



UNITED WAY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, and the consolidated changes in their net assets and their consolidated cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Board of Directors
United Way, Inc.

Other Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020 the Organization adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Report on Additional Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2020 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 23, 2020

UNITED WAY, INC.

Consolidated Statements of Financial Position

June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,435,453	\$ 4,674,343
Pledges receivable, net	3,354,955	4,975,006
Other receivables	350,078	358,487
Other assets	46,295	92,729
Long-term investments	8,528,210	8,539,717
Beneficial interest in perpetual trust	1,204,522	1,236,456
Equipment, net of accumulated depreciation of \$287,968 in 2020 and \$338,155 in 2019	<u>316,515</u>	<u>107,397</u>
Total assets	<u>\$ 18,236,028</u>	<u>\$ 19,984,135</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued liabilities	\$ 784,735	\$ 463,397
Designations payable	1,410,985	3,617,032
Paycheck protection program (PPP) refundable advance	385,000	-
Other liabilities	<u>-</u>	<u>160,824</u>
Total liabilities	2,580,720	4,241,253
Net assets		
Without donor restrictions		
Undesignated	1,656,265	2,003,352
Board designated - endowment	<u>5,051,801</u>	<u>4,891,778</u>
Total without donor restrictions	6,708,066	6,895,130
With donor restrictions	<u>8,947,242</u>	<u>8,847,752</u>
Total net assets	<u>15,655,308</u>	<u>15,742,882</u>
Total liabilities and net assets	<u>\$ 18,236,028</u>	<u>\$ 19,984,135</u>

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2020

(With summarized information for the year ended June 30, 2019 for comparison)

	2020			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019 Total</u>
Campaign results:				
2020 campaign results	\$ -	\$ 736,417	\$ 736,417	\$ -
2019 campaign results	-	7,606,882	7,606,882	16,510
2018 campaign results	-	46,668	46,668	7,609,294
Less donor designations, net	-	(976,666)	(976,666)	(1,074,869)
Less provision for uncollectible pledges	-	(189,508)	(189,508)	(287,527)
Net campaign results	-	7,223,793	7,223,793	6,263,408
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	65,589
Grant and contract revenue	-	1,739,317	1,739,317	1,468,709
Service fees	168,106	26,671	194,777	418,487
Investment income	154,090	70,298	224,388	219,969
Realized losses on investments	(10,357)	(6,424)	(16,781)	(25,092)
Unrealized gains on investments	134,100	96,351	230,451	370,487
Miscellaneous	138,543	927	139,470	117,907
Other net assets released from restriction	1,955,081	(1,955,081)	-	-
Loss (gain) on perpetual trust	-	(31,934)	(31,934)	1,091
Total revenues	<u>9,738,991</u>	<u>99,490</u>	<u>9,838,481</u>	<u>8,900,555</u>
Expenses:				
Agency investments/awards	5,367,308	-	5,367,308	5,014,992
Less donor designations, net	(970,408)	-	(970,408)	(1,039,316)
Community impact	2,230,078	-	2,230,078	2,105,666
Volunteer development	138,276	-	138,276	196,889
211 Maine	1,221,927	-	1,221,927	1,094,972
Total program services	<u>7,987,181</u>	<u>-</u>	<u>7,987,181</u>	<u>7,373,203</u>
Supporting services - management and general and fundraising	1,938,874	-	1,938,874	1,929,481
Total expenses	<u>9,926,055</u>	<u>-</u>	<u>9,926,055</u>	<u>9,302,684</u>
Change in net assets	(187,064)	99,490	(87,574)	(402,129)
Net assets, beginning of year	<u>6,895,130</u>	<u>8,847,752</u>	<u>15,742,882</u>	<u>16,145,011</u>
Net assets, end of year	<u>\$ 6,708,066</u>	<u>\$ 8,947,242</u>	<u>\$ 15,655,308</u>	<u>\$ 15,742,882</u>

