

UNITED WAY OF EASTERN MAINE

FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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LOISELLE, GOODWIN & HINDS

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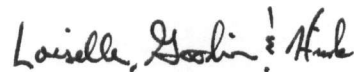
Independent Auditor's Report

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, 2010 and 2009, 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 consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. 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, 2010 and 2009, 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 26, 2010
Bangor, Maine

**UNITED WAY OF EASTERN MAINE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

	2010	2009
ASSETS		
Cash and Cash Equivalents	\$ 417,395	\$ 446,494
Certificates of Deposit	49,980	36,153
Short-Term Investments	100,396	-
Pledges Receivable	1,179,694	1,308,503
Other Receivables	84,645	75,090
Prepaid Expenses	50,681	64,078
Long-Term Investments	597,877	518,486
Equipment (Net of Accumulated Depreciation of \$139,238 and \$120,759)	44,504	62,983
Beneficial Interests in Assets Held by Others	520,757	464,711
TOTAL ASSETS	\$ 3,045,929	\$ 2,976,498
LIABILITIES AND NET ASSETS		
<i>Liabilities:</i>		
Accounts Payable	\$ 105,622	\$ 144,793
Allocations Payable	475,665	510,171
Designations Payable	514,003	511,934
Accrued Vacation Payable	13,131	13,839
Deferred Revenue	2,200	6,600
Capital Lease Obligation	13,680	16,607
Total Liabilities	1,124,301	1,203,944
<i>Net Assets:</i>		
Unrestricted		
Designated for:		
Forever Fund	104,458	96,951
Stabilization Reserve	542,877	463,486
Future Allocations	11,835	-
Board of Directors' Fund	-	200
Investment in Equipment	30,824	46,376
Undesignated	238,379	107,543
Total Unrestricted	928,373	714,556
Temporarily Restricted for:		
Campaign Contributions for Future Periods	524,456	638,342
Other Contributions for Future Periods	52,500	52,096
Forever Fund Unappropriated Appreciation	9,342	1,401
Total Temporarily Restricted	586,298	691,839
Permanently Restricted for:		
Beneficial Interests in Perpetual Trust Funds	312,627	271,959
Forever Fund	94,330	94,200
Total Permanently Restricted	406,957	366,159
Total Net Assets	1,921,628	1,772,554
TOTAL LIABILITIES AND NET ASSETS	\$ 3,045,929	\$ 2,976,498

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, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
PUBLIC SUPPORT AND REVENUE				
<i>Public Support:</i>				
Gross Campaign Results		\$ 2,671,104		
LESS: Donor Designations		(825,120)		
LESS: Provision for Uncollectible		<u>(108,083)</u>		
Net Campaign Revenue	-	1,737,901	-	\$ 1,737,901
Federal and State Grants	-	1,929	-	1,929
Camp Bangor Scholarship Grant	-	268,895	-	268,895
Camp Bangor Administrative Grant	-	44,126	-	44,126
Eastern Maine Funders' Energy Initiative	-	2,500	-	2,500
Sponsorships	-	15,119	-	15,119
Other Grants and Contributions	-	77,050	-	77,050
Special Gifts and Bequests	\$ 1,050	1,500	\$ 130	2,680
Contributions In-Kind	-	<u>144,018</u>	-	<u>144,018</u>
Total Public Support	1,050	2,293,038	130	2,294,218
<i>Revenue:</i>				
Service Fees	140,769	-	-	140,769
Interest and Dividends	17,538	132	-	17,670
Reimbursements and Miscellaneous	5,708	-	-	5,708
Income as Beneficiary of Perpetual Trust Funds	12,428	-	-	12,428
Distributed Income of the Forever Fund	9,250	-	-	9,250
Net Appreciation (Depreciation) in Fair Value of Investments and Assets Held by Others	<u>68,811</u>	<u>11,066</u>	<u>40,668</u>	<u>120,545</u>
Total Revenue	254,504	11,198	40,668	306,370
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Camp Bangor Program Restrictions	313,021	(313,021)	-	-
Satisfaction of Other Purpose Restrictions	242,116	(242,116)	-	-
Satisfaction of Time Restrictions	<u>1,855,863</u>	<u>(1,855,863)</u>	-	-
Total Net Assets Released from Restrictions	<u>2,411,000</u>	<u>(2,411,000)</u>	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,666,554	(106,764)	40,798	2,600,588
EXPENSES				
<i>Program Service Expenses:</i>				
Allocations to Member Agencies	967,455	-	-	967,455
Camp Bangor Scholarships	268,895	-	-	268,895
Support of Other Agencies	248,642	-	-	248,642
Other Program Services	<u>382,879</u>	-	-	<u>382,879</u>
Total Program Service Expenses	1,867,871	-	-	1,867,871
<i>General and Administrative Expenses</i>	185,830	-	-	185,830
<i>Fund-Raising Expenses</i>	<u>397,813</u>	-	-	<u>397,813</u>
TOTAL EXPENSES	<u>2,451,514</u>	-	-	<u>2,451,514</u>
CHANGE IN NET ASSETS BEFORE CHANGE IN LAW	215,040	(106,764)	40,798	149,074
NET ASSET RECLASSIFICATION BASED ON CHANGE IN LAW	<u>(1,223)</u>	<u>1,223</u>	-	-
CHANGE IN NET ASSETS	213,817	(105,541)	40,798	149,074
NET ASSETS - July 1, 2009	<u>714,556</u>	<u>691,839</u>	<u>366,159</u>	<u>1,772,554</u>
NET ASSETS - June 30, 2010	<u>\$ 928,373</u>	<u>\$ 586,298</u>	<u>\$ 406,957</u>	<u>\$ 1,921,628</u>

