

UNITED WAY OF EASTERN MAINE

FINANCIAL STATEMENTS

JUNE 30, 2008

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## Independent Auditor's Report

To the Board of Directors of  
United Way of Eastern Maine

We have audited the accompanying statements of financial position of United Way of Eastern Maine (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Eastern Maine as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Loiselle, Goodwin & Hinds

October 30, 2008  
Bangor, Maine

**UNITED WAY OF EASTERN MAINE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 761,026	\$ 313,419
Certificates of Deposit	25,022	24,496
Short-Term Investments	113,750	225,000
Pledges Receivable	1,225,249	1,181,869
Other Receivables	46,847	253,940
Prepaid Expenses	85,237	48,762
Long-Term Investments	622,476	669,162
Equipment (Net of Accumulated Depreciation of \$106,864 and \$89,852)	67,901	85,181
Beneficial Interests in Assets Held by Others	<u>630,995</u>	<u>624,031</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,578,503</u></b>	<b><u>\$ 3,425,860</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 370,218	\$ 234,643
Allocations Payable	602,702	603,501
Designations Payable	572,268	330,686
Accrued Vacation Payable	35,095	12,163
Deferred Revenue	4,706	4,000
Capital Lease Obligation	<u>6,833</u>	<u>8,922</u>
Total Liabilities	1,591,822	1,193,915
<i>Net Assets:</i>		
Unrestricted		
Designated for:		
Forever Fund	127,005	132,412
Stabilization Reserve	567,476	669,162
Future Allocations	76,000	41,000
Board of Directors' Fund	200	200
Investment in Equipment	61,068	76,259
Undesignated	<u>116,259</u>	<u>248,788</u>
Total Unrestricted	948,008	1,167,821
Temporarily Restricted for:		
Campaign Contributions for Future Periods	483,312	521,631
Other Contributions for Future Periods	51,446	50,950
Forever Fund Unappropriated Appreciation	<u>27,542</u>	<u>30,850</u>
Total Temporarily Restricted	562,300	603,431
Permanently Restricted for:		
Beneficial Interests in Perpetual Trust Funds	382,173	368,741
Forever Fund	<u>94,200</u>	<u>91,952</u>
Total Permanently Restricted	<u>476,373</u>	<u>460,693</u>
Total Net Assets	<u>1,986,681</u>	<u>2,231,945</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,578,503</u></b>	<b><u>\$ 3,425,860</u></b>