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Campaign results:			
2019 campaign results	\$ -	\$ 16,510	\$ 16,510
2018 campaign results	-	7,609,294	7,609,294
Less donor designations, net	-	(1,074,869)	(1,074,869)
Less provision for uncollectible pledges	-	<u>(287,527)</u>	<u>(287,527)</u>
Net campaign results	-	6,263,408	6,263,408
Revenues, gains and other support:			
Net assets released from restriction from campaign			
2018 campaign	3,194,520	(3,194,520)	-
2017 campaign	3,400,354	(3,400,354)	-
Gifts and bequests	47,000	18,589	65,589
Grant and contract revenue	-	1,468,709	1,468,709
Service fees	396,819	21,668	418,487
Investment income	158,547	61,422	219,969
Realized losses on investments	(14,648)	(10,444)	(25,092)
Unrealized gains on investments	216,036	154,451	370,487
Miscellaneous	117,695	212	117,907
Other net assets released from restriction	1,903,649	(1,903,649)	-
Gain on perpetual trust	-	<u>1,091</u>	<u>1,091</u>
Total revenues	<u>9,419,972</u>	<u>(519,417)</u>	<u>8,900,555</u>
Expenses:			
Agency investments/awards	5,014,992	-	5,014,992
Less donor designations, net	(1,039,316)	-	(1,039,316)
Community impact	2,105,666	-	2,105,666
Volunteer development	196,889	-	196,889
211 Maine	<u>1,094,972</u>	-	<u>1,094,972</u>
Total program services	<u>7,373,203</u>	-	<u>7,373,203</u>
Supporting services - management and general and fundraising	<u>1,929,481</u>	-	<u>1,929,481</u>
Total expenses	<u>9,302,684</u>	-	<u>9,302,684</u>
Change in net assets	117,288	(519,417)	(402,129)
Net assets, beginning of year	<u>6,777,842</u>	<u>9,367,169</u>	<u>16,145,011</u>
Net assets, end of year	<u>\$ 6,895,130</u>	<u>\$ 8,847,752</u>	<u>\$ 15,742,882</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, 2020

	Program Services			
	<u>Essential Programs and Services</u>	<u>Community Impact</u>	<u>Volunteer Development</u>	<u>211 Maine</u>
Gross investments/awards/contracted services	\$ 5,367,308	\$ 273,425	\$ -	\$ 1,121,079
Less donor designations, net	<u>(970,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency investments/awards/contracted services	4,396,900	273,425	-	1,121,079
Salaries	-	1,134,582	100,891	58,555
Employees' health and retirement benefits	-	190,193	15,918	1,678
Payroll taxes	-	84,143	7,280	4,350
Professional fees	-	149,917	-	6,067
Supplies	-	19,438	6,436	571
Telephone	-	11,175	544	399
Postage and shipping	-	3,433	86	336
Occupancy	-	146,015	1,191	2,368
Marketing and communications materials	-	18,531	-	21,158
Publications and subscription	-	229	-	-
Travel	-	4,855	39	2,130
Conferences, conventions and meetings	-	16,437	551	565
National agency support	-	40,500	-	-
Equipment, rental and maintenance	-	104,953	5,340	-
Insurance	-	5,816	-	2,671
Miscellaneous	-	4,719	-	-
Depreciation	<u>-</u>	<u>21,717</u>	<u>-</u>	<u>-</u>
Total operations	<u>-</u>	<u>1,956,653</u>	<u>138,276</u>	<u>100,848</u>
Total expenses	<u>\$ 4,396,900</u>	<u>\$ 2,230,078</u>	<u>\$ 138,276</u>	<u>\$ 1,221,927</u>

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

Supporting Services

<u>Total</u>	<u>Management and General</u>	<u>Fund raising</u>	<u>Total</u>	<u>Total</u>
\$ 6,761,812 <u>(970,408)</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ 6,761,812 <u>(970,408)</u>
5,791,404	-	-	-	5,791,404
1,294,028	537,346	637,068	1,174,414	2,468,442
207,789	34,919	104,977	139,896	347,685
95,773	38,668	47,613	86,281	182,054
155,984	68,798	64,770	133,568	289,552
26,445	4,334	3,690	8,024	34,469
12,118	4,698	7,708	12,406	24,524
3,855	1,926	2,740	4,666	8,521
149,574	74,348	82,937	157,285	306,859
39,689	10,347	11,392	21,739	61,428
229	120	572	692	921
7,024	1,648	2,810	4,458	11,482
17,553	8,168	15,331	23,499	41,052
40,500	23,551	21,764	45,315	85,815
110,293	47,645	44,017	91,662	201,955
8,487	3,382	3,125	6,507	14,994
4,719	2,163	2,001	4,164	8,883
<u>21,717</u>	<u>12,628</u>	<u>11,670</u>	<u>24,298</u>	<u>46,015</u>
<u>2,195,777</u>	<u>874,689</u>	<u>1,064,185</u>	<u>1,938,874</u>	<u>4,134,651</u>
<u>\$ 7,987,181</u>	<u>\$ 874,689</u>	<u>\$ 1,064,185</u>	<u>\$ 1,938,874</u>	<u>\$ 9,926,055</u>

