

**UNITED WAY OF EASTERN MAINE**

FINANCIAL STATEMENTS

June 30, 2016

With Independent Auditor's Report

# UNITED WAY OF EASTERN MAINE

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
United Way of Eastern Maine

We have audited the accompanying financial statements of United Way of Eastern Maine (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Eastern Maine as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the United Way of Eastern Maine's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Edwards, Faust & Smith*

August 24, 2016

**United Way of Eastern Maine**

Statement of Financial Position

June 30, 2016

(With comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 280,766	\$ 306,996
Pledges receivable	570,637	594,492
Other receivables	30,104	30,851
Prepaid expenses	15,341	18,435
Short-term investments	471,991	470,390
Long-term investments	521,860	530,000
Equipment, net	36,997	28,134
Beneficial interests in assets held by others	346,079	366,379
Interest in assets held by Maine Community Foundation (MCF)	<u>2,797,128</u>	<u>2,969,826</u>
 Total assets	 <u>\$ 5,070,903</u>	 <u>\$ 5,315,503</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 16,572	\$ 13,748
Allocations payable	361,202	345,148
Designations payable	123,041	132,236
Accrued expenses	21,331	10,954
Capital lease obligation	<u>5,845</u>	<u>8,805</u>
 Total liabilities	 <u>527,991</u>	 <u>510,891</u>
<b>NET ASSETS</b>		
Unrestricted		
Designated for:		
Charles F. Bragg 2nd Society fund	139,163	137,359
Stabilization reserve	623,953	530,000
Future allocations and community investments	121,271	146,996
Investment in equipment	31,152	19,329
Undesignated	290,525	345,372
Total unrestricted	<u>1,206,064</u>	<u>1,179,056</u>
Temporarily restricted		
Campaign contributions for future periods and funds restricted for purpose	280,954	374,761
Other contributions for future periods	51,850	51,949
Charles F. Bragg 2nd Society fund unappropriated appreciation	307,344	481,846
Total temporarily restricted	<u>640,148</u>	<u>908,556</u>
Permanently restricted		
Beneficial interests in perpetual trust funds	346,079	366,379
Charles F. Bragg 2nd Society fund	2,350,621	2,350,621
Total permanently restricted	<u>2,696,700</u>	<u>2,717,000</u>
 Total net assets	 <u>4,542,912</u>	 <u>4,804,612</u>
 Total liabilities and net assets	 <u>\$ 5,070,903</u>	 <u>\$ 5,315,503</u>

See notes to financial statements

**United Way of Eastern Maine**

Statement of Activities

Year Ended June 30, 2016  
(With comparative totals for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2016	2015
Public support and revenues					
Gross campaign results	\$	\$ 1,593,748	\$	\$	\$
Less: Donor designations		(224,579)			
Less: Provision for uncollectibles		<u>(47,102)</u>			
Net campaign revenue		1,322,067		1,322,067	1,423,527
Government grants		39,624		39,624	42,442
Sponsorships		9,886		9,886	35,272
Other contributions, grants and bequests	590	122,988		123,578	78,469
In-kind revenues		<u>319,767</u>		<u>319,767</u>	<u>278,641</u>
Total public support and revenues	590	1,814,332	-	1,814,922	1,858,351
Revenues					
Service fees	19,982			19,982	33,064
Perpetual trust beneficiary income	12,087			12,087	13,137
Endowment income distributed	116,710			116,710	112,010
Investment income	(432)			(432)	8,402
Net appreciation (depreciation) - beneficial interests	(13,683)	(174,602)	(20,300)	(208,585)	(54,924)
Other income	<u>2,640</u>			<u>2,640</u>	<u>1,183</u>
Total revenues	137,894	1,639,730	(20,300)	1,757,324	1,971,223
Net assets released from restrictions:					
Satisfaction of purpose restrictions	497,390	(497,390)		-	-
Satisfaction of time restrictions	<u>1,410,748</u>	<u>(1,410,748)</u>		<u>-</u>	<u>-</u>
Total support and revenue	<u>2,046,032</u>	<u>(268,408)</u>	<u>(20,300)</u>	<u>1,757,324</u>	<u>1,971,223</u>
Expenses					
Member agency support	743,978			743,978	729,803
Other agency amounts	378,663			378,663	301,241
General support					
Programs	323,017			323,017	416,622
General and administrative	145,178			145,178	164,884
Fund raising	<u>428,188</u>			<u>428,188</u>	<u>415,742</u>
Total expenses	<u>2,019,024</u>	<u>-</u>	<u>-</u>	<u>2,019,024</u>	<u>2,028,292</u>
Changes in net assets	27,008	(268,408)	(20,300)	(261,700)	(57,069)
Net assets, beginning of period	<u>1,179,056</u>	<u>908,556</u>	<u>2,717,000</u>	<u>4,804,612</u>	<u>4,861,681</u>
Net assets, end of period	<u>\$ 1,206,064</u>	<u>\$ 640,148</u>	<u>\$ 2,696,700</u>	<u>\$ 4,542,912</u>	<u>\$ 4,804,612</u>