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

**UNITED WAY OF EASTERN MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
<i>Public Support:</i>				
Gross Campaign Results		\$ 2,954,035		
LESS: Donor Designations		(883,698)		
LESS: Provision for Uncollectible		(130,198)		
Net Campaign Revenue	-	1,940,139	-	\$ 1,940,139
Federal and State Grants	-	1,000	-	1,000
Camp Bangor Scholarship Grant	-	626,109	-	626,109
Camp Bangor Administrative Grant	-	51,154	-	51,154
Eastern Maine Funders' Energy Initiative	-	457,791	-	457,791
Sponsorships	-	25,584	-	25,584
Other Grants and Contributions	-	79,099	\$ 2,248	81,347
Income as Beneficiary of Perpetual Trust Funds	\$ 12,707	-	-	12,707
Contributions In-Kind	-	184,932	-	184,932
Total Public Support	<u>12,707</u>	<u>3,365,808</u>	<u>2,248</u>	<u>3,380,763</u>
<i>Revenue:</i>				
Service Fees	117,754	-	-	117,754
Interest and Dividends	54,263	-	-	54,263
Reimbursements and Miscellaneous	7,356	-	-	7,356
Distributed Income from the Forever Fund	9,410	-	-	9,410
Net Appreciation (Depreciation) in Fair Value of Investments and Assets Held by Others	<u>(89,512)</u>	<u>(135)</u>	<u>13,432</u>	<u>(76,215)</u>
Total Revenue	<u>99,271</u>	<u>(135)</u>	<u>13,432</u>	<u>112,568</u>
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Camp Bangor Program Restrictions	677,263	(677,263)	-	-
Satisfaction of Other Purpose Restrictions	748,406	(748,406)	-	-
Satisfaction of Time Restrictions	<u>1,981,135</u>	<u>(1,981,135)</u>	<u>-</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>3,406,804</u>	<u>(3,406,804)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>3,518,782</b>	<b>(41,131)</b>	<b>15,680</b>	<b>3,493,331</b>
<b>EXPENSES</b>				
<i>Program Service Expenses:</i>				
Allocations to Member Agencies	1,206,201	-	-	1,206,201
Camp Bangor Scholarships	626,109	-	-	626,109
Support of Other Agencies	755,532	-	-	755,532
Other Program Services	<u>348,217</u>	<u>-</u>	<u>-</u>	<u>348,217</u>
Total Program Service Expenses	<u>2,936,059</u>	<u>-</u>	<u>-</u>	<u>2,936,059</u>
<i>General and Administrative Expenses</i>	304,855	-	-	304,855
<i>Unallocated Payments to Affiliated Organizations</i>	24,546	-	-	24,546
<i>Fund-Raising Expenses</i>	<u>473,135</u>	<u>-</u>	<u>-</u>	<u>473,135</u>
<b>TOTAL EXPENSES</b>	<u><b>3,738,595</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>3,738,595</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>(219,813)</b>	<b>(41,131)</b>	<b>15,680</b>	<b>(245,264)</b>
<b>NET ASSETS - July 1, 2007</b>	<u><b>1,167,821</b></u>	<u><b>603,431</b></u>	<u><b>460,693</b></u>	<u><b>2,231,945</b></u>
<b>NET ASSETS - June 30, 2008</b>	<u><b>\$ 948,008</b></u>	<u><b>\$ 562,300</b></u>	<u><b>\$ 476,373</b></u>	<u><b>\$ 1,986,681</b></u>

**UNITED WAY OF EASTERN MAINE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
<i>Public Support:</i>				
Gross Campaign Results		\$ 2,735,912		
LESS: Donor Designations		(555,580)		
LESS: Provision for Uncollectible		(124,328)		
Net Campaign Revenue	-	2,056,004	-	\$ 2,056,004
Federal and State Grants	-	10,869	-	10,869
Camp Bangor Scholarship Grant	-	641,974	-	641,974
Camp Bangor Administrative Grant	-	52,025	-	52,025
Sponsorships	-	46,355	-	46,355
Other Grants and Contributions	-	78,082	\$ 124	78,206
Income as Beneficiary of Perpetual Trust Funds	\$ 13,747	-	-	13,747
Contributions In-Kind	-	218,940	-	218,940
Total Public Support	<u>13,747</u>	<u>3,104,249</u>	<u>124</u>	<u>3,118,120</u>
<i>Revenue:</i>				
Service Fees	58,853	-	-	58,853
Interest and Dividends	46,263	-	-	46,263
Federal and State Grants and Contracts	4,814	-	-	4,814
Reimbursements and Miscellaneous	9,337	-	-	9,337
Distributed Income from the Forever Fund	8,640	-	-	8,640
Loss on Disposition of Fixed Assets	(7,031)	-	-	(7,031)
Net Appreciation (Depreciation) in Fair Value of Investments and Assets Held by Others	<u>87,422</u>	<u>19,174</u>	<u>23,748</u>	<u>130,344</u>
Total Revenue	<u>208,298</u>	<u>19,174</u>	<u>23,748</u>	<u>251,220</u>
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Camp Bangor Program Restrictions	693,999	(693,999)	-	-
Satisfaction of Other Purpose Restrictions	358,216	(358,216)	-	-
Satisfaction of Time Restrictions	<u>1,948,702</u>	<u>(1,948,702)</u>	<u>-</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>3,000,917</u>	<u>(3,000,917)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	3,222,962	122,506	23,872	3,369,340
<b>EXPENSES</b>				
<i>Program Service Expenses:</i>				
Allocations to Member Agencies	1,190,834	-	-	1,190,834
Camp Bangor Scholarships	641,974	-	-	641,974
Support of Other Agencies	248,551	-	-	248,551
Other Program Services	<u>342,370</u>	<u>-</u>	<u>-</u>	<u>342,370</u>
Total Program Service Expenses	2,423,729	-	-	2,423,729
<i>General and Administrative Expenses</i>	257,247	-	-	257,247
<i>Unallocated Payments to Affiliated Organizations</i>	23,365	-	-	23,365
<i>Fund-Raising Expenses</i>	<u>413,882</u>	<u>-</u>	<u>-</u>	<u>413,882</u>
<b>TOTAL EXPENSES</b>	<u>3,118,223</u>	<u>-</u>	<u>-</u>	<u>3,118,223</u>
<b>CHANGE IN NET ASSETS</b>	104,739	122,506	23,872	251,117
<b>NET ASSETS - July 1, 2006</b>	<u>1,063,082</u>	<u>480,925</u>	<u>436,821</u>	<u>1,980,828</u>
<b>NET ASSETS - June 30, 2007</b>	<u>\$ 1,167,821</u>	<u>\$ 603,431</u>	<u>\$ 460,693</u>	<u>\$ 2,231,945</u>