UNITED WAY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services			
	Essential Programs and Services	Community Impact	Volunteer Development	211 Maine
Gross investments/awards/contracted services	\$ 5,014,992	\$ 328,197	\$ -	\$ 995,930
Less donor designations, net	<u>(1,039,316)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency investments/awards/contracted services	3,975,676	328,197	-	995,930
Salaries	-	1,026,806	101,809	56,200
Employees' health and retirement benefits	-	162,794	19,351	2,292
Payroll taxes	-	77,736	7,607	4,434
Professional fees and contract services	-	171,409	10,110	4,225
Supplies	-	13,728	16,729	699
Telephone	-	10,447	1,308	684
Postage and shipping	-	4,856	612	73
Occupancy	-	115,634	12,018	2,485
Marketing and communications materials	-	26,397	2,063	21,026
Publications and subscription	-	838	88	-
Travel	-	13,313	721	4,165
Conferences, conventions and meetings	-	29,146	2,891	410
National agency support	-	35,184	3,692	-
Equipment, rental and maintenance	-	62,233	15,238	-
Insurance	-	5,410	568	2,314
Miscellaneous	-	4,548	301	35
Depreciation	<u>-</u>	<u>16,990</u>	<u>1,783</u>	<u>-</u>
Total operations	<u>-</u>	<u>1,777,469</u>	<u>196,889</u>	<u>99,042</u>
Total expense	<u>\$ 3,975,676</u>	<u>\$ 2,105,666</u>	<u>\$ 196,889</u>	<u>\$ 1,094,972</u>

Supporting Services

<u>Total</u>	<u>Management and General</u>	<u>Fund raising</u>	<u>Total</u>	<u>Total 2019</u>
\$ 6,339,119 <u>(1,039,316)</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ 6,339,119 <u>(1,039,316)</u>
5,299,803	-	-	-	5,299,803
1,184,815	504,855	606,041	1,110,896	2,295,711
184,437	25,676	115,783	141,459	325,896
89,777	36,674	45,877	82,551	172,328
185,744	62,392	99,101	161,493	347,237
31,156	3,667	8,858	12,525	43,681
12,439	3,549	10,022	13,571	26,010
5,541	2,260	7,859	10,119	15,660
130,137	50,193	102,054	152,247	282,384
49,486	8,697	22,663	31,360	80,846
926	402	1,142	1,544	2,470
18,199	3,293	6,889	10,182	28,381
32,447	11,624	27,137	38,761	71,208
38,876	16,877	31,185	48,062	86,938
77,471	28,163	52,030	80,193	157,664
8,292	2,595	4,795	7,390	15,682
4,884	1,376	2,543	3,919	8,803
<u>18,773</u>	<u>8,150</u>	<u>15,059</u>	<u>23,209</u>	<u>41,982</u>
<u>2,073,400</u>	<u>770,443</u>	<u>1,159,038</u>	<u>1,929,481</u>	<u>4,002,881</u>
<u>\$ 7,373,203</u>	<u>\$ 770,443</u>	<u>\$ 1,159,038</u>	<u>\$ 1,929,481</u>	<u>\$ 9,302,684</u>

UNITED WAY, INC.

Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (87,574)	\$ (402,129)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	46,016	41,982
Net realized and unrealized gains on investments	(213,670)	(345,395)
Loss (gain) on perpetual trust	31,934	(1,091)
Endowment gifts	-	(18,589)
Changes in operating assets and liabilities		
Pledges receivable	1,620,051	486,932
Other receivables	8,409	(165,173)
Other assets	46,434	10,366
Accounts payable and accrued liabilities	321,338	72,428
Designations payable	(2,206,047)	(345,177)
Other liabilities	-	2,802
	<u> </u>	<u> </u>
Net cash used by operating activities	(433,109)	(663,044)
Cash flows from investing activities		
Purchase of equipment	(255,134)	(24,482)
Liquidation of Preble Street funds	(160,824)	-
Purchase of investments	(2,946,745)	(771,074)
Proceeds from sale and maturities of investments	3,171,922	803,825
	<u> </u>	<u> </u>
Net cash (used) provided by investing activities	(190,781)	8,269
Cash flows from financing activities		
Proceeds from PPP refundable advance	385,000	-
Endowment gifts	-	18,589
	<u> </u>	<u> </u>
Net cash provided by financing activities	385,000	18,589
Net decrease in cash and cash equivalents	(238,890)	(636,186)
Cash and cash equivalents, beginning of year	<u>4,674,343</u>	<u>5,310,529</u>
Cash and cash equivalents, end of year	<u>\$ 4,435,453</u>	<u>\$ 4,674,343</u>

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

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

1. Description of Organization and Summary of Significant Accounting Policies

Organization

United Way, Inc., d/b/a United Way of Greater Portland (the Organization) 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.