See notes to financial statements

**United Way of Eastern Maine**

Statement of Functional Expenses

Year Ended June 30, 2016  
(With comparative totals for 2015)

	Education	Income	Health	Total	Administration	Fund Raising	Totals	
							2016	2015
<b>Expenses</b>								
<b>Member Agencies:</b>								
Gross Funds Awarded/Distributed	\$ 459,096	\$ 236,328	\$ 273,133	\$ 968,557	\$	\$	\$ 968,557	\$ 938,589
Less: Donor Designations	(106,450)	(54,798)	(63,331)	(224,579)			(224,579)	(208,786)
Net Funds Awarded/Distributed	<u>352,646</u>	<u>181,531</u>	<u>209,802</u>	<u>743,978</u>			<u>743,978</u>	<u>729,803</u>
<b>Other agency amounts</b>								
Inkind		308,376		308,376			308,376	225,624
Other amounts	3,583	63,120	3,583	70,287			70,287	75,617
	<u>3,583</u>	<u>371,496</u>	<u>3,583</u>	<u>378,663</u>			<u>378,663</u>	<u>301,241</u>
<b>General Support</b>								
<b>Salaries &amp; Benefits</b>								
Staff Salaries	41,502	74,057	39,914	155,473	87,143	171,336	413,952	518,191
Fringe Benefits	4,044	10,674	4,107	18,825	8,705	20,317	47,847	62,977
Retirement and Disability	948	2,502	962	4,412	2,040	4,761	11,213	9,899
Payroll Taxes & Workers Comp	3,150	8,314	3,199	14,663	6,780	15,826	37,269	46,150
Administrative Fees					3,007		3,007	2,177
<b>Total Salaries &amp; Benefits</b>	<u>49,644</u>	<u>95,547</u>	<u>48,182</u>	<u>193,373</u>	<u>107,675</u>	<u>212,240</u>	<u>513,288</u>	<u>639,394</u>
Professional Fees	3,071	8,696	3,071	14,838	64,458	887	80,183	79,252
Bank and Credit Card fees					4,502		4,502	5,232
Office Supplies	129	2,060	105	2,294	7,870	4,855	15,019	9,809
Campaign Supplies/Incentives		936		936		22,744	23,680	24,253
Telephone & Internet	2	9	2	13	2,776		2,789	3,470
Postage	156	354	53	563	426	2,064	3,053	4,348
Printing, Publications, Video, Media	44	44	44	132	111	5,397	5,640	15,154
Special Events	72	300	72	444	684	9,972	11,100	11,062
Volunteer/Agency Meetings	69	594	52	715	135	303	1,153	8,888
Staff Volunteer Recognition	416	570	139	1,125	1,787	292	3,204	537
Volunteer Travel								1,643
Staff Travel	616	2,097	443	3,156	546	2,531	6,233	8,038
Staff Training	1,348	1,120	1,104	3,572	8,659	4,673	16,904	11,273
Dues and subscriptions	12	12	12	36	1,932	464	2,432	4,938
Rent					46,911	4,540	51,451	52,630
Heat, Utilities, Cleaning					9,433		9,433	11,779
Insurance, Property and Liability					4,251	648	4,899	5,767
Equipment, software and maintenance	76	815	229	1,120	18,445	336	19,901	14,868
Miscellaneous Expense		86		86	587	5	678	296
UWW Dues					18,743		18,743	19,219
Marketing and media expenses	5	1,781	2	1,788	603	38,933	41,324	5,948
In Kind - Volunteer Gen Fund						5,533	5,533	28,489
Community Impact Funds	3,333	11,506	3,333	18,172			18,172	13,600
Depreciation					11,351		11,351	17,361
Grant Writer						25,718	25,718	
Allocation of administration	17,616	44,547	18,491	80,654	(166,707)	86,053		
<b>Total Other Expenses</b>	<u>26,965</u>	<u>75,527</u>	<u>27,152</u>	<u>129,644</u>	<u>37,503</u>	<u>215,948</u>	<u>383,095</u>	<u>357,854</u>
<b>Total General Support</b>	<u>76,609</u>	<u>171,074</u>	<u>75,334</u>	<u>323,017</u>	<u>145,178</u>	<u>428,188</u>	<u>896,383</u>	<u>997,248</u>
<b>Total Expenses</b>	<u>\$ 432,838</u>	<u>\$ 724,101</u>	<u>\$ 288,719</u>	<u>\$ 1,445,658</u>	<u>\$ 145,178</u>	<u>\$ 428,188</u>	<u>\$ 2,019,024</u>	<u>\$ 2,028,292</u>

