United Way, Inc. and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

June 30, 2023 and 2022

With Independent Auditor's Report

BerryDunn

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of United Way, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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. and Subsidiary as of June 30, 2023 and 2022, 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 Consolidated 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.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* in 2023. Our opinion is not modified with respect to that matter.

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 consolidated financial statements.

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.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position as of June 30, 2023 and consolidating statement of activities for the year ended June 30, 2023 are presented for purposes of additional analysis of the consolidated financial statements 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 consolidating 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 consolidating 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 12, 2023

UNITED WAY, INC.

Consolidated Statements of Financial Position

June 30, 2023 and 2022

ASSETS

	2023	2022
Cash and cash equivalents	**$ 5,923,914**	$ 6,571,211
Pledges receivable, net	**2,417,115**	2,945,466
Other receivables	**351,690**	379,471
Other assets	**138,688**	171,141
Certificates of deposit	**76,232**	117,660
Long-term investments	**10,229,685**	9,555,189
Beneficial interest in perpetual trusts	**1,626,480**	1,522,493
Right-of-use assets, operating leases	**1,770,516**	-
Equipment, net of accumulated depreciation of $411,524 in 2023 and $445,524 in 2022	**411,615**	404,491
Total assets	**$ 22,945,935**	$ 21,667,122

LIABILITIES AND NET ASSETS

	2023	2022
Liabilities		
Accounts payable and accrued expenses	**$ 1,404,011**	$ 791,498
Designations payable	**1,044,823**	1,137,618
Lease liabilities, operating leases	**1,789,966**	-
Total liabilities	**4,238,800**	1,929,116
Net assets		
Without donor restrictions		
Undesignated	**2,169,424**	1,444,535
Board designated	**4,694,600**	5,689,766
Total without donor restrictions	**6,864,024**	7,134,301
With donor restrictions	**11,843,111**	12,603,705
Total net assets	**18,707,135**	19,738,006
Total liabilities and net assets	**$ 22,945,935**	$ 21,667,122

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2023
(With summarized information for the year ended June 30, 2022 for comparison)

	2023			2022
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total
Campaign results:				
2023 campaign results	$ -	$ **110,764**	$ **110,764**	$ -
2022 campaign results	**-**	**6,734,248**	**6,734,248**	85,305
2021 campaign results	**-**	**44,521**	**44,521**	7,812,136
2020 campaign results	**-**	**-**	**-**	49,296
Less donor designations to other organizations, net	**-**	**(746,425)**	**(746,425)**	(946,421)
Less provision for uncollectible pledges	**-**	**(290,323)**	**(290,323)**	(113,022)
Net campaign results	**-**	**5,852,785**	**5,852,785**	6,887,294
Revenues, gains and other support:				
Net assets released from restriction from campaign				
2022 campaign	**2,931,024**	**(2,931,024)**	**-**	-
2021 campaign	**3,495,109**	**(3,495,109)**	**-**	-
Gifts and bequests	**8,491**	**-**	**8,491**	124,570
Grant and contract revenue	**-**	**6,000,588**	**6,000,588**	5,524,692
Service fees	**157,994**	**26,670**	**184,664**	198,098
Investment income	**536,052**	**72,786**	**608,838**	254,540
Realized gains on investments	**5,661**	**3,972**	**9,633**	415,591
Unrealized gains (losses) on investments	**349,248**	**227,246**	**576,494**	(1,757,947)
Contributions received in the merger with United Way of York County	**-**	**-**	**-**	1,102,976
Miscellaneous	**205,609**	**250**	**205,859**	200,042
Other net assets released from restriction	**6,622,745**	**(6,622,745)**	**-**	-
Gain (loss) on perpetual trusts	**-**	**103,987**	**103,987**	(372,974)
Total revenues	**14,311,933**	**(760,594)**	**13,551,339**	12,576,882
Expenses:				
Agency investments/awards	**4,383,211**	**-**	**4,383,211**	5,100,623
Less donor designations, net	**(746,425)**	**-**	**(746,425)**	(939,612)
Community impact	**6,972,447**	**-**	**6,972,447**	2,986,662
211 Maine	**1,621,338**	**-**	**1,621,338**	1,552,070
Total program services	**12,230,571**	**-**	**12,230,571**	8,699,743
Supporting services - management and general and fundraising	**2,351,639**	**-**	**2,351,639**	2,253,901
Total expenses	**14,582,210**	**-**	**14,582,210**	10,953,644
Change in net assets	**(270,277)**	**(760,594)**	**(1,030,871)**	1,623,238
Net assets, beginning of year	**7,134,301**	**12,603,705**	**19,738,006**	18,114,768
Net assets, end of year	$ **6,864,024**	$ **11,843,111**	$ **18,707,135**	$ 19,738,006

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

UNITED WAY, INC.