**UNITED WAY OF EASTERN MAINE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$(245,264)	\$ 251,117
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	21,116	18,764
Permanently Restricted Contributions	(2,248)	(124)
Net Depreciation (Appreciation) of Investments	76,215	(130,344)
Reinvested Income in Long-Term Investments	(23,521)	(22,227)
Loss on Disposition of Fixed Assets	-	7,031
Decrease (Increase) in Receivables	163,713	(195,968)
Decrease (Increase) in Prepaid Expenses	(36,475)	(19,033)
Increase (Decrease) in Accounts Payable	135,575	(44,372)
Increase (Decrease) in Allocations and Designations Payable	240,783	105,500
Increase (Decrease) in Accrued Vacation Payable	22,932	(4,088)
Increase (Decrease) in Deferred Revenue	706	(1,233)
Net Cash Provided (Used) by Operating Activities	353,532	(34,977)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(3,837)	(30,132)
Proceeds from Sale of Short-Term Investments	100,000	150,000
Transfers to Maine Community Foundation	(2,247)	(6,050)
Net Cash Provided (Used) by Investing Activities	93,916	113,818
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Permanently Restricted Contributions	2,248	124
Reduction of Capital Lease Obligation	(2,089)	(2,102)
Net Cash Provided (Used) by Financing Activities	159	(1,978)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	447,607	76,863
 <b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	313,419	236,556
 <b>CASH AND CASH EQUIVALENTS - End of Year</b>	\$ 761,026	\$ 313,419

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

During the year ended June 30, 2008, the Organization junked office equipment with a cost of \$4,105 and accumulated depreciation of \$4,105.

During the year ended June 30, 2007, the Organization junked office equipment with a cost of \$10,928 and accumulated depreciation of \$3,897.