See notes to financial statements

**United Way of Eastern Maine**

Statement of Cash Flows

Year Ended June 30, 2016  
(With comparative totals for 2015)

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities		
Change in net assets	\$ (261,700)	\$ (57,069)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	11,351	17,361
Net depreciation in investments	188,285	42,240
Net investment fees from investment account	952	3,807
Change in perpetual trust	20,300	476
Decrease (increase) in		
Accounts receivable	747	6,016
Pledges receivable	23,855	250,989
Grants receivable	-	28,048
Prepaid expenses	3,095	894
Increase (decrease) in		
Accounts payable	2,824	(9,466)
Allocations payable	16,054	(59,752)
Designations payable	(9,195)	(315,175)
Accrued expenses	10,377	(20,226)
Net cash provided / (used) from operating activities	6,945	(111,857)
Cash flows from investing activities		
Purchases of fixed assets	(20,215)	(5,003)
Change in short-term investments	(1,601)	75,331
Change in long-term investments	(8,399)	(131)
Net cash provided / (used) from investing activities	(30,215)	70,197
Cash flows from financing activities		
Principal payments on capital lease obligation	(2,960)	(2,808)
Net cash from financing activities	(2,960)	(2,808)
Net change in cash	(26,230)	(44,468)
Cash and cash equivalents, beginning of year	306,996	351,464
Cash and cash equivalents, end of year	\$ 280,766	\$ 306,996

See notes to financial statements

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 1. Significant accounting policies

#### Nature of Operations

The United Way of Eastern Maine (the organization) 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 improve our community through education, income (financial stability), and health. Through these three building blocks, we see families and individuals tackle crises, turn challenges around, become self-sufficient, and strive to be better citizens and foster a safe and healthy home for everyone.
2. 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.
3. To encourage collaboration and deploy financial support and volunteer resources to maximize the effectiveness of health and human service agencies and to support the organization's work to build stronger and healthier communities.
4. To conduct a single, community-wide, fundraising campaign annually and develop as fully as possible the financial resources needed to meet the human care needs of the community.
5. 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.
6. 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.
7. 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.