Consolidated Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Campaign results:			
2021 campaign results	$ -	$ 85,305	$ 85,305
2020 campaign results	-	7,812,136	7,812,136
2019 campaign results	-	49,296	49,296
Less donor designations to other organizations, net	-	(946,421)	(946,421)
Less provision for uncollectible pledges	-	(113,022)	(113,022)
Net campaign results	-	6,887,294	6,887,294
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
Service fees	155,863	42,235	198,098
Investment income	157,734	96,806	254,540
Realized gains on investments	244,638	170,953	415,591
Unrealized losses on investments	(1,042,947)	(715,000)	(1,757,947)
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
Other net assets released from restriction	2,842,425	(2,842,425)	-
Loss on perpetual trust	-	(372,974)	(372,974)
Total revenues	10,088,159	2,488,723	12,576,882
Expenses:			
Agency investments/awards	5,100,623	-	5,100,623
Less donor designations, net	(939,612)	-	(939,612)
Community impact	2,986,662	-	2,986,662
211 Maine	1,552,070	-	1,552,070
Total program services	8,699,743	-	8,699,743
Supporting services - management and general and fundraising	2,253,901	-	2,253,901
Total expenses	10,953,644	-	10,953,644
Change in net assets	(865,485)	2,488,723	1,623,238
Net assets, beginning of year	7,999,786	10,114,982	18,114,768
Net assets, end of year	$ 7,134,301	$ 12,603,705	$ 19,738,006

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

UNITED WAY, INC.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Services			
	Essential Programs and Services	Community Impact	211 Maine	Total	Management and General	Fund Raising	Total	Total
Gross investments/awards/contracted services	$ 4,383,211	$ 4,205,194	$ 1,514,590	$ 10,102,995	$ -	$ -	$ -	$ 10,102,995
Less donor designations, net	(746,425)	-	-	(746,425)	-	-	-	(746,425)
Agency investments/awards/ contracted services	3,636,786	4,205,194	1,514,590	9,356,570	-	-	-	9,356,570
Salaries	-	1,672,547	72,703	1,745,250	700,144	760,784	1,460,928	3,206,178
Employees' health and retirement benefits	-	272,239	5,644	277,883	34,794	166,648	201,442	479,325
Payroll taxes	-	126,099	5,521	131,620	52,474	59,279	111,753	243,373
Professional fees	-	152,000	5,581	157,581	49,221	33,401	82,622	240,203
Supplies	-	30,730	-	30,730	3,183	3,856	7,039	37,769
Telephone	-	20,365	-	20,365	7,101	12,529	19,630	39,995
Postage and shipping	-	3,583	149	3,732	1,735	2,144	3,879	7,611
Occupancy	-	156,748	3,600	160,348	68,423	83,019	151,442	311,790
Marketing and communications materials	-	16,606	5,803	22,409	7,190	10,135	17,325	39,734
Publications and subscription	-	220	-	220	75	290	365	585
Travel	-	6,618	2,428	9,046	1,517	3,541	5,058	14,104
Conferences, conventions and meetings	-	27,916	-	27,916	5,295	7,410	12,705	40,621
National agency support	-	46,326	-	46,326	23,087	28,011	51,098	97,424
Equipment, rental and maintenance	-	171,598	-	171,598	70,870	85,961	156,831	328,429
Insurance	-	20,632	4,183	24,815	10,282	12,475	22,757	47,572
Miscellaneous	-	7,404	1,136	8,540	3,378	4,097	7,475	16,015
Depreciation	-	35,622	-	35,622	17,752	21,538	39,290	74,912
Total operations	-	2,767,253	106,748	2,874,001	1,056,521	1,295,118	2,351,639	5,225,640
Total expenses	$ 3,636,786	$ 6,972,447	$ 1,621,338	$ 12,230,571	$ 1,056,521	$ 1,295,118	$ 2,351,639	$ 14,582,210

