

**UNITED WAY OF EASTERN MAINE**

FINANCIAL STATEMENTS

June 30, 2015

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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Edwards, Faust & Smith*

September 14, 2015

**United Way of Eastern Maine**

Statement of Financial Position

June 30, 2015

(With comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 306,996	\$ 351,464
Pledges receivable	594,492	845,481
Other receivables	30,851	36,867
Grants receivable		28,048
Prepaid expenses	18,435	19,329
Short-term investments	470,390	545,721
Long-term investments	530,000	521,468
Equipment, net	28,134	40,492
Beneficial interests in assets held by others	366,379	366,855
Interest in assets held by Maine Community Foundation (MCF)	<u>2,969,826</u>	<u>3,024,274</u>
 Total assets	 <u>\$ 5,315,503</u>	 <u>\$ 5,779,999</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 13,748	\$ 23,214
Allocations payable	345,148	404,900
Designations payable	132,236	447,411
Accrued expenses	10,954	31,180
Capital lease obligation	<u>8,805</u>	<u>11,613</u>
 Total liabilities	 <u>510,891</u>	 <u>918,318</u>
<b>NET ASSETS</b>		
Unrestricted		
Designated for:		
Charles F. Bragg 2nd Society fund	137,359	139,890
Stabilization reserve	530,000	521,468
Future allocations and community investments	146,996	146,996
Investment in equipment	19,329	28,879
Undesignated	<u>345,372</u>	<u>417,739</u>
Total unrestricted	<u>1,179,056</u>	<u>1,254,972</u>
Temporarily restricted		
Campaign contributions for future periods and funds restricted for purpose	374,761	303,420
Other contributions for future periods	51,949	52,050
Charles F. Bragg 2nd Society fund unappropriated appreciation	481,846	533,763
Total temporarily restricted	<u>908,556</u>	<u>889,233</u>
Permanently restricted		
Beneficial interests in perpetual trust funds	366,379	366,855
Charles F. Bragg 2nd Society fund	<u>2,350,621</u>	<u>2,350,621</u>
Total permanently restricted	<u>2,717,000</u>	<u>2,717,476</u>
 Total net assets	 <u>4,804,612</u>	 <u>4,861,681</u>
 Total liabilities and net assets	 <u>\$ 5,315,503</u>	 <u>\$ 5,779,999</u>

See notes to financial statements

**United Way of Eastern Maine**

Statement of Activities

Year Ended June 30, 2015  
(With comparative totals for 2014)

				<u>Totals</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015</u>	<u>2014</u>
Public support and revenues					
Gross campaign results	\$	\$ 1,739,991	\$	\$	\$
Less: Donor designations		(208,786)			
Less: Provision for uncollectibles		<u>(107,678)</u>			
Net campaign revenue		1,423,527		1,423,527	1,345,549
Government grants		42,442		42,442	160,327
Sponsorships		35,272		35,272	16,550
Other contributions, grants and bequests	587	77,882		78,469	126,751
In-kind revenues		<u>278,641</u>		<u>278,641</u>	<u>441,875</u>
Total public support and revenues	587	1,857,764	-	1,858,351	2,091,052
Revenues					
Service fees	33,064			33,064	104,590
Perpetual trust beneficiary income	13,137			13,137	13,490
Endowment income distributed	112,010			112,010	106,410
Investment income	8,402			8,402	116,667
Net appreciation (depreciation) - beneficial interests	(2,430)	(52,018)	(476)	(54,924)	295,729
Other income	<u>1,183</u>			<u>1,183</u>	<u>-</u>
Total revenues	165,953	1,805,746	(476)	1,971,223	2,727,938
Net assets released from restrictions:					
Satisfaction of purpose restrictions	435,787	(435,787)		-	-
Satisfaction of time restrictions	<u>1,350,636</u>	<u>(1,350,636)</u>		<u>-</u>	<u>-</u>
Total support and revenue	<u>1,952,376</u>	<u>19,323</u>	<u>(476)</u>	<u>1,971,223</u>	<u>2,727,938</u>
Expenses					
Member agency support	729,803			729,803	867,453
Other agency amounts	301,241			301,241	495,871
General support					
Programs	416,622			416,622	497,539
General and administrative	164,884			164,884	162,000
Fund raising	<u>415,742</u>			<u>415,742</u>	<u>418,823</u>
Total expenses	<u>2,028,292</u>	<u>-</u>	<u>-</u>	<u>2,028,292</u>	<u>2,441,686</u>
Changes in net assets	(75,916)	19,323	(476)	(57,069)	286,252
Net assets, beginning of period	<u>1,254,972</u>	<u>889,233</u>	<u>2,717,476</u>	<u>4,861,681</u>	<u>4,575,429</u>
Net assets, end 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>