#### Financial Statement Presentation

The organization follows the financial statement presentation found in professional accounting standards. Accordingly, the information regarding its financial position and activities is reported under three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets. Assets and liabilities are recorded and revenues and expenses are recognized by the accrual method of accounting.

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations. These assets may be designated by the Board of Directors for specific purposes.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. Undesignated pledges from each annual campaign are considered to be released from their restrictions over the course of the following calendar year. When a restriction expires, temporarily restricted net assets 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 appreciation of donor-restricted endowment funds.



# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 1. Significant accounting policies

#### Financial Statement Presentation

**Permanently restricted net assets** - Net assets 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 that permits the organization to use up or expend part or all of the income derived from the donated assets.

The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

#### Cash and Equivalents

The organization considers securities having a maturity of three months or less to be cash equivalents for purposes of the statement of cash flows. 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 credit risk on its cash.

#### Pledges Receivable

A provision for uncollectible pledges is calculated based on a three-year historical average of gross campaign results adjusted by management estimates of current economic factors.

#### Investments

Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Investments in securities traded on a national securities exchange are stated at the closing price on the day of valuation.

#### Equipment

Equipment valued over \$1,000 with lives exceeding one year are carried at cost at purchase date or fair value at time of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally 3 to 10 years. Maintenance and repairs are charged to expense when incurred. The equipment and the related accumulated depreciation are removed from the accounts upon disposition.

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 1. Significant accounting policies

#### 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. Fair market values have been determined each year as of June 30.

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, 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 trust assets are reported as revenue. The estimated fair market value of the beneficial interests in the assets is determined based on the underlying fair value of the assets in the trusts discussed above, which approximate the present values of expected future cash flows from the assets.

#### Pass-through Revenues Designated

The financial statements have excluded amounts that were raised for organizations specifically designated by the donors from the revenue campaign. The same amount is also excluded from program service expenses. Amounts received but not yet distributed are reflected as designations payable in the financial statements.

#### Allocations Payable

Organizations receive funding based on a June year, and the amount committed for the next 6 months is reflected as an allocation payable to them since it is deemed to result from the current campaign. The balance of the funding is deemed to result from the next year's campaign.

#### Donated Services

Support contributions and in-kind services in a form other than cash are recorded at fair market value on the date provided. 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. Volunteers contribute approximately 15,000 hours each year.

#### Functional Expenses

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

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 1. Significant accounting policies

#### Income Taxes

The organization qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for income taxes.

### 2. Pledges Receivable and Support

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, 2016 and 2015:

Pledges receivable are as follows:

	<u>2016</u>	<u>2015</u>
Pledges receivable	\$ 662,604	\$ 696,247
Less: Allowance for uncollectible pledges	<u>(91,967)</u>	<u>(101,755)</u>
	<u>\$ 570,637</u>	<u>\$ 594,492</u>

The following schedule summarizes the results of the annual campaigns for the fiscal years ended June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
2014 Campaign	\$	\$ 1,739,991
2015 Campaign	<u>1,593,748</u>	
Total campaign results	1,593,748	1,739,991
Less: Designations	(224,579)	(208,786)
Less: Uncollectible pledges	<u>(47,102)</u>	<u>(107,678)</u>
Net campaign results	<u>\$ 1,322,067</u>	<u>\$ 1,423,527</u>

### 3. Investments

Investments are separated into short-term and long-term categories. All short-term investments are held in a brokerage account containing cash, money market mutual funds and short term bond mutual funds. Long-term investments are held in a brokerage account that is invested in cash equivalents, equity and fixed income mutual funds. All short-term and long-term investments are recorded based on Level 1 inputs and measured on a recurring basis. See Note 11 which groups the investments by input level.