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

	Program Services				Supporting Services			
	Essential Programs and Services	Community Impact	211 Maine	Total	Management and General	Fund Raising	Total	Total
Gross investments/awards/contracted services	$ 5,100,623	$ 507,759	$ 1,430,999	$ 7,039,381	$ -	$ -	$ -	$ 7,039,381
Less donor designations, net	(939,612)	-	-	(939,612)	-	-	-	(939,612)
Agency investments/awards/ contracted services	4,161,011	507,759	1,430,999	6,099,769	-	-	-	6,099,769
Salaries	-	1,523,236	65,720	1,588,956	658,875	739,013	1,397,888	2,986,844
Employees' health and retirement benefits	-	256,519	4,118	260,637	36,991	158,889	195,880	456,517
Payroll taxes	-	114,447	4,862	119,309	51,113	55,418	106,531	225,840
Professional fees and contract services	-	129,648	5,090	134,738	47,270	41,044	88,314	223,052
Supplies	-	8,953	1,498	10,451	2,256	2,540	4,796	15,247
Telephone	-	15,487	-	15,487	5,367	11,091	16,458	31,945
Postage and shipping	-	4,105	-	4,105	2,167	2,812	4,979	9,084
Occupancy	-	145,613	3,752	149,365	78,101	87,956	166,057	315,422
Marketing and communications materials	-	22,065	30,784	52,849	10,931	12,375	23,306	76,155
Publications and subscription	-	382	-	382	90	274	364	746
Travel	-	3,419	1,107	4,526	405	782	1,187	5,713
Conferences, conventions and meetings	-	16,223	885	17,108	5,363	5,732	11,095	28,203
National agency support	-	65,754	-	65,754	35,268	39,718	74,986	140,740
Equipment, rental and maintenance	-	127,799	-	127,799	52,534	59,162	111,696	239,495
Insurance	-	14,065	3,255	17,320	7,544	8,496	16,040	33,360
Miscellaneous	-	7,066	-	7,066	3,209	3,606	6,815	13,881
Depreciation	-	24,122	-	24,122	12,938	14,571	27,509	51,631
Total operations	-	2,478,903	121,071	2,599,974	1,010,422	1,243,479	2,253,901	4,853,875
Total expenses	$ 4,161,011	$ 2,986,662	$ 1,552,070	$ 8,699,743	$ 1,010,422	$ 1,243,479	$ 2,253,901	$ 10,953,644

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

UNITED WAY, INC.

Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	**$ (1,030,871)**	$ 1,623,238
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Contribution received in the merger with United Way of York County	**-**	(1,102,976)
Depreciation	**74,912**	51,631
Net realized and unrealized (gains) losses on investments	**(586,127)**	1,342,356
(Gain) loss on perpetual trusts	**(103,987)**	372,974
Right-of-use operating leases, net	**19,450**	-
Changes in operating assets and liabilities		
Pledges receivable	**528,351**	383,592
Other receivables	**27,781**	(5,710)
Other assets	**32,453**	(106,015)
Accounts payable and accrued expenses	**612,513**	(257,311)
Designations payable	**(92,795)**	(350,041)
Net cash (used) provided by operating activities	**(518,320)**	1,951,738
Cash flows from investing activities		
Purchase of equipment	**(82,036)**	(130,188)
Cash assumed upon merger	**-**	597,640
Maturity (purchase) of certificates of deposit	**41,428**	(117,660)
Purchase of investments	**(2,583,469)**	(2,158,606)
Proceeds from sale and maturities of investments	**2,495,100**	2,245,025
Net cash (used) provided by investing activities	**(128,977)**	436,211
Net (decrease) increase in cash and cash equivalents	**(647,297)**	2,387,949
Cash and cash equivalents, beginning of year	**6,571,211**	4,183,262
Cash and cash equivalents, end of year	**$ 5,923,914**	$ 6,571,211

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

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.

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 (the State).

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 the Organization. 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, 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 statements 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 Southern Maine 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 statements 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 (U.S. 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 consolidated 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 consolidated 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.