See notes to financial statements

**United Way of Eastern Maine**

Statement of Functional Expenses

Year Ended June 30, 2015  
(With comparative totals for 2014)

	Education	Income	Health	Total Programs	Administration	Fund Raising	Totals	
							2015	2014
<b>Expenses</b>								
<b>Member Agencies:</b>								
Gross Funds Awarded/Distributed	\$ 444,234	\$ 228,734	\$ 265,621	\$ 938,589	\$	\$	\$ 938,589	\$ 1,460,462
Less: Donor Designations	(98,818)	(50,881)	(59,086)	(208,786)			(208,786)	(593,009)
Net Funds Awarded/Distributed	345,416	177,853	206,534	729,803			729,803	867,453
<b>Other agency amounts</b>								
Inkind		225,176		225,176	448		225,624	412,174
Other amounts	3,000	72,638	(21)	75,617			75,617	83,697
	3,000	297,814	(21)	300,793	448		301,241	495,871
<b>General Support</b>								
<b>Salaries &amp; Benefits</b>								
Staff Salaries	57,165	93,266	57,890	208,320	88,131	221,740	518,191	540,651
Fringe Benefits	8,050	14,829	8,225	31,105	10,471	21,401	62,977	69,797
Retirement and Disability	1,042	1,931	1,026	4,000	1,668	4,231	9,899	8,443
Payroll Taxes & Workers Comp	4,872	8,544	5,043	18,460	7,883	19,807	46,150	44,226
Administrative Fees	216	457	186	858	393	926	2,177	2,793
<b>Total Salaries &amp; Benefits</b>	<b>71,345</b>	<b>119,027</b>	<b>72,370</b>	<b>262,743</b>	<b>108,546</b>	<b>268,105</b>	<b>639,394</b>	<b>665,910</b>
Professional Fees	4,321	12,952	3,782	21,055	23,847	34,350	79,252	89,230
Bank and Credit Card fees					5,232		5,232	4,500
Office Supplies	2,084	2,448	1,329	5,861	1,378	2,570	9,809	13,086
Campaign Supplies/Incentives	37	86	24	147	86	24,020	24,253	24,749
Telephone & Internet	308	698	745	1,751	514	1,205	3,470	4,776
Postage	137	418	344	899	930	2,519	4,348	4,605
Printing, Publications, Video, Media	479	1,931	203	2,613	192	12,349	15,154	20,567
Special Events	204	1,291	106	1,601	63	9,398	11,062	8,302
Volunteer/Agency Meetings	4,472	2,063	1,549	8,084	193	611	8,888	2,838
Staff Volunteer Recognition	48	94	117	259	95	183	537	672
Volunteer Travel	102	1,507	34	1,643			1,643	1,760
Staff Travel	874	1,418	3,104	5,396	409	2,233	8,038	21,983
Staff Training	1,191	979	851	3,021	3,204	3,023	9,248	11,428
Training	6	6	2,013	2,025			2,025	3,860
Dues	728	1,222	398	2,348	1,031	1,560	4,939	3,722
Rent	5,486	11,254	5,371	22,111	9,356	21,163	52,630	53,214
Heat, Utilities, Cleaning	1,218	2,563	1,084	4,865	2,076	4,838	11,779	12,138
Insurance, Property and Liability	546	1,128	632	2,306	766	2,695	5,767	7,153
Equipment/Computer - Rental and Mx	1,558	3,518	1,252	6,328	(320)	6,798	12,806	11,001
Software Support and License Fees	161	354	649	1,164	353	545	2,062	20,527
Miscellaneous Expense	79	121	64	264	(184)	216	296	637
UWA Dues	1,848	3,951	1,725	7,524	3,302	8,392	19,218	21,049
Search, Moving, and Media Costs	635	2,687	1,699	5,021	31	896	5,948	5,351
In Kind - Volunteer Gen Fund	17,093	5,698	5,698	28,489			28,489	5,470
Community Impact Funds		13,600		13,600			13,600	38,298
Depreciation	1,000	3,806	698	5,504	3,784	8,073	17,361	21,536
<b>Total Other Expenses</b>	<b>44,615</b>	<b>75,793</b>	<b>33,471</b>	<b>153,879</b>	<b>56,338</b>	<b>147,637</b>	<b>357,854</b>	<b>412,452</b>
<b>Total General Support</b>	<b>115,960</b>	<b>194,820</b>	<b>105,841</b>	<b>416,622</b>	<b>164,884</b>	<b>415,742</b>	<b>997,248</b>	<b>1,078,362</b>
<b>Total Expenses</b>	<b>\$ 464,376</b>	<b>\$ 670,487</b>	<b>\$ 312,355</b>	<b>\$ 1,447,218</b>	<b>\$ 165,332</b>	<b>\$ 415,742</b>	<b>\$ 2,028,292</b>	<b>\$ 2,441,686</b>