**UNITED WAY OF EASTERN MAINE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008**

	PROGRAM SERVICES			
	SUPPORT OF HEALTH AND HUMAN <u>SERVICE AGENCIES</u>	CHILDREN, YOUTH, AND <u>FAMILIES</u>	SUPPORTING <u>SENIORS</u>	BASIC NEEDS & SELF- <u>SUFFICIENCY</u>
Salaries	-	\$ 53,148	\$ 41,319	\$ 22,013
Employee Benefits	-	9,569	1,932	1,495
Payroll Taxes and Insurance	-	4,366	3,572	1,765
Total Salaries and Related Expenses	-	67,083	46,823	25,273
Professional Fees	-	1,581	54	6,466
Supplies	-	886	876	346
Telephone	-	504	548	198
Postage and Shipping	-	1,476	452	638
Occupancy	-	5,734	6,896	3,344
Rental and Equipment Maintenance	-	2,137	1,724	950
Local Transportation	-	1,401	933	316
Conferences, Conventions, and Meetings	-	685	2,035	1,145
Printing and Publications	-	6,141	917	2,876
Interest Expense	-	-	-	-
In-Kind Incentives	-	-	-	-
Miscellaneous:				
Community Events	-	3,892	814	346
Software Support	-	457	379	98
Property and Liability Insurance	-	502	458	122
Search Expenses	-	1,665	155	103
Other Miscellaneous	-	374	766	103
Total Miscellaneous	-	6,890	2,572	772
Operating Expenses Before Depreciation	-	94,518	63,830	42,324
Depreciation of Equipment	-	1,769	1,195	792
<b>TOTAL OPERATING EXPENSES</b>	-	96,287	65,025	43,116
Gross Funds Awarded/Distributed	\$ 2,089,899			
LESS: Donor Designations	(883,698)			
Net Funds Awarded/Distributed	1,206,201	-	-	-
211 Funding	57,391	-	-	-
Energy Initiative Funding	496,000	-	-	-
Other Community Funding	38,853	-	-	-
Camp Bangor Scholarships	626,109	-	-	-
National Letter Carriers' Food Drive	163,288	-	-	-
<b>TOTAL EXPENSES</b>	<u>\$ 2,587,842</u>	<u>\$ 96,287</u>	<u>\$ 65,025</u>	<u>\$ 43,116</u>

GENERAL COMMUNITY SUPPORT		SUPPORTING SERVICES				TOTAL EXPENSES
	TOTAL	GENERAL AND ADMINISTRATIVE	FUND RAISING	PAYMENTS TO NATIONAL ORGANIZATION	TOTAL	
\$ 67,044	\$ 183,524	\$ 171,857	\$ 223,208	-	\$ 395,065	\$ 578,589
8,765	21,761	19,935	32,810	-	52,745	74,506
5,580	15,283	14,062	18,600	-	32,662	47,945
81,389	220,568	205,854	274,618	-	480,472	701,040
122	8,223	37,470	29,786	-	67,256	75,479
1,121	3,229	3,208	14,886	-	18,094	21,323
765	2,015	1,510	2,128	-	3,638	5,653
1,071	3,637	2,754	11,433	-	14,187	17,824
8,236	24,210	13,212	23,352	-	36,564	60,774
1,894	6,705	2,605	6,824	-	9,429	16,134
2,743	5,393	1,143	8,163	-	9,306	14,699
5,695	9,560	5,800	7,219	-	13,019	22,579
2,769	12,703	3,907	35,004	-	38,911	51,614
-	-	2,756	-	-	2,756	2,756
-	-	-	15,150	-	15,150	15,150
886	5,938	2,128	14,343	-	16,471	22,409
5,998	6,932	3,555	2,768	-	6,323	13,255
723	1,805	1,562	3,121	-	4,683	6,488
26,792	28,715	10,723	9,571	-	20,294	49,009
943	2,186	1,095	5,624	\$ 24,546	31,265	33,451
35,342	45,576	19,063	35,427	24,546	79,036	124,612
141,147	341,819	299,282	463,990	24,546	787,818	1,129,637
2,642	6,398	5,573	9,145	-	14,718	21,116
143,789	348,217	304,855	473,135	24,546	802,536	1,150,753
-	1,206,201	-	-	-	-	1,206,201
-	57,391	-	-	-	-	57,391
-	496,000	-	-	-	-	496,000
-	38,853	-	-	-	-	38,853
-	626,109	-	-	-	-	626,109
-	163,288	-	-	-	-	163,288
<u>\$ 143,789</u>	<u>\$ 2,936,059</u>	<u>\$ 304,855</u>	<u>\$ 473,135</u>	<u>\$ 24,546</u>	<u>\$ 802,536</u>	<u>\$ 3,738,595</u>