Recently Adopted Accounting Policy

Effective July 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease agreement.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. The Organization did not have any finance leases as of June 30, 2023.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Topic 842 requires the use of the implicit rate in the lease when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses risk-free interest rates based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates were applied to leases based on the underlying lease term to calculated the undiscounted future payments over the term of the lease.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Upon adoption of Topic 842, the Organization elected the package of practical expedients permitted under the transition guidance within the new standard which includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

The adoption of Topic 842 resulted in the recognition of the following assets and liabilities on July 1, 2022:

Right-of-use assets, operating leases	$ 1,912,883
Lease liabilities, operating leases	$ 1,912,883

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. When the donor stipulation expires, net assets are reclassified to net assets without donor restrictions.

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 Southern Maine 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. At June 30, 2023, unspent grant funds totaled $793,277 and were included in accrued expenses on the consolidated statement of financial position.

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 12, 2023, the date the accompanying consolidated financial statements were available to be issued.

2. Liquidity and Availability of Financial Assets

As of June 30, 2023 and 2022, the Organization had working capital of approximately $6,320,000 and $8,085,000, respectively, and average days cash on hand (based on normal expenditures) of approximately 150 and 223, 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.

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

	2023	2022
Cash and cash equivalents	**$ 5,923,914**	$ 6,571,211
Pledges receivable	**2,417,115**	2,945,466
Other receivables	**351,690**	379,471
Budgeted endowment draw	**429,000**	429,000
Beneficial interest in perpetual trusts	**1,626,480**	1,522,493
Long-term investments	**10,229,685**	9,555,189
Total financial assets	**20,977,884**	21,402,830

	2023	2022
Less assets with restrictions		
Beneficial interest in perpetual trusts	**(1,626,480)**	(1,522,493)
Designated funds - out-of-area	**(800,567)**	(815,415)
Designated funds - local	**(440,555)**	(581,441)
Donor restricted endowment funds	**(4,207,088)**	(3,865,423)
Board designated funds	**(4,694,600)**	(5,689,766)
Grant funds	**(2,168,374)**	(3,309,729)
211 Maine funds	**(378,425)**	(444,853)
	(14,316,089)	(16,229,120)
Financial assets available to meet cash needs for general expenditures within one year	**$ 6,661,795**	$ 5,128,710

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:

	2023		
Campaign Year	**Gross Pledges Receivable**	**Allowance**	**Net Pledges Receivable**
2023	**$ -**	**$ -**	**$ -**
2022	**1,996,303**	**240,348**	**1,755,955**
2021	**302,092**	**302,092**	**-**
2020	**165,471**	**165,471**	**-**
	2,463,866	**707,911**	**1,755,955**
Specific Care pledges	**730,489**	**69,329**	**661,160**
	$ 3,194,355	**$ 777,240**	**$ 2,417,115**

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

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 $429,000 and $384,000 in fiscal years 2023 and 2022, respectively.

A summary of investments at June 30, 2023 and 2022 is as follows:

	2023	2022
U.S. Treasury notes and obligations of government agencies	**$ 934,548**	$ 1,141,724
Mutual funds - equity	**8,418,625**	7,440,999
Money market accounts	**293,053**	382,427
Corporate bonds	**583,459**	590,039
	$ 10,229,685	$ 9,555,189

Such investments are allocated as follows:

	2023	2022
United Way investments		
Net assets without donor restrictions	**$ 6,022,597**	$ 5,689,766
Net assets with donor restrictions (endowment)	**4,207,088**	3,865,423
	$ 10,229,685	$ 9,555,189

The changes in United Way investment funds by net asset category for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balances, June 30, 2021	$ 6,503,588	$ 4,418,536	$ 10,922,124
Net investment loss	(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	(225,141)	(158,516)	(383,657)
Balances, June 30, 2022	5,689,766	3,865,423	9,555,189
Net investment return	**654,232**	**458,599**	**1,112,831**
Additions	**8,347**	**-**	**8,347**
Reunitization	**(77,979)**	**77,979**	**-**
Change in donor designation	**-**	**(17,420)**	**(17,420)**
Appropriation for expenditure	**(251,769)**	**(177,493)**	**(429,262)**
Balances, June 30, 2023	**$ 6,022,597**	**$ 4,207,088**	**$ 10,229,685**