**UNITED WAY OF EASTERN MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
PUBLIC SUPPORT AND REVENUE				
<i>Public Support:</i>				
Gross Campaign Results		\$ 2,984,644		
LESS: Donor Designations		(900,700)		
LESS: Provision for Uncollectible		<u>(139,553)</u>		
Net Campaign Revenue	-	1,944,391	-	\$ 1,944,391
Camp Bangor Scholarship Grant	-	477,971	-	477,971
Camp Bangor Administrative Grant	-	54,380	-	54,380
Eastern Maine Funders' Energy Initiative	-	191,246	-	191,246
Sponsorships	-	17,217	-	17,217
Other Grants and Contributions	-	129,257	-	129,257
Contributions In-Kind	-	<u>152,413</u>	-	<u>152,413</u>
Total Public Support	-	2,966,875	-	2,966,875
<i>Revenue:</i>				
Service Fees	\$ 134,166	-	-	134,166
Interest and Dividends	29,274	-	-	29,274
Reimbursements and Miscellaneous	9,346	-	-	9,346
Income as Beneficiary of Perpetual Trust Funds	13,662	-	-	13,662
Distributed Income of the Forever Fund	9,860	-	-	9,860
Gain on Termination of Capital Lease Obligation	808	-	-	808
Net Appreciation (Depreciation) in Fair Value of Investments and Assets Held by Others	<u>(144,095)</u>	<u>(25,491)</u>	<u>\$ (110,214)</u>	<u>(279,800)</u>
Total Revenue	53,021	(25,491)	(110,214)	(82,684)
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Camp Bangor Program Restrictions	532,351	(532,351)	-	-
Satisfaction of Other Purpose Restrictions	490,133	(490,133)	-	-
Satisfaction of Time Restrictions	<u>1,789,361</u>	<u>(1,789,361)</u>	-	-
Total Net Assets Released from Restrictions	<u>2,811,845</u>	<u>(2,811,845)</u>	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,864,866	129,539	(110,214)	2,884,191
EXPENSES				
<i>Program Service Expenses:</i>				
Allocations to Member Agencies	1,110,372	-	-	1,110,372
Camp Bangor Scholarships	477,971	-	-	477,971
Support of Other Agencies	413,729	-	-	413,729
Other Program Services	<u>421,536</u>	-	-	<u>421,536</u>
Total Program Service Expenses	2,423,608	-	-	2,423,608
<i>General and Administrative Expenses</i>	246,419	-	-	246,419
<i>Fund-Raising Expenses</i>	<u>428,291</u>	-	-	<u>428,291</u>
TOTAL EXPENSES	<u>3,098,318</u>	-	-	<u>3,098,318</u>
CHANGE IN NET ASSETS	(233,452)	129,539	(110,214)	(214,127)
NET ASSETS - July 1, 2008	<u>948,008</u>	<u>562,300</u>	<u>476,373</u>	<u>1,986,681</u>
NET ASSETS - June 30, 2009	<u>\$ 714,556</u>	<u>\$ 691,839</u>	<u>\$ 366,159</u>	<u>\$ 1,772,554</u>