**UNITED WAY OF EASTERN MAINE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007**

	PROGRAM SERVICES			
	SUPPORT OF HEALTH AND HUMAN <u>SERVICE AGENCIES</u>	CHILDREN, YOUTH, AND <u>FAMILIES</u>	SUPPORTING <u>SENIORS</u>	BASIC NEEDS & SELF- <u>SUFFICIENCY</u>
Salaries	-	\$ 33,184	\$ 29,698	\$ 26,917
Employee Benefits	-	10,873	6,150	4,849
Payroll Taxes and Insurance	-	3,246	2,874	2,597
Total Salaries and Related Expenses	-	47,303	38,722	34,363
Professional Fees	-	5,987	3,049	7,312
Supplies	-	1,331	461	477
Telephone	-	433	329	345
Postage and Shipping	-	1,708	650	995
Occupancy	-	4,694	3,691	3,178
Rental and Equipment Maintenance	-	2,938	862	1,604
Local Transportation	-	1,076	449	154
Conferences, Conventions, and Meetings	-	520	524	179
Printing and Publications	-	5,586	1,197	1,158
In-Kind Incentives	-	-	-	-
Miscellaneous:				
Community Events	-	6,340	331	378
Software Support	-	296	192	195
Property and Liability Insurance	-	522	318	317
Other Miscellaneous	-	1,152	153	1,248
Total Miscellaneous	-	8,310	994	2,138
Operating Expenses Before Depreciation	-	79,886	50,928	51,903
Depreciation of Equipment	-	1,474	939	957
<b>TOTAL OPERATING EXPENSES</b>	-	81,360	51,867	52,860
Gross Funds Awarded/Distributed	\$ 1,746,414			
LESS: Donor Designations	(555,580)			
Net Funds Awarded/Distributed	1,190,834			
211 Funding	57,391			
Energy Initiative Funding	2,500			
Support for Laid-Off Workers	2,500			
Camp Bangor Scholarships	641,974			
Acts of Kindness	186,160			
<b>TOTAL EXPENSES</b>	<u>\$ 2,081,359</u>	<u>\$ 81,360</u>	<u>\$ 51,867</u>	<u>\$ 52,860</u>

GENERAL COMMUNITY SUPPORT		SUPPORTING SERVICES				TOTAL EXPENSES
	TOTAL	GENERAL AND ADMINISTRATIVE	FUND RAISING	PAYMENTS TO NATIONAL ORGANIZATION	TOTAL	
\$ 70,880	\$ 160,679	\$ 155,337	\$ 165,415	-	\$ 320,752	\$ 481,431
10,222	32,094	18,838	27,615	-	46,453	78,547
7,196	15,913	12,014	15,529	-	27,543	43,456
88,298	208,686	186,189	208,559	-	394,748	603,434
15,054	31,402	24,807	60,440	-	85,247	116,649
1,738	4,007	2,509	7,798	-	10,307	14,314
951	2,058	564	2,173	-	2,737	4,795
1,565	4,918	2,176	12,557	-	14,733	19,651
8,030	19,593	15,681	20,889	-	36,570	56,163
2,582	7,986	3,404	6,481	-	9,885	17,871
3,951	5,630	1,165	6,605	-	7,770	13,400
10,804	12,027	4,542	6,280	-	10,822	22,849
2,610	10,551	1,463	25,038	-	26,501	37,052
-	-	-	15,150	-	15,150	15,150
3,640	10,689	1,840	25,309	-	27,149	37,838
5,244	5,927	2,770	1,121	-	3,891	9,818
1,081	2,238	1,347	2,557	-	3,904	6,142
7,921	10,474	4,078	5,057	\$ 23,365	32,500	42,974
17,886	29,328	10,035	34,044	23,365	67,444	96,772
153,469	336,186	252,535	406,014	23,365	681,914	1,018,100
2,814	6,184	4,712	7,868	-	12,580	18,764
156,283	342,370	257,247	413,882	23,365	694,494	1,036,864
-	1,190,834	-	-	-	-	1,190,834
-	57,391	-	-	-	-	57,391
-	2,500	-	-	-	-	2,500
-	2,500	-	-	-	-	2,500
-	641,974	-	-	-	-	641,974
-	186,160	-	-	-	-	186,160
<u>\$ 156,283</u>	<u>\$ 2,423,729</u>	<u>\$ 257,247</u>	<u>\$ 413,882</u>	<u>\$ 23,365</u>	<u>\$ 694,494</u>	<u>\$ 3,118,223</u>