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:

	2023	2022
Campaign contributions	**$ 3,462,744**	$ 3,495,109
Endowment funds appreciation	**2,218,339**	1,825,351
Grant funds	**2,168,374**	3,309,729
211 Maine	**378,425**	444,854
	$ 8,227,882	$ 9,075,043

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

Net assets maintained in perpetuity for which the income is with donor restrictions at June 30 are as follows:

	2023	2022
Beneficial interest in perpetual trusts (Note 5)	**$ 1,626,480**	$ 1,522,493
Endowment funds	**1,988,749**	2,006,169
	$ 3,615,229	$ 3,528,662

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 2023 and 2022) 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 2023 and 2022 was $143,775 and $128,181, respectively.

8. Leases

The Organization leases buildings and land under noncancelable operating leases expiring in various dates through 2035 subject to Topic 842. The monthly lease payments range from $2,200 to $16,012 through the end of the lease terms. Some leases do not require monthly payments and are paid quarterly. The following table presents the right-of-use assets and lease liabilities as of June 30, 2023:

Assets	
Right-of-use assets, operating leases	$ 1,770,516
Liabilities	
Lease liabilities, operating leases	$ 1,789,966
Weighted-average discount rate	3.0 %
Weighted-average remaining lease term	11.9

Expense under the operating leases was $197,573 for the year ended June 30, 2023, which approximated the cash paid for operating leases.

The maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities are as follows for the years ending June 30:

2024	$ 181,091
2025	170,918
2026	160,806
2027	163,956
2028	167,168
Thereafter	1,297,715
	2,141,654
Less present value discount	(351,688)
	$ 1,789,966

9. Income Taxes

United Way and 211 Maine are not-for-profit corporations as described in Section 501(c)(3) of the Code and as such are exempt from federal and state income taxes.

Management has evaluated the United Way and 211 Maine's tax positions and concluded that they have maintained their tax-exempt status, do not have any significant unrelated business income, and have taken no uncertain tax positions that require adjustment to the consolidated financial statements.

10. Volunteer Services (Unaudited)

During the years ended June 30, 2023 and 2022, volunteers provided 8,575 and 12,760 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, 2024 (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 $1,514,590 and $1,430,999 in fiscal years 2023 and 2022, respectively. At June 30, 2023 and 2022, 211 Maine owed The Opportunity Alliance $136,784 and $105,792, respectively, which is included in accounts payable and accrued expenses in the consolidated statements of financial position.

13. Contracts

211 Maine enters into contracts with the State. Revenues related to the contracts approximated $1,151,000 and $1,087,000 in 2023 and 2022, respectively. As of July 1, 2022, 211 Maine entered into a contract with the State through June 30, 2024 with a committed amount up to $2,120,462 for services to be provided by 211 Maine.

14. Fair Value Measurement

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

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

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

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

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

	Total	**Level 1**	**Level 2**	**Level 3**
2023				
Investments:				
U.S. Treasury notes and obligations of government agencies	**$ 934,548**	**$ -**	**$ 934,548**	**$ -**
Mutual funds				
Foreign equity funds	**2,185,524**	**2,185,524**	**-**	**-**
Domestic equity funds	**6,233,101**	**6,233,101**	**-**	**-**
Money market accounts	**293,053**	**293,053**	**-**	**-**
Corporate bonds	**583,459**	**-**	**583,459**	**-**
Total investments	**$ 10,229,685**	**$ 8,711,678**	**$ 1,518,007**	**$ -**
Beneficial interest in perpetual trusts	**$ 1,626,480**	**$ -**	**$ -**	**$ 1,626,480**

	Total	Level 1	Level 2	Level 3
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	590,039	-	590,039	-
Total investments	$ 9,555,189	$ 7,823,426	$ 1,731,763	$ -
Beneficial interest in perpetual trust	$ 1,522,493	$ -	$ -	$ 1,522,493

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.

SUPPLEMENTARY INFORMATION

UNITED WAY, INC.