**UNITED WAY OF EASTERN MAINE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 149,074	\$(214,127)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	18,479	20,726
Permanently Restricted Contributions	(130)	-
Net Depreciation (Appreciation) of Investments	(120,545)	279,800
Reinvested Income in Investments	(14,838)	(20,783)
Gain on Termination of Capital Lease Obligation	-	(808)
Decrease (Increase) in Receivables	120,754	(111,497)
Decrease (Increase) in Prepaid Expenses	13,397	21,159
Increase (Decrease) in Accounts Payable	(39,171)	(225,425)
Increase (Decrease) in Allocations and Designations Payable	(32,437)	(152,865)
Increase (Decrease) in Accrued Vacation Payable	(708)	(21,256)
Increase (Decrease) in Deferred Revenue	(4,400)	1,894
Net Cash Provided (Used) by Operating Activities	89,475	(423,182)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	-	(2,498)
Purchases of Certificates of Deposit	(86,593)	(36,000)
Proceeds from Sale of Short-Term Investments	-	125,000
Proceeds from Certificates of Deposit	72,000	25,000
Purchase of Short-Term Investments	(100,004)	-
Transfers to Maine Community Foundation	(1,180)	(125)
Net Cash Provided (Used) by Investing Activities	(115,777)	111,377
 CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently Restricted Contributions	130	-
Reduction of Capital Lease Obligations	(2,927)	(2,727)
Net Cash Provided (Used) by Financing Activities	(2,797)	(2,727)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,099)	(314,532)
 CASH AND CASH EQUIVALENTS - Beginning of Year	446,494	761,026
 CASH AND CASH EQUIVALENTS - End of Year	\$ 417,395	\$ 446,494

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

CASH PAID DURING THE YEAR FOR:

Interest Expense	\$ 1,625	\$ 1,845
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SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

During the year ended June 30, 2009, the Organization entered into a capital lease obligation for office equipment with a cost of \$18,533. A capital lease obligation of \$6,032 was paid off by returning the leased office equipment with a book value of \$5,224.

**UNITED WAY OF EASTERN MAINE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	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	-	\$ 49,670	\$ 10,165	\$ 17,499
Employee Benefits	-	6,043	586	2,466
Payroll Taxes and Insurance	-	4,102	704	1,614
Total Salaries and Related Expenses	-	59,815	11,455	21,579
Professional Fees	-	27	2,207	6
Supplies	-	506	124	194
Telephone	-	523	154	193
Postage and Shipping	-	729	28	370
Occupancy	-	6,270	1,654	1,684
Rental and Equipment Maintenance	-	1,128	255	342
Local Transportation	-	1,462	4	196
Conferences, Conventions, and Meetings	-	170	18	17
Printing and Publications	-	3,500	66	1,147
Interest Expense	-	-	-	-
Payments to National Organization	-	2,315	418	1,037
Miscellaneous:				
Community Events	-	3,236	60	77
Software Support	-	105	27	25
Property and Liability Insurance	-	403	94	105
Other Miscellaneous	-	464	67	463
Total Miscellaneous	-	4,208	248	670
Operating Expenses Before Depreciation	-	80,653	16,631	27,435
Depreciation of Equipment	-	1,875	482	446
TOTAL OPERATING EXPENSES	-	82,528	17,113	27,881
Gross Funds Awarded/Distributed	\$ 1,792,575			
LESS: Donor Designations	(825,120)			
Net Funds Awarded/Distributed	967,455	-	-	-
Nonprofit Viability Clinic	3,000	-	-	-
211 Funding	57,391	-	-	-
Energy Initiative Funding	50,000	-	-	-
Camp Bangor Scholarships	268,895	-	-	-
National Letter Carriers' Food Drive	127,135	-	-	-
Born Learning Trail - Old Town	3,145	-	-	-
School Readiness Pilot - Bucksport	2,500	-	-	-
Food Pantry Grants	5,471	-	-	-
TOTAL EXPENSES	<u>\$ 1,484,992</u>	<u>\$ 82,528</u>	<u>\$ 17,113</u>	<u>\$ 27,881</u>

PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES
EASTERN MAINE		GENERAL COMMUNITY SUPPORT	TOTAL	GENERAL AND ADMINISTRATIVE	FUND RAISING	TOTAL	
CASH COALITION	2-1-1 MAINE						\$
\$ 10,503	\$ 21,108	\$ 117,226	\$ 226,171	\$ 104,454	\$ 213,548	\$ 318,002	\$ 544,173
3,046	6,580	14,675	33,396	15,460	37,837	53,297	86,693
1,012	1,907	10,654	19,993	10,062	19,301	29,363	49,356
14,561	29,595	142,555	279,560	129,976	270,686	400,662	680,222
7,575	11	61	9,887	21,012	11,574	32,586	42,473
212	238	1,441	2,715	2,750	22,567	25,317	28,032
263	238	932	2,303	784	1,841	2,625	4,928
124	88	200	1,539	1,141	4,771	5,912	7,451
2,108	3,468	14,682	29,866	10,270	20,958	31,228	61,094
708	451	2,325	5,209	2,007	4,198	6,205	11,414
217	366	2,989	5,234	273	5,773	6,046	11,280
179	24	1,087	1,495	863	3,469	4,332	5,827
155	165	1,111	6,144	559	16,626	17,185	23,329
-	-	-	-	1,625	-	1,625	1,625
964	1,652	6,569	12,955	5,055	7,545	12,600	25,555
1,970	151	474	3,847	861	6,282	7,143	10,990
252	59	5,636	5,793	2,745	9,993	12,738	18,531
773	243	383	985	1,259	2,103	3,362	4,347
598	183	1,124	2,118	1,557	3,041	4,598	6,716
3,593	636	7,617	16,972	6,422	21,419	27,841	44,813
30,659	36,932	181,569	373,879	182,737	391,427	574,164	948,043
1,058	637	4,502	9,000	3,093	6,386	9,479	18,479
31,717	37,569	186,071	382,879	185,830	397,813	583,643	966,522
-	-	-	967,455	-	-	-	967,455
-	-	-	3,000	-	-	-	3,000
-	-	-	57,391	-	-	-	57,391
-	-	-	50,000	-	-	-	50,000
-	-	-	268,895	-	-	-	268,895
-	-	-	127,135	-	-	-	127,135
-	-	-	3,145	-	-	-	3,145
-	-	-	2,500	-	-	-	2,500
-	-	-	5,471	-	-	-	5,471
<u>\$ 31,717</u>	<u>\$ 37,569</u>	<u>\$ 186,071</u>	<u>\$ 1,867,871</u>	<u>\$ 185,830</u>	<u>\$ 397,813</u>	<u>\$ 583,643</u>	<u>\$ 2,451,514</u>