The Organization 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.

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, 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, 2020 and 2019

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 U.S. 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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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.

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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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.

Recently Adopted Accounting Pronouncement

During 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of FASB Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other accounting guidance, and (2) distinguishing between conditional contributions and unconditional contributions. Adoption of the ASU did not have a material impact on the Organization's financial reporting.

Subsequent Events

Management has evaluated subsequent events through November 23, 2020, the date the accompanying consolidated financial statements were available to be issued.

2. Liquidity and Availability of Financial Assets

As of June 30, 2020 and 2019, the Organization had working capital of approximately \$5,560,000 and \$5,927,000, respectively, and average days cash on hand (based on normal expenditures) of approximately 174 and 183, 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.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	4,435,453	4,674,343
Pledges receivable	3,354,955	4,975,006
Other receivables	350,078	358,487
Budgeted endowment draw	345,000	266,000
Beneficial interest in perpetual trust	1,204,522	1,236,456
Long-term investments	<u>8,528,210</u>	<u>8,539,717</u>
 Total financial assets	 18,218,218	 20,050,009
 Less assets with restrictions		
Beneficial interest in perpetual trust	(1,204,522)	(1,236,456)
Designated funds - out-of-area	(1,019,378)	(3,061,386)
Designated funds - local	(590,086)	(867,304)
Endowments	(3,476,409)	(3,487,119)
Board designated funds	(5,051,801)	(4,891,778)
Grant funds	(173,630)	(158,323)
211 Maine funds	<u>(617,933)</u>	<u>(662,509)</u>
	<u>(12,133,759)</u>	<u>(14,364,875)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 6,084,459</u>	 <u>\$ 5,419,134</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, 2020 and 2019

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, 2020 and 2019, the balance of pledges receivable, net of allowance for uncollectible pledges, by campaign year is as follows:

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>
2019			
<u>Campaign Year</u>	<u>Gross Pledges Receivable</u>	<u>Allowance</u>	<u>Net Pledges Receivable</u>
2019	\$ 4,000	\$ -	\$ 4,000
2018	2,668,590	274,557	2,394,033
2017	313,285	313,285	-
2016	<u>270,780</u>	<u>270,780</u>	<u>-</u>
	3,256,655	858,622	2,398,033
Specific Care pledges	<u>2,887,883</u>	<u>310,910</u>	<u>2,576,973</u>
	<u>\$ 6,144,538</u>	<u>\$ 1,169,532</u>	<u>\$ 4,975,006</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, 2020 and 2019

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 of Directors. 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 \$345,000 and \$266,000 in fiscal 2020 and 2019, respectively.

A summary of investments at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
U.S. Treasury notes and obligations of government agencies	\$ 312,474	\$ 554,165
Mutual funds - equity	7,061,055	6,486,699
Money market accounts	96,324	461,984
Corporate bonds	<u>1,058,357</u>	<u>1,036,869</u>
	<u>\$ 8,528,210</u>	<u>\$ 8,539,717</u>

Such investments are allocated as follows:

	<u>2020</u>	<u>2019</u>
United Way endowments		
Net assets without donor restrictions	\$ 5,051,801	\$ 4,891,778
Net assets with donor restrictions	<u>3,476,409</u>	<u>3,487,119</u>
	<u>8,528,210</u>	8,378,897
Agency endowments	<u>-</u>	<u>160,820</u>
	<u>\$ 8,528,210</u>	<u>\$ 8,539,717</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

The changes in United Way endowment funds by net asset category for the years ended June 30, 2020 and 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balances, June 30, 2018	\$ 4,701,752	\$ 3,367,299	\$ 8,069,051
Net investment return	297,611	212,594	510,205
Additions	47,003	18,659	65,662
Appropriation for expenditure	<u>(154,588)</u>	<u>(111,433)</u>	<u>(266,021)</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	<u>\$ 5,051,801</u>	<u>\$ 3,476,409</u>	<u>\$ 8,528,210</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>2020</u>	<u>2019</u>
Campaign contributions	\$ 3,474,748	\$ 3,281,822
Endowment funds appreciation	1,461,417	1,456,462
Grant funds	173,630	179,846
211 Maine	<u>617,933</u>	<u>662,509</u>
	<u>\$ 5,727,728</u>	<u>\$ 5,580,639</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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>2020</u>	<u>2019</u>
Beneficial interest in perpetual trust (Note 5)	\$ 1,204,522	\$ 1,236,456
Endowment funds	<u>2,014,992</u>	<u>2,030,657</u>
	<u>\$ 3,219,514</u>	<u>\$ 3,267,113</u>