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 3. Investments

	<b>2016</b>	<b>2015</b>
Short-term investments		
Cash and money market funds	\$ 370,326	\$ 419,500
Short-term bond mutual funds	101,665	50,890
	471,991	470,390
Long-term investments		
Cash and money market funds	27,443	7,368
Equity securities	70,366	113,148
Equity mutual funds	191,091	270,272
Specialty funds – realty & hedged funds		6,772
Fixed income mutual funds	15,768	132,440
Exchange-traded & Closed-End Funds	122,745	
Government Securities	94,447	
Total long-term investments	521,860	530,000
	\$ 993,851	\$ 1,000,390

The long-term investments are managed by a broker to maximize long-term gain while minimizing volatility. These investments are maintained as a stabilization reserve in the event that the regular annual campaign encounters shortfalls.

Investment returns were as follows:

	<b>2016</b>	<b>2015</b>
Investment income (loss) - regular	\$ (432)	\$ (3,806)
Gains		12,208
Total return	\$ (432)	\$ 8,402

### 4. Beneficial Interests in Assets Held by Others

The following schedule summarizes the market value of the beneficial interests in assets held by others at June 30, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Danforth perpetual trust fund held by Bank of America	\$ 154,063	\$ 168,498
Whitney perpetual trust fund held by Bank of America	133,378	142,513
Park perpetual trust fund held by Acadia Trust, N.A.	58,638	55,368
Total of perpetual trusts	346,079	366,379
United Way of Eastern Maine Charles F. Bragg 2nd Society fund held by Maine Community Foundation	2,797,128	2,969,826
Total beneficial interests	\$ 3,143,207	\$ 3,336,205

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 4. Beneficial Interests in Assets Held by Others

The Maine Community Foundation (MCF) is utilized to fund the permanent and board designated endowment funds. The MCF has variance power over these assets.

The board of directors has interpreted that Maine's Uniform Prudent Management of Institutional Funds Act (UPMIFA), absent donor stipulations to the contrary, requires appreciation of original permanent endowment funds be considered temporarily restricted until appropriated. Restrictions related to endowment investments (including board designated amounts) are as follows:

	<b>2016</b>	<b>2015</b>
Endowment fund principal – permanently restricted	\$ 2,350,621	\$ 2,350,621
Endowment fund appreciation – temporarily restricted	307,344	481,846
Board designated for future operations	139,163	137,359
 Total MCF endowment investments	 \$ 2,797,128	 \$ 2,969,826

Following is a summary of endowment activity:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Investments at beginning of 2015	\$ 139,890	\$ 533,763	\$ 2,350,621	\$ 3,024,274
Contributions				
Income received	764	15,740		16,504
Gains (losses)	2,988	61,608		64,596
Fees	(1,093)	(22,445)		(23,538)
Appropriations – regular	(5,190)	(106,820)		(112,010)
Investments at end of 2015	\$ 137,359	\$ 481,846	\$ 2,350,621	\$ 2,969,826
Contributions	10,000			10,000
Income received	664	13,392		14,056
Gains (losses)	(2,486)	(54,969)		(57,455)
Fees	(964)	(21,625)		(22,589)
Appropriations – regular	(5,410)	(111,300)		(116,710)
Investments at end of 2016	\$ 139,163	\$ 307,344	\$ 2,350,621	\$ 2,797,128

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 4. Beneficial Interests in Assets Held by Others

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. 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 Charles F. Bragg 2nd Society fund, formerly known as the Forever Fund.

#### **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. 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. None of the endowments had deficiencies at June 30, 2016.

#### **Endowment Investment Information**

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.

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 that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The organization has a policy of appropriating for distribution each year no more than 4% 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.