**UNITED WAY OF EASTERN MAINE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

	PROGRAM SERVICES			
	SUPPORT OF HEALTH AND HUMAN SERVICE AGENCIES	CHILDREN, YOUTH, AND FAMILIES	SUPPORTING SENIORS	BASIC NEEDS & SELF- SUFFICIENCY
Salaries	-	\$ 64,757	\$ 20,735	\$ 43,278
Employee Benefits	-	13,444	2,432	5,280
Payroll Taxes and Insurance	-	5,972	2,144	3,616
Total Salaries and Related Expenses	-	84,173	25,311	52,174
Professional Fees	-	4,501	6,501	470
Supplies	-	646	336	313
Telephone	-	631	419	360
Postage and Shipping	-	977	127	559
Occupancy	-	8,965	5,709	4,229
Rental and Equipment Maintenance	-	2,092	1,122	1,011
Local Transportation	-	1,929	365	1,090
Conferences, Conventions, and Meetings	-	1,508	86	245
Printing and Publications	-	3,851	327	1,024
Interest Expense	-	-	-	-
Payments to National Organization	-	3,501	2,384	1,720
In-Kind Incentives and Acts of Kindness	-	-	-	-
Miscellaneous:				
Community Events	-	4,147	354	470
Software Support	-	160	76	76
Property and Liability Insurance	-	679	467	393
Search Expenses	-	-	-	-
Other Miscellaneous	-	650	237	1,260
Total Miscellaneous	-	5,636	1,134	2,199
Operating Expenses Before Depreciation	-	118,410	43,821	65,394
Depreciation of Equipment	-	2,338	1,124	1,239
TOTAL OPERATING EXPENSES	-	120,748	44,945	66,633
Gross Funds Awarded/Distributed	\$ 2,011,072			
LESS: Donor Designations	(900,700)			
Net Funds Awarded/Distributed	1,110,372	-	-	-
211 Funding	57,391	-	-	-
Energy Initiative Funding	87,375	-	-	-
Neighbors Helping Neighbors' Grants	56,000	-	-	-
Camp Bangor Scholarships	477,971	-	-	-
National Letter Carriers' Food Drive	135,213	-	-	-
Seniors' Health Transportation Grants	15,500	-	-	-
School Readiness Pilot - Bucksport	5,000	-	-	-
Food Pantry Grants	57,250	-	-	-
TOTAL EXPENSES	<u>\$ 2,002,072</u>	<u>\$ 120,748</u>	<u>\$ 44,945</u>	<u>\$ 66,633</u>

GENERAL COMMUNITY SUPPORT		SUPPORTING SERVICES			TOTAL EXPENSES
	TOTAL	GENERAL AND ADMINISTRATIVE	FUND RAISING	TOTAL	
\$ 113,009	\$ 241,779	\$ 120,762	\$ 204,783	\$ 325,545	\$ 567,324
13,595	34,751	20,857	36,803	57,660	92,411
10,148	21,880	11,090	18,579	29,669	51,549
136,752	298,410	152,709	260,165	412,874	711,284
9,588	21,060	26,535	23,722	50,257	71,317
1,631	2,926	2,074	13,011	15,085	18,011
815	2,225	910	1,700	2,610	4,835
543	2,206	1,369	5,852	7,221	9,427
12,000	30,903	7,980	20,214	28,194	59,097
2,819	7,044	4,607	5,165	9,772	16,816
3,631	7,015	406	5,413	5,819	12,834
1,323	3,162	2,144	6,029	8,173	11,335
1,270	6,472	1,184	31,206	32,390	38,862
-	-	1,845	-	1,845	1,845
5,216	12,821	4,621	8,922	13,543	26,364
-	-	-	16,750	16,750	16,750
2,676	7,647	1,085	11,686	12,771	20,418
5,553	5,865	2,586	4,891	7,477	13,342
918	2,457	908	2,150	3,058	5,515
-	-	28,617	-	28,617	28,617
959	3,106	2,292	3,453	5,745	8,851
10,106	19,075	35,488	22,180	57,668	76,743
185,694	413,319	241,872	420,329	662,201	1,075,520
3,517	8,217	4,547	7,962	12,509	20,726
189,211	421,536	246,419	428,291	674,710	1,096,246
-	1,110,372	-	-	-	1,110,372
-	57,391	-	-	-	57,391
-	87,375	-	-	-	87,375
-	56,000	-	-	-	56,000
-	477,971	-	-	-	477,971
-	135,213	-	-	-	135,213
-	15,500	-	-	-	15,500
-	5,000	-	-	-	5,000
-	57,250	-	-	-	57,250
<u>\$ 189,211</u>	<u>\$ 2,423,608</u>	<u>\$ 246,419</u>	<u>\$ 428,291</u>	<u>\$ 674,710</u>	<u>\$ 3,098,318</u>