The Preble Street Self Sufficiency Fund was managed by the Organization in an agency relationship and was thus reported as both an asset (included in investments) and a liability in the consolidated statement of financial position. The fund total was \$160,820 in 2019. In 2020, the funds were returned to Preble Street. Therefore, no asset or liability was recorded in the consolidated statement of financial position as of June 30, 2020.

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 2020 and 2019) 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 2020 and 2019 was \$103,527 and \$83,493, 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 \$230,574 and \$225,370 for the years ended June 30, 2020 and 2019, respectively.

Minimum future rental payments under the lease are as follows:

2021	\$ 143,100
2022	146,700
2023	150,300
2024	154,100
2025	158,000
Thereafter	<u>1,817,500</u>
Total	<u>\$ 2,569,700</u>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019, volunteers provided 12,615 and 18,952 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 \$1,027,171 and \$995,930 in fiscal 2020 and 2019, respectively. At June 30, 2020 and 2019, 211 Maine owed The Opportunity Alliance \$175,876 and \$11,815, respectively, which is included in accounts payable and accrued liabilities in the consolidated statements of financial position.

13. Contracts

211 Maine enters into contracts with the State. Revenues related to the contract approximated \$635,000 in 2020 and 2019. 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, 2020 and 2019

14. Fair Value Measurements

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>
<u>2020</u>				
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>

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2019</u>				
U.S. Treasury notes and obligations of government agencies	\$ 554,165	\$ -	\$ 554,165	\$ -
Mutual funds				
Foreign equity funds	1,692,594	1,692,594	-	-
Domestic equity funds	4,794,105	4,794,105	-	-
Money market accounts	461,984	461,984	-	-
Corporate bonds	<u>1,036,869</u>	<u>-</u>	<u>1,036,869</u>	<u>-</u>
	<u>\$ 8,539,717</u>	<u>\$ 6,948,683</u>	<u>\$ 1,591,034</u>	<u>\$ -</u>
Beneficial interest in perpetual trust	<u>\$ 1,236,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,236,456</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, 2018	\$ 1,235,365
Change in value of trust	<u>1,091</u>
Balance, June 30, 2019	1,236,456
Change in value of trust	<u>(31,934)</u>
Balance, June 30, 2020	<u>\$ 1,204,522</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 provides funds to pay up to 24 weeks of payroll and other specified costs, and forgiveness of the loan is 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 is reported as a refundable advance in the liability section of the consolidated statement of financial position at June 30, 2020.

UNITED WAY, INC.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

16. COVID-19 Considerations and Uncertainty

On March 11, 2020, the World Health Organization declared the coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, COVID-19, by mandating the temporary shut-down of business operations. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and the scale of government actions to mitigate them. To date, the U.S. government has passed legislation which allows for increased funding to states to assist in paying for costs associated with COVID-19. However, the COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Organization operates. Therefore, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

SUPPLEMENTARY INFORMATION

UNITED WAY, INC.

Consolidating Statement of Financial Position

June 30, 2020

ASSETS

	<u>United Way, Inc.</u>	<u>211 Maine, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 3,967,472	\$ 467,981	\$ -	\$ 4,435,453
Pledges receivable, net	3,354,955	-	-	3,354,955
Other receivables	20,699	329,435	(56)	350,078
Other assets	45,461	834	-	46,295
Long-term investments	8,528,210	-	-	8,528,210
Beneficial interest in perpetual trust	1,204,522	-	-	1,204,522
Equipment, less accumulated depreciation	<u>316,515</u>	<u>-</u>	<u>-</u>	<u>316,515</u>
Total assets	<u>\$ 17,437,834</u>	<u>\$ 798,250</u>	<u>\$ (56)</u>	<u>\$ 18,236,028</u>