**UNITED WAY OF EASTERN MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Purposes of the Organization

The United Way of Eastern Maine is a not-for-profit organization that was founded in 1937 and is governed by a volunteer board of directors. The purposes of the Organization are:

1. To serve as a catalyst for helping solve community health and human care problems through periodically assessing the need for various services, assisting in the development of human service programs, promoting preventive activities, fostering cooperation among agencies serving the community, and other similar programs and activities as may be determined by the Board of Directors.
2. To encourage collaboration and deploy financial support and volunteer resources so as to maximize the effectiveness of health and human service agencies and to support the Organization's work to build stronger and healthier communities.
3. To conduct a single, community-wide, fund-raising campaign annually and develop as fully as possible the financial resources needed to meet the human care needs of the community.
4. To mobilize a systematic communications program that promotes community support for and commitment to the entire United Way program and which both speaks and listens to the citizens, agencies, and donors.
5. To receive by gift, grant, devise, bequest or otherwise, and from any private or public sources, personal or real property, and to hold, administer, sell, invest, reinvest, manage, use, disburse and distribute, and apply the income and/or principal of the same in accordance with the directions and intent of the donor or donors of such property, or in the absence of such directions, as the Organization may deem best from time to time, for the promotion of any or all of the foregoing purposes and objectives.
6. To engage in any other lawful activity, either alone or in cooperation with other organizations or institutions, which it may deem necessary or proper in order to carry out any or all of the foregoing objects or purposes.

B. Basis of Presentation

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 established standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into the following three net asset categories according to externally (donor) imposed restrictions.

Unrestricted net assets include gifts that are not subject to donor-imposed stipulations. These assets may be designated by the Board for specific purposes.

**UNITED WAY OF EASTERN MAINE  
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Temporarily restricted net assets include gifts subject to donor-imposed stipulations that will either be met by the passage of time or through use of the funds as designated by the donor. Undesignated pledges from each annual campaign are considered to be released from their restrictions over the course of the following calendar year. When the restrictions have been met, they are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets may also include appreciation in permanently restricted endowment funds. The Maine Uniform Management of Institutional Funds Act requires that this appreciation be reported as temporarily restricted net assets until spent or appropriated by Board action, unless the donor has otherwise indicated in the gift instrument.

Permanently restricted assets include gifts subject to donor-imposed stipulations that they be maintained permanently by the organization in an endowment fund or be held and administered by an outside trustee for the benefit of the organization, but permit the organization to use up or expend part or all of the income derived from the donated assets.

C. Revenue Recognition

In accordance with the requirements of SFAS 136, the financial statements have excluded from revenue campaign amounts that were raised for organizations specifically designated by the donors. The same amount is also excluded from program service expenses.

D. Cash

The Organization maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. It has not experienced any losses in these accounts. The Organization believes that it is not exposed to any significant amount of risk on its cash.

E. Investments

Investments are stated at aggregate current value, as determined by the last reported sales price on the last business day of the fiscal year. Increases or decreases in market value are recognized as income or losses in the period in which they occur. Appreciation (depreciation) in fair value of investments represent an aggregate of increases (decreases) in the market value of securities held throughout the year and difference between net purchase price and end-of-the-year market value for securities purchased during the year. Realized gains or losses represent differences between beginning-of-the-year market value and net sales price for assets sold during the year and differences between net purchase price and net sales price for securities both purchased and sold during the year.