**UNITED WAY OF EASTERN MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

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

In June 2009, the Financial Accounting Standards Board (FASB) issued *The Accounting Standards Codification (ASC)* which revises the framework for selecting the accounting principles to be used in the preparation of financial statements that are presented in conformity with Generally Accepted Accounting Principles. The FASB's objective was to establish the ASC as the source of authoritative accounting principles. The ASC requires that resources of nonprofit organizations 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. These net assets may also include funds that are subject to legal restrictions, such as the unappropriated total return of donor-restricted endowment funds.

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 ASC 958-605-45, 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 in securities traded on a national securities exchange are stated at the closing price on the day of valuation. Investments are reflected on the statement of financial position at fair value with changes in realized and unrealized gains and losses resulting from changes in fair value reflected in the statement of activities as "net appreciation (depreciation) in fair value of investments."

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.

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.

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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 from these assets each year. However, the Board of Trustees of the MCF (Board) has the power to modify, consistent with State law including seeking the approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds to the Organization 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 ASC 958-605-25.

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.

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, 2010 and 2009:

**UNITED WAY OF EASTERN MAINE
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	<u>2010</u>	<u>2009</u>
Pledges Receivable	\$1,392,337	\$1,513,065
LESS: Allowance for Uncollectible Pledges	<u>212,643</u>	<u>204,562</u>
Net Pledges Receivable	<u>\$1,179,694</u>	<u>\$1,308,503</u>

Not included in the pledges receivable for 2010 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 \$500 for each qualifying student in grades 4, 5 and 6. The total population of such students for summer 2009 was 769 and is expected to be 853 for summer 2010. Income recognized for camp scholarships from this foundation was \$268,895 and \$477,971 for the years ended June 30, 2010 and 2009, respectively.

3. INVESTMENTS

On July 1, 2008, the Organization adopted ASC 820-10 (formerly Statement No. 157), *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price).

Market price observability is impacted by a number of factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants). At June 30, 2010 and 2009, all of the Organization's investments were held in brokerage accounts with readily-available, actively quoted prices. Thus these assets have been measured using Level 1 inputs in the Fair Value Hierarchy of ASC 820-10.

The following schedule summarizes the market value of the investments held at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Money Market Mutual Funds	\$9,727	\$238,379
Equity and Bond Mutual Funds	\$646,463	\$474,646
Corporate Bonds and Notes	-	\$19,250
Preferred Stock	\$19,227	\$12,108

4. LONG-TERM INVESTMENTS

The following schedule summarizes the long-term investments held at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Cash and Money Market Mutual Funds	\$ 32,583	\$ 12,482
Equity and Bond Mutual Funds	546,067	474,646
Corporate Bonds and Notes	-	19,250
Preferred Stock	<u>19,227</u>	<u>12,108</u>
Total Long-Term Investments	<u>\$ 597,877</u>	<u>\$ 518,486</u>

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For the years ended June 30, 2010 and 2009, respectively, the sum of interest and dividend income from these long-term investments amounted to \$16,373 and \$22,476, investment fees totaled \$2,331 and \$1,845, and net appreciation (depreciation) was \$65,350 and \$(124,622), respectively.

5. BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

During the years ended June 30, 2010 and 2009, the Organization transferred \$1,180 and \$125, 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.

The following schedule summarizes the market value of the beneficial interests in assets held by others at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Danforth Perpetual Trust Fund held by Bank of America	\$137,061	\$117,954
Whitney Perpetual Trust Fund held by Bank of America	125,766	106,472
Park Perpetual Trust Fund held by Acadia Trust, N.A.	49,800	47,533
United Way of Eastern Maine Forever Fund held by Maine Community Foundation	<u>208,130</u>	<u>192,752</u>
Total Beneficial Interests	<u>\$520,757</u>	<u>\$464,711</u>