### 5. Equipment

Equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Office furniture and equipment	\$ 140,894	\$ 169,997
Less accumulated depreciation	<u>(103,897)</u>	<u>(141,863)</u>
	<u>\$ 36,997</u>	<u>\$ 28,134</u>

### 6. Line of Credit

The organization has a \$75,000 bank line of credit of which \$0 was outstanding at June 30, 2016, and 2015. The agreement is renewed annually.

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

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### 7. Leases

Effective July 1, 2015, the organization canceled an existing lease and entered into a five year operating lease for a facility in Bangor. Rent expense totaled \$36,463 in 2016 and \$45,480 in 2015.

Minimum annual payments under all leases as of June 30, 2016, for the next five years are as follows:

<b>2017</b>	\$	33,400
<b>2018</b>		33,400
<b>2019</b>		33,400
<b>2020</b>		33,400
<b>2021</b>		-
<b>Thereafter</b>		-

### 8. Retirement Plan

The organization offers a defined contribution plan to its employees. The organization makes a matching contribution of 50% of each participant's contribution of up to 3% of 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 non-forfeitable. Plan expense for the years ended June 30, 2016 and 2015, was \$8,283 and \$5,575, respectively.

### 9. Commitment

In May 2014, the organization made a two-year commitment to fund certain programs of its member agencies. In 2016 the organization extended the commitment for one additional year. Amounts committed for the period July 1, 2016, through December 31, 2016, were based on the 2015 campaign results and have been recorded as a liability of \$361,202 in these financial statements, but the remaining commitment of \$361,202 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.

### 10. Related Party Transactions

The organization received marketing services from a company owned by a member of the Board of Directors. Amounts paid for these services totaled approximately \$26,000 and an additional \$6,000 of marketing services was provided as an in-kind donation.

### 11. Fair Values

Certain assets are recorded at fair value to provide additional insight into the organization's financial position. These certain assets are measured on a recurring basis. Assets are grouped in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine value. A brief description of each follows:

- Level 1 – Valuation is based on quoted prices for identical instruments in active markets.
- Level 2 – Valuation is based on quoted prices for similar instruments or on prices determined from inactive markets or on model-based techniques
- Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2016

### 11. Fair Values

Fair values of assets measured on a recurring basis are as follows:

	<u>2016</u> <u>Fair Value</u>	<u>2015</u> <u>Fair Value</u>
<b>Quoted Prices in Active Markets (Level 1)</b>		
Cash and money market funds	\$ 397,768	\$ 426,868
Equity securities		
Common stocks	70,366	113,148
Equity mutual funds		
US large cap	80,538	178,220
US mid cap		30,718
US small cap		18,016
30%- 70% equity	36,767	
Foreign allocation fund		26,268
Foreign large growth	27,491	11,015
Exchange traded – various	63,022	
Emerging markets		6,034
Total equity mutual funds	<u>207,818</u>	<u>270,271</u>
Alternative investments		
Commodities, real estate and other specialty funds	54,241	6,773
Fixed income mutual funds		
Short-term bond mutual funds	101,665	50,890
Government Securities	94,447	
Intermediate and other	41,677	122,037
World bond		10,403
Exchange-traded & closed-end funds	25,869	
Total fixed income mutual funds	<u>263,658</u>	<u>183,330</u>
<b>Significant Other Observable Inputs (Level 2)</b>		
<b>Significant Unobservable Inputs (Level 3)</b>		
Beneficial interests in assets held by others – prior year	366,379	366,855
Net appreciation (depreciation) – beneficial interests – current	(20,300)	(476)
	<u>346,079</u>	<u>366,379</u>
Interest in assets held by Maine Community Foundation (see note 4 for summarized activity)	2,797,128	2,969,826
Total interests in beneficial trusts	<u>3,143,207</u>	<u>3,336,205</u>
Total	\$ <u>4,137,058</u>	\$ <u>4,336,595</u>

### 12. Subsequent Events

Subsequent events have been evaluated through August 24, 2016, which is the date the financial statements were available to be issued, and no additional matters were determined to require adjustment or disclosure.