See notes to financial statements

**United Way of Eastern Maine**

Statement of Cash Flows

Year Ended June 30, 2015  
(With comparative totals for 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (57,069)	\$ 286,252
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	17,361	21,536
Net depreciation (appreciation) in investments and MCF	42,240	(386,181)
Net investment fees from investment account	3,807	5,588
Change in perpetual trust	476	(31,773)
Decrease (increase) in		
Accounts receivable	6,016	10,924
Pledges receivable	250,989	186,405
Grants receivable	28,048	(28,048)
Prepaid expenses	894	33,444
Increase (decrease) in		
Accounts payable	(9,466)	(19,224)
Allocations payable	(59,752)	(63,378)
Designations payable	(315,175)	(87,972)
Accrued expenses	(20,226)	15,209
Deferred revenue		(24,675)
	<u>(111,860)</u>	<u>(81,893)</u>
Net cash from operating activities		
Cash flows from investing activities		
Purchases of fixed assets	(5,000)	-
Change in short-term investments	75,331	(232,760)
Change in long-term investments	(131)	326,650
	<u>70,200</u>	<u>93,890</u>
Net cash from investing activities		
Cash flows from financing activities		
Principal payments on capital lease obligation	(2,808)	(2,665)
	<u>(2,808)</u>	<u>(2,665)</u>
Net cash from financing activities		
Net change in cash	(44,468)	9,332
Cash and cash equivalents, beginning of year	<u>351,464</u>	<u>342,132</u>
Cash and cash equivalents, end of year	\$ <u>306,996</u>	\$ <u>351,464</u>
Supplemental information		
Cash paid for interest	\$ <u>-</u>	\$ <u>-</u>

See notes to financial statements

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2015

### 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 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.
4. 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.
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 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, 2015

### 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, 2014, 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, 2015

### 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 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 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 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

## Notes to Financial Statements

June 30, 2015

### 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, 2015 and 2014:

Pledges receivable are as follows:

	<u>2015</u>	<u>2014</u>
Pledges receivable	\$ 696,247	\$ 970,282
Less: Allowance for uncollectible pledges	<u>(101,755)</u>	<u>(124,801)</u>
	<u>\$ 594,492</u>	<u>\$ 845,481</u>

The following schedule summarizes the results of the annual campaigns for the fiscal years ended June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
2013 Campaign	\$	\$ 2,090,178
2014 Campaign	<u>1,739,991</u>	
Total campaign results	1,739,991	<u>2,090,178</u>
Less: Designations expense	(208,786)	(593,009)
Less: Uncollectible pledges	<u>(107,678)</u>	<u>(151,620)</u>
Net campaign results	<u>\$ 1,423,527</u>	<u>\$ 1,345,549</u>

United Way of Eastern Maine was 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 through the 2012 campaign. The 2012 CFC ended on March 31, 2014, and the organization ceased its participation in the 2014 CFC when CFC of New England took over those administrative responsibilities of running the 2014 CFC and future campaigns.

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2015

### 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 9 which groups the followings investments by input level.

	<b>2015</b>	<b>2014</b>
Short-term investments		
Cash and money market funds	\$ 419,500	\$ 494,332
Short-term bond mutual funds	50,890	51,389
	470,390	545,721
Long-term investments		
Cash and money market funds	7,368	7,767
Equity securities	113,148	101,269
Equity mutual funds	270,272	257,979
Specialty funds – realty & hedged funds	6,772	53,346
Fixed income mutual funds	132,440	101,107
	530,000	521,468
Total long-term investments	530,000	521,468
	\$ 1,000,390	\$ 1,067,189

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>2015</b>	<b>2014</b>
Investment income (loss) - regular	\$ (3,806)	\$ (5,558)
Gains	12,208	122,225
Total return	\$ 8,402	\$ 116,667

### 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, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Danforth perpetual trust fund held by Bank of America	\$ 168,498	\$ 164,183
Whitney perpetual trust fund held by Bank of America	142,513	145,812
Park perpetual trust fund held by Acadia Trust, N.A.	55,368	56,860
	366,379	366,855
Total of perpetual trusts	366,379	366,855
United Way of Eastern Maine Charles F. Bragg 2nd Society fund held by Maine Community Foundation	2,969,826	3,024,274
	2,969,826	3,024,274
Total beneficial interests	\$ 3,336,205	\$ 3,391,129