Consolidating Statement of Financial Position

June 30, 2023

ASSETS

	United Way, Inc.	211 Maine, Inc.	Eliminations	Consolidated
Cash and cash equivalents	$ 5,771,505	$ 152,409	$ -	$ 5,923,914
Pledges receivable, net	2,417,115	-	-	2,417,115
Other receivables	44,135	307,555	-	351,690
Due from United Way, Inc.	-	60,338	(60,338)	-
Other assets	143,780	2,335	(7,427)	138,688
Certificates of deposit	76,232	-	-	76,232
Long-term investments	10,229,685	-	-	10,229,685
Beneficial interest in perpetual trusts	1,626,480	-	-	1,626,480
Right-of-use assets, operating leases	1,770,516	-	-	1,770,516
Equipment, less accumulated depreciation	411,615	-	-	411,615
Total assets	$ 22,491,063	$ 522,637	$ (67,765)	$ 22,945,935

LIABILITIES AND NET ASSETS

	United Way, Inc.	211 Maine, Inc.	Eliminations	Consolidated
Liabilities				
Accounts payable and accrued liabilities	$ 1,267,226	$ 136,785	$ -	$ 1,404,011
Designations payable	1,044,823	-	-	1,044,823
Lease liabilities, operating leases	1,789,966	-	-	1,789,966
Other liabilities	60,338	7,427	(67,765)	-
Total liabilities	4,162,353	144,212	(67,765)	4,238,800
Net assets				
Without donor restrictions				
Undesignated	2,169,424	-	-	2,169,424
Board designated	4,694,600	-	-	4,694,600
Total without donor restrictions	6,864,024	-	-	6,864,024
With donor restrictions	11,464,686	378,425	-	11,843,111
Total net assets	18,328,710	378,425	-	18,707,135
Total liabilities and net assets	$ 22,491,063	$ 522,637	$ (67,765)	$ 22,945,935

UNITED WAY, INC.

Consolidating Statement of Activities

Year Ended June 30, 2023

	United Way, Inc.					
	Without Donor Restrictions	With Donor Restrictions	Total	211 Maine, Inc.	Eliminations	Total
Campaign results	$ -	$ 6,889,534	$ 6,889,534	$ -	$ -	$ 6,889,534
Less donor designations to other organizations, net	-	(746,425)	(746,425)	-	-	(746,425)
Less provision for uncollectible pledges	-	(290,324)	(290,324)	-	-	(113,021)
Net campaign results	-	5,852,785	5,852,785	-	-	5,852,785
Revenue, gains and other support						
Net assets released from restriction						
2022 campaign	2,931,024	(2,931,024)	-	-	-	-
2021 campaign	3,495,109	(3,495,109)	-	-	-	-
Gifts and bequests	8,491	-	8,491	-	-	8,491
Grant and contract revenue	-	4,663,398	4,663,398	1,527,990	(190,800)	6,000,588
Service fees	157,994	-	157,994	26,670	-	184,664
Investment income	536,052	72,786	608,838	-	-	608,838
Realized gains on investments	5,661	3,972	9,633	-	-	9,633
Unrealized gains on investments	349,248	227,246	576,494	-	-	576,494
Miscellaneous	205,609	-	205,609	250	-	205,859
Other net assets released from restriction	5,192,207	(5,192,207)	-	-	-	-
Gain on perpetual trusts	-	103,987	103,987	-	-	103,987
Total revenues	12,881,395	(694,166)	12,187,229	1,554,910	(190,800)	13,551,339
Expenses						
Agency investments/awards	4,383,211	-	4,383,211	-	-	4,383,211
Less donor designations, net	(746,425)	-	(746,425)	-	-	(746,425)
Community impact	7,163,247	-	7,163,247	-	(190,800)	6,972,447
211 Maine	-	-	-	1,621,338	-	1,621,338
Total program services	10,800,033	-	10,800,033	1,621,338	(190,800)	12,230,571
Supporting services - management, general and fundraising	2,351,639	-	2,351,639	-	-	2,351,639
Total expenses	13,151,672	-	13,151,672	1,621,338	(190,800)	14,582,210
Change in net assets	(270,277)	(694,166)	(964,443)	(66,428)	-	(1,030,871)
Net assets, beginning of year	7,134,301	12,158,852	19,293,153	444,853	-	19,738,006
Net assets, end of year	$ 6,864,024	$ 11,464,686	$ 18,328,710	$ 378,425	$ -	$ 18,707,135