 2020, 211 Maine entered into a contract with the State through June 30, 2022 with an original committed amount up to \$1,270,000 for services to be provided by 211 Maine. During 2022, the contract was amended to increase the committed amount up to \$2,059,825 through June 30, 2022. The contract, with an amount of \$2,120,462, was renewed through June 30, 2024.

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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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>
2022				
Investments:				
U.S. Treasury notes and obligations of government agencies	\$ 1,141,724	\$ -	\$ 1,141,724	\$ -
Mutual funds				
Foreign equity funds	691,598	691,598	-	-
Domestic equity funds	6,749,401	6,749,401	-	-
Money market accounts	382,427	382,427	-	-
Corporate bonds	<u>590,039</u>	<u>-</u>	<u>590,039</u>	<u>-</u>
Total investments	<u>\$ 9,555,189</u>	<u>\$ 7,823,426</u>	<u>\$ 1,731,763</u>	<u>\$ -</u>
Beneficial interest in perpetual trusts	<u>\$ 1,522,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,522,493</u>
	<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>

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 trusts is valued based on the present value of expected cash flows using quoted market prices of the assets in the trusts multiplied by the Organization's share of the trusts.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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

Balance, July 1, 2020	\$ 1,204,522
Change in value of trust	<u>310,490</u>
Balance, June 30, 2021	1,515,012
Beneficial interest in perpetual trusts assumed upon merger	380,655
Change in value of trusts	<u>(372,974)</u>
Balance, June 30, 2022	<u>\$ 1,522,493</u>

SUPPLEMENTARY INFORMATION

UNITED WAY, INC.

Consolidating Statement of Financial Position

June 30, 2022

ASSETS

	<u>United Way, Inc.</u>	<u>211 Maine, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 6,291,203	\$ 280,008	\$ -	\$ 6,571,211
Pledges receivable, net	2,945,466	-	-	2,945,466
Other receivables	38,501	351,614	(10,644)	379,471
Other assets	168,679	2,462	-	171,141
Certificates of deposit	117,660	-	-	117,660
Long-term investments	9,555,189	-	-	9,555,189
Beneficial interest in perpetual trusts	1,522,493	-	-	1,522,493
Equipment, less accumulated depreciation	<u>404,491</u>	<u>-</u>	<u>-</u>	<u>404,491</u>
Total assets	<u>\$ 21,043,682</u>	<u>\$ 634,084</u>	<u>\$ (10,644)</u>	<u>\$ 21,667,122</u>

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable and accrued liabilities	\$ 612,911	\$ 178,587	\$ -	\$ 791,498
Designations payable	1,137,618	-	-	1,137,618
Other liabilities	<u>-</u>	<u>10,644</u>	<u>(10,644)</u>	<u>-</u>
Total liabilities	<u>1,750,529</u>	<u>189,231</u>	<u>(10,644)</u>	<u>1,929,116</u>
Net assets				
Without donor restrictions				
Undesignated	1,444,535	-	-	1,444,535
Board designated	<u>5,689,766</u>	<u>-</u>	<u>-</u>	<u>5,689,766</u>
Total without donor restrictions	7,134,301	-	-	7,134,301
With donor restrictions	<u>12,158,852</u>	<u>444,853</u>	<u>-</u>	<u>12,603,705</u>
Total net assets	<u>19,293,153</u>	<u>444,853</u>	<u>-</u>	<u>19,738,006</u>
Total liabilities and net assets	<u>\$ 21,043,682</u>	<u>\$ 634,084</u>	<u>\$ (10,644)</u>	<u>\$ 21,667,122</u>

UNITED WAY, INC.

Consolidating Statement of Activities

Year Ended June 30, 2022

	United Way, Inc.			211 Maine, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Campaign results	\$ -	\$ 7,946,736	\$ 7,946,736	\$ -	\$ -	\$ 7,946,736
Less donor designations to other organizations, net	-	(946,421)	(946,421)	-	-	(946,421)
Less provision for uncollectible pledges	-	(113,021)	(113,021)	-	-	(113,021)
Net campaign results	-	6,887,294	6,887,294	-	-	6,887,294
Revenue, gains and other support						
Net assets released from restriction						
2021 campaign	3,542,268	(3,542,268)	-	-	-	-
2020 campaign	3,354,795	(3,354,795)	-	-	-	-
Gifts and bequests	124,570	-	124,570	-	-	124,570
Grant and contract revenue	-	4,272,884	4,272,884	1,433,211	(181,403)	5,524,692
Service fees	155,863	-	155,863	42,235	-	198,098
Investment income	157,734	96,806	254,540	-	-	254,540
Realized gains on investments	244,638	170,953	415,591	-	-	415,591
Unrealized losses on investments	(1,042,947)	(715,000)	(1,757,947)	-	-	(1,757,947)
Contribution received in the merger with United Way of York County	510,957	592,019	1,102,976	-	-	1,102,976
Miscellaneous	197,856	-	197,856	2,186	-	200,042
Other net assets released from restriction	1,471,758	(1,471,758)	-	-	-	-
Loss on perpetual trusts	-	(372,974)	(372,974)	-	-	(372,974)
Total revenues	<u>8,717,492</u>	<u>2,563,161</u>	<u>11,280,653</u>	<u>1,477,632</u>	<u>(181,403)</u>	<u>12,576,882</u>
Expenses						
Agency investments/awards	5,100,623	-	5,100,623	-	-	5,100,623
Less donor designations, net	(939,612)	-	(939,612)	-	-	(939,612)
Community impact	3,168,065	-	3,168,065	-	(181,403)	2,986,662
211 Maine	-	-	-	1,552,070	-	1,552,070
Total program services	7,329,076	-	7,329,076	1,552,070	(181,403)	8,699,743
Supporting services - management, general and fundraising	2,253,901	-	2,253,901	-	-	2,253,901
Total expenses	<u>9,582,977</u>	<u>-</u>	<u>9,582,977</u>	<u>1,552,070</u>	<u>(181,403)</u>	<u>10,953,644</u>
Change in net assets	(865,485)	2,563,161	1,697,676	(74,438)	-	1,623,238
Net assets, beginning 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>
Net assets, end of year	<u>\$ 7,134,301</u>	<u>\$ 12,158,852</u>	<u>\$ 19,293,153</u>	<u>\$ 444,853</u>	<u>\$ -</u>	<u>\$ 19,738,006</u>