6. NET CAMPAIGN RESULTS

The following schedule summarizes the results of the annual campaigns for the fiscal years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
2007 Campaigns	-	\$ 1,885
2008 Campaigns	\$ 899	2,829,103
2009 Campaigns	2,573,316	153,656
2010 Campaigns	<u>96,889</u>	<u>-</u>
Total Campaign Results	2,671,104	2,984,644
LESS: Uncollectible Pledges	<u>(108,083)</u>	<u>(139,553)</u>
Net Campaign Results	<u>\$2,563,021</u>	<u>\$2,845,091</u>

United Way of Eastern Maine is the Principal Combined Fund Organization (PCFO) for the CFC of Maine, the combined federal campaign (CFC) for all of the federal workers in Maine, with the exception of Portsmouth Naval Shipyard. Gross campaign results of the CFC (included above) for the fiscal years ended June 30, 2010 and 2009, were \$445,508 and \$473,337, respectively. CFC regulations require that designations be made only to eligible participating charities. The PCFO honors designations made by federal workers by distributing to the designated charities a share of the CFC total receipts (designated and undesignated contributions) in the same proportion as they received designations. Therefore, participating CFC charities that do not receive designations do not receive any portion of the undesignated contributions.

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7. ENDOWMENTS

The Organization's endowments consist of funds established to support the Organization and its programs. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by ASC, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has reported its endowment net assets as the Forever Fund.

Interpretation of Maine Law

The Board of Directors has interpreted Maine's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic dollar value of contributions as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment funds that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Net Asset Composition by Type of Fund as of June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (64)	\$ 9,342	\$94,330	\$103,608
Board-designated endowment funds	<u>104,522</u>	<u>-</u>	<u>-</u>	<u>104,522</u>
Total funds	<u>\$104,458</u>	<u>\$ 9,342</u>	<u>\$94,330</u>	<u>\$208,130</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 96,951	\$ 1,401	\$94,200	\$192,552
Reclassification of net assets based on change in law	(1,223)	1,223	-	-
Investment return:				
Investment income	44	132	-	176
Net depreciation (realized and unrealized)	<u>12,206</u>	<u>11,066</u>	<u>-</u>	<u>23,272</u>
Total investment return	12,250	11,198	-	23,448
Contributions	1,250	-	130	1,380
Appropriation of endowment assets for expenditure	<u>(4,770)</u>	<u>(4,480)</u>	<u>-</u>	<u>(9,250)</u>
Endowment net assets, end of year	<u>\$104,458</u>	<u>\$ 9,342</u>	<u>\$94,330</u>	<u>\$208,130</u>

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Endowment Net Asset Composition by Type of Fund as of June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (631)	\$ 1,401	\$94,200	\$ 94,970
Board-designated endowment funds	<u>97,582</u>	<u>-</u>	<u>-</u>	<u>97,582</u>
Total funds	<u>\$ 96,951</u>	<u>\$ 1,401</u>	<u>\$94,200</u>	<u>\$192,552</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 127,005	\$ 27,542	\$94,200	\$248,747
Investment return:				
Investment income	1,002	-	-	1,002
Net appreciation (realized and unrealized)	<u>(24,030)</u>	<u>(23,307)</u>	<u>-</u>	<u>(47,337)</u>
Total investment return	<u>(23,028)</u>	<u>(23,307)</u>	<u>-</u>	<u>(46,335)</u>
Appropriation of endowment assets for expenditure	<u>(7,026)</u>	<u>(2,834)</u>	<u>-</u>	<u>(9,860)</u>
Endowment net assets, end of year	<u>\$ 96,951</u>	<u>\$ 1,401</u>	<u>\$94,200</u>	<u>\$192,552</u>

Description of Amounts Classified as Temporarily Restricted Net Assets (Endowment Only)