F. Fixed Assets

Equipment is recorded at cost when purchased or at fair market value at date of gift. Depreciation is provided over the estimated useful lives of the assets, generally 3 to 10 years, computed using the straight-line method. The equipment and the related accumulated depreciation are removed from the accounts at the time of disposition.

**UNITED WAY OF EASTERN MAINE  
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G. Beneficial Interests in Assets Held by Others

The Organization is a beneficiary of three perpetual trust funds. The Danforth and Whitney Trusts are held and administered by Bank of America and the Park Trust is held and administered by Acadia Trust. Annual distributions from the trusts have been reported as public support. Fair market values have been determined each year as of the preceding November 30 and December 31 for the Danforth and Whitney Trusts, respectively, and June 30 for the Park Trust.

The Organization is also an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making nonreciprocal transfers of assets to MCF and specifying itself as the beneficiary. As such, the Organization receives distributions amounting to approximately 5% of the fair market value of these assets each year. However, the Board of Trustees of the MCF has the power to modify, consistent with State law including seeking approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified organizations if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Annual distributions from these assets have been reported as revenue.

The estimated fair market value of the beneficial interests in the assets, which approximate the present values of expected future cash flows from the assets, are recognized in the statements of financial position as beneficial interests in assets held by others.

H. Cash Equivalents

For purposes of the statement of cash flows, the Organization considers securities having a maturity of three months or less to be cash equivalents, except that no assets in the long-term investments account are considered to be cash equivalents.

I. Provision for Uncollectible

The provision for uncollectible pledges is computed based upon a three-year historical average of gross campaign results and is adjusted by management estimates of current economic factors.

J. In-Kind Support

Contributions and gifts in a form other than cash are recorded at fair market value on the date such assets are received. However, donated services are only recognized if they require specialized skills, are provided by those individuals or companies that possess those skills, and would need to be purchased if they were not donated, in accordance with SFAS 116.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

**UNITED WAY OF EASTERN MAINE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**2. PLEDGES RECEIVABLE**

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Substantially all pledges are expected to be realized in one year or less. The following schedule summarizes the pledges receivable at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Pledges Receivable	\$1,403,470	\$1,326,770
LESS: Allowance for Uncollectible Pledges	<u>178,221</u>	<u>144,901</u>
Net Pledges Receivable	<u>\$1,225,249</u>	<u>\$1,181,869</u>

Not included in the pledges receivable for 2008 is a conditional pledge made by a foundation to fund camp scholarships for certain students in Bangor public schools who can show that they are good students with "good citizenship." The foundation will provide up to \$400 for each qualifying student in grade 3, \$800 for each qualifying student in grade 4, and \$1,000 for each qualifying student in grades 5 and 6. The total population of such students is not known but has been estimated to be about 1,200. Income recognized for camp scholarships from this foundation was \$626,109 and \$641,974 for the years ended June 30, 2008 and 2007, respectively.

**3. LONG-TERM INVESTMENTS**

The following schedule summarizes the market value of long-term investments held at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cash and Money Market Fund	\$ 79,727	\$ 5,661
Mutual Funds	458,126	509,047
Certificates of Deposit	45,063	72,165
U.S. Agency Bonds	-	62,789
Corporate Bonds and Notes	19,400	19,500
Preferred Stock	<u>20,160</u>	<u>-</u>
Total Long-Term Investments	<u>\$ 622,476</u>	<u>\$ 669,162</u>

For the years ended June 30, 2008 and 2007, respectively, the sum of interest and dividend income from these investments amounted to \$25,662 and \$24,157, investment fees totaled \$2,141 and \$1,956, and net appreciation (depreciation) was \$(70,207) and \$69,435, respectively.

**4. BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS**

During the years ended June 30, 2008 and 2007, the Organization transferred \$2,247 and \$6,050, respectively, of its Forever Fund to the Maine Community Foundation (MCF) in nonreciprocal transfers of assets and named itself as the income beneficiary of those assets. The MCF was granted variance power over these assets.