LIABILITIES AND NET ASSETS

Liabilities				
Accounts payable and accrued liabilities	\$ 604,474	\$ 180,261	\$ -	\$ 784,735
Designations payable	1,410,985	-	-	1,410,985
Paycheck Protection Program (PPP) refundable advance	385,000	-	-	385,000
Other liabilities	<u>-</u>	<u>56</u>	<u>(56)</u>	<u>-</u>
Total liabilities	2,400,459	180,317	(56)	2,580,720
Net assets				
Without donor restrictions				
Undesignated	1,656,265	-	-	1,656,265
Board designated - endowment	<u>5,051,801</u>	<u>-</u>	<u>-</u>	<u>5,051,801</u>
Total without donor restrictions	6,708,066	-	-	6,708,066
With donor restrictions	<u>8,329,309</u>	<u>617,933</u>	<u>-</u>	<u>8,947,242</u>
Total net assets	<u>15,037,375</u>	<u>617,933</u>	<u>-</u>	<u>15,655,308</u>
Total liabilities and net assets	<u>\$ 17,437,834</u>	<u>\$ 798,250</u>	<u>\$ (56)</u>	<u>\$ 18,236,028</u>

UNITED WAY, INC.

Consolidating Statement of Activities

Year Ended June 30, 2020

	United Way, Inc.					
	Without Donor Restrictions	With Donor Restrictions	Total	211 Maine, Inc.	Eliminations	Total
Campaign results	\$ -	\$ 8,389,966	\$ 8,389,966	\$ -	\$ -	\$ 8,389,966
Less donor designations, net	-	(976,666)	(976,666)	-	-	(976,666)
Less provision for uncollectible pledges	-	(189,507)	(189,507)	-	-	(287,527)
Net campaign results	-	7,223,793	7,223,793	-	-	7,223,793
Revenue, gains and other support						
Net assets released from restriction						
2020 campaign	488,312	(488,312)	-	-	-	-
2019 campaign	3,294,294	(3,294,294)	-	-	-	-
2018 campaign results	3,281,822	(3,281,822)	-	-	-	-
Gifts and bequests	135,000	-	135,000	-	-	135,000
Grant and contract revenue	-	734,791	734,791	1,122,773	(145,227)	1,712,337
Service fees	168,106	-	168,106	26,671	-	194,777
Investment income	154,090	70,298	224,388	-	-	224,388
Realized losses on investments	(10,357)	(6,424)	(16,781)	-	-	(16,781)
Unrealized gains on investments	134,100	96,351	230,451	-	-	230,451
Miscellaneous	138,543	-	138,543	927	-	139,470
Other net assets released from restriction	878,381	(878,381)	-	-	-	-
Loss on perpetual trust	-	(31,934)	(31,934)	-	-	(31,934)
Total revenues	8,662,291	144,066	8,806,357	1,150,371	(145,227)	9,811,501
Expenses						
Agency investments/ awards	5,367,308	-	5,367,308	-	-	5,367,308
Less donor designations, net	(970,408)	-	(970,408)	-	-	(970,408)
Community impact	2,375,305	-	2,375,305	-	(145,227)	2,230,078
Volunteer development	138,276	-	138,276	-	-	138,276
211 Maine	-	-	-	1,221,927	-	1,221,927
Total program services	6,910,481	-	6,910,481	1,221,927	(145,227)	7,987,181
Supporting services - management and general fundraising	1,938,874	-	1,938,874	-	-	1,938,874
Total expenses	8,849,355	-	8,849,355	1,221,927	(145,227)	9,926,055
Change in net assets without donor restrictions	(187,064)	144,066	(42,998)	(71,556)	-	(114,554)

UNITED WAY, INC.

Consolidating Statement of Activities (Concluded)

Year Ended June 30, 2020

	United Way, Inc.			211 Maine, Inc.	<u>Eliminations</u>	<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>			
Change in net assets with donor restrictions						
Grant income restricted for website redesign	-	-	-	120,888	-	120,888
Net assets released from restrictions	-	-	-	(93,908)	-	(93,908)
Increase in net assets with donor restrictions	-	-	-	26,980	-	26,980
Decrease in net assets	(187,064)	144,066	(42,998)	(44,576)	-	(87,574)
Net assets, beginning of year	<u>6,895,130</u>	<u>8,185,243</u>	<u>15,080,373</u>	<u>662,509</u>	<u>-</u>	<u>15,742,882</u>
Net assets, end of year	<u><u>\$ 6,708,066</u></u>	<u><u>\$ 8,329,309</u></u>	<u><u>\$ 15,037,375</u></u>	<u><u>\$ 617,933</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,655,308</u></u>