	<u>2010</u>	<u>2009</u>
The portion of the perpetual endowment funds subject to a time restriction under Maine UPMIFA:		
Without purpose restrictions	\$ 9,342	\$ 1,401
With purpose restrictions	<u>-</u>	<u>-</u>
Total endowment funds classified as temporarily restricted	<u>\$ 9,342</u>	<u>\$ 1,401</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of the donors' contributions. These deficiencies result from unfavorable market fluctuations and from continued appropriation of the capital appreciation for programs as deemed prudent by the Board of Directors. In accordance with ASC, deficiencies of this nature are reported in unrestricted net assets. Future capital appreciation must first restore unrestricted net assets to the extent of the prior net cumulative losses recognized before the Board may appropriate any appreciation of these funds. At June 30, 2010 and 2009, net cumulative losses allocated to unrestricted net assets were as follows:

	<u>2010</u>	<u>2009</u>
General Endowment	\$ 64	\$ 426
I. Gray Endowment	<u>-</u>	<u>205</u>
Total	<u>\$ 64</u>	<u>\$ 631</u>

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Return Objective and Risk Parameters

The Organization has transferred its endowment funds to the Maine Community Foundation (MCF) and relies on MCF's investment policies for endowment assets that attempt to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. The MCF invests the endowment assets to provide a reasonable, prudent balance between risk and return. The Organization expects its endowment funds, over time, to produce an average rate of more than 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the MCF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The MCF targets a diversified asset allocation of that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year no more than 5% of the endowment funds' average fair value over the prior 12 calendar quarters. However, in accordance with State Law, the Organization does not appropriate amounts that would cause the value of the endowment funds to fall below the historic dollar value of the donors' restricted contributions without notifying the Attorney General at least 60 days before such an appropriation. Over the long term, the Organization expects its current spending policy to allow its endowments to grow.

8. 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 12,000 hours each year. These donated services did not meet the criteria for recognition as contributions under ASC 958-605-25 and, therefore, have not been included in these financial statements.

9. 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.

10. RETIREMENT PLAN

The United Way of Eastern Maine offers a defined contribution plan to its employees. The Organization makes a matching contribution of 50% of each participant's contribution of up to 4% of

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the participant's annual compensation. In addition, a discretionary contribution may also be made. 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, 2010 and 2009, was \$20,553 and \$29,808, respectively.

11. 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 reported under this lease for the years ended June 30, 2010 and 2009, amounted to \$44,488 and \$39,530, respectively.

Minimum annual payments under the lease as of June 30, 2010, for the next five years are as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2011	\$ 45,480
2012	45,480
2013	45,480
2014	45,480
2015	<u>7,579</u>
Total	<u>\$189,499</u>

12. COMMITMENT

In May 2010, the Organization made a two-year commitment to fund certain programs of its member agencies. Amounts committed for the period July 1, 2010, through December 31, 2010, were based on the 2009 campaign results and have been recorded as a liability in these financial statements, but the remaining commitment of \$1,378,995 has not been recorded because it is contingent upon future campaign results, members' compliance with United Way guidelines, and continued success of the community agencies' programs.

13. 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.

**UNITED WAY OF EASTERN MAINE
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14. NET ASSET RECLASSIFICATION BASED ON CHANGE IN LAW

Effective July 1, 2009, the State of Maine adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA.) UPMIFA requires that, subject to the intent of a donor, all assets in an “endowment fund” be donor-restricted until the institution appropriates for expenditure so much of the endowment fund that the institution determines is prudent. *Endowment fund*, for the purpose of this requirement, is defined as a gift that has been designated by a donor as an endowment or for which a donor has provided direction or authorization to use only the income for the purposes of a fund.

Prior to the enactment of UPMIFA, the income, e.g. interest and dividends, of donor-restricted endowment funds that could be used for general purposes was reported as unrestricted net assets; while the appreciation was reported as temporarily restricted until spent or appropriated by board action. Thus, after June 30, 2009, the total return, i.e. the income and appreciation, of an endowment fund must be reported as temporarily restricted until appropriated for expenditure by an institution.

As a result of this change in law, \$1,223 of the Organization’s unappropriated net assets in its Forever Fund were reclassified from unrestricted net assets to temporarily restricted net assets. This reclassification had no effect on any of the Organization’s assets, liabilities, revenues, or expenses for the years ended June 30, 2010 and 2009.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 26, 2010, the date on which the financial statements were available to be issued.