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2015

### 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>2015</b>	<b>2014</b>
Endowment fund principal – permanently restricted	\$ 2,350,621	\$ 2,350,621
Endowment fund appreciation – temporarily restricted	481,846	533,763
Board designated for future operations	137,359	139,890
 Total MCF endowment investments	 \$ 2,969,826	 \$ 3,024,274

Following is a summary of endowment activity:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Investments at beginning of 2014	\$ 127,615	\$ 282,080	\$ 2,334,330	\$ 2,744,025
Contributions			16,291	16,291
Income received	1,288	26,398		27,686
Gains (losses)	17,676	362,400		380,076
Fees	(1,739)	(35,655)		(37,394)
Appropriations – regular	(4,950)	(101,460)		(106,410)
Investments at end of 2014	\$ 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

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2015

### 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, 2015.

#### **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>2015</u>	<u>2014</u>
Office furniture and equipment	\$ 169,997	\$ 170,459
Less accumulated depreciation	<u>(141,863)</u>	<u>(129,967)</u>
	<u>\$ 28,134</u>	<u>\$ 40,492</u>

### 6. Line of Credit

The organization has a \$75,000 bank line of credit of which \$0 was outstanding at June 30, 2015, and 2014. The agreement is reviewed annually.

# UNITED WAY OF EASTERN MAINE

## Notes to Financial Statements

June 30, 2015

### 7. Leases

The organization leased its premises under a fifteen-year operating lease that was set to expire on August 31, 2019. Base rent did not include real estate taxes and other non-common area operating expenses for which the organization was separately liable. Annual base rent on the premises was \$39,530 for each of the first five years of the lease, \$45,480 for the next seven years, and \$48,663 for the remaining three years, and was payable in monthly installments of \$3,294, \$3,790, and \$4,055, respectively. Rent expense reported under this lease for the years ended June 30, 2015 and 2014, amounted to \$45,480 for each year, respectively. Effective July 1, 2015 the organization terminated the existing lease and entered into a five year operating lease in a new location.

Minimum annual payments under all leases as of June 30, 2015, for the next five years are as follows:

<b>2016</b>	\$	29,000
<b>2017</b>		29,000
<b>2018</b>		29,000
<b>2019</b>		29,000
<b>2020</b>		29,000
<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 a percentage of the participant's annual compensation. In December 2013, the Board of Directors voted to increase this percentage from 2% to 3%. 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, 2015 and 2014, was \$5,575 and \$2,769, respectively.

### 9. Commitment

In May 2014, the organization made a two-year commitment to fund certain programs of its member agencies. Amounts committed for the period July 1, 2015, through December 31, 2015, were based on the 2014 campaign results and have been recorded as a liability of \$345,148 in these financial statements, but the remaining commitment of \$345,148 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. 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, 2015

### 10. Fair Values

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

	<b>2015</b>	<b>2014</b>
	<b>Fair Value</b>	<b>Fair Value</b>
<b>Quoted Prices in Active Markets (Level 1)</b>		
Cash and money market funds	\$ 426,868	\$ 502,261
Equity securities		
Common stocks	113,148	107,481
Equity mutual funds		
US large cap	178,220	171,189
US mid cap	30,718	28,434
US small cap	18,016	18,712
US allocation fund		15,342
Foreign allocation fund	26,268	
Foreign large cap	11,015	11,194
Emerging markets	6,034	6,734
Total equity mutual funds	270,271	251,605
Alternative investments		
Commodities, real estate and other specialty funds	6,773	53,346
Fixed income mutual funds		
Short-term bond mutual funds	50,890	51,389
Intermediate and other	122,037	90,533
World bond	10,403	10,574
Total fixed income mutual funds	183,330	152,496
<b>Significant Other Observable Inputs (Level 2)</b>		
<b>Significant Unobservable Inputs (Level 3)</b>		
Beneficial interests in assets held by others – prior year	366,855	335,082
Net appreciation (depreciation) – beneficial interests – current	(476)	31,773
	366,379	366,855
Interest in assets held by Maine Community Foundation (see note 4 for summarized activity)	2,969,826	3,024,274
Total interests in beneficial trusts	3,336,205	3,391,129
Total	\$ 4,336,595	\$ 4,458,318

### 11. Subsequent Events

Subsequent events have been evaluated through September 14, 2015, which is the date the financial statements were available to be issued, and no additional matters were determined to require adjustment or disclosure.