**UNITED WAY OF EASTERN MAINE  
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The following schedule summarizes the market value of the beneficial interests in assets held by others at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Danforth Perpetual Trust Fund held by Bank of America	\$170,768	\$161,506
Whitney Perpetual Trust Fund held by Bank of America	159,789	153,948
Park Perpetual Trust Fund held by Acadia Trust, N.A.	51,616	53,286
United Way of Eastern Maine Forever Fund held by Maine Community Foundation	<u>248,822</u>	<u>255,291</u>
Total Beneficial Interests	<u>\$630,995</u>	<u>\$624,031</u>

**5. NET CAMPAIGN RESULTS**

The following schedule summarizes the annual campaign results for the fiscal years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
2005 Campaign	-	\$ 4,756
2006 Campaign	\$ 4,835	2,635,855
2007 Campaign	2,885,623	95,301
2008 Campaign	<u>63,577</u>	-
Total Campaign Results	2,954,035	2,735,912
LESS: Uncollectible Pledges	<u>(130,198)</u>	<u>(124,328)</u>
Net Campaign Results	<u>\$2,823,837</u>	<u>\$2,611,584</u>

For many years United Way of Eastern Maine was the Principal Combined Fund Organization (PCFO) for the Heart of Maine CFC, a campaign for federal workers in eastern and northern Maine. In 2007, the four Federal campaigns in Maine merged. United Way of Eastern Maine was selected as the PCFO for the newly formed CFC of Maine, the campaign for all federal workers in Maine, with the exception of Portsmouth Naval Shipyard. Gross campaign results for fiscal years ended June 30, 2008 and June 30, 2007, are \$430,117 and \$83,496, respectively.

**6. DONATED SERVICES**

The United Way of Eastern Maine receives donated services from a substantial number of unpaid volunteers to further its program services and fund-raising campaigns. Volunteers contribute approximately 14,000 hours each year, valued at over \$250,000. These donated services did not meet the criteria for recognition as contributions under SFAS 116 and, therefore, have not been included in these financial statements.

**7. INCOME TAX STATUS**

The United Way of Eastern Maine has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The United Way of Eastern Maine, however, may be liable for income taxes on income generated by business activities which do not contribute directly to the exempt purposes of the Organization.

**UNITED WAY OF EASTERN MAINE  
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**8. RETIREMENT PLAN**

The United Way of Eastern Maine offers a defined contribution plan to its employees. The United Way of Eastern Maine contributes 6% of each participant's compensation and makes a matching contribution of 50% of each participant's contribution of up to 4% of the participant's annual compensation. This plan is available to all employees who have been employed for one year or more. There is a three-year vesting period before benefits become nonforfeitable. Plan expense for the years ended June 30, 2008 and 2007, was \$26,373 and \$30,725, respectively.

**9. OPERATING LEASE**

The Organization leases its premises under a ten-year operating lease expiring on August 31, 2014. Base rent does not include property taxes and other non-common area operating expenses for which the Organization is separately liable. Annual base rent on the premises is \$39,530 for each of the first five years of the lease and \$45,480 for each of the subsequent five years, and is payable in monthly installments of \$3,294 and \$3,790, respectively. The Organization has an option to renew the lease for an additional ten years on the same terms and conditions except for rent. Rent expense under this lease for the years ended June 30, 2008 and 2007, amounted to \$39,530 each year.

Minimum annual payments under the lease as of June 30, 2008, for the next five years are as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2009	\$ 39,530
2010	44,488
2011	45,480
2012	45,480
2013	45,480
Thereafter	<u>49,269</u>
Total	<u>\$269,727</u>

**10. COMMITMENT**

In May 2008, the Organization made a two-year commitment to fund certain programs of its member agencies. Amounts committed for the period July 1, 2008, through December 31, 2008, were based on the 2007 campaign results and have been recorded as a liability in these financial statements, but the remaining commitment of \$602,702 has not been recorded because it is contingent upon future campaign results.

**11. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities balances based on an analysis of personnel time and space utilized for the related activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.