United Way of Mid-Maine

Financial Report

June 30, 2017 and 2016

CONTENTS

PFBF
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Mid-Maine
Waterville, Maine

We have audited the accompanying financial statements of United Way of Mid-Maine (a nonprofit organization), which comprise of the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 Mid-Maine as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Perry, Fitts, Boulette, & Fitton, CPAs

October 11, 2017

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Statements of Financial Position

June 30,

	2017	2016
ASSETS		
Current assets		
Cash	$ 436,677	$ 428,658
Unconditional promises to give, net of allowance	233,830	260,195
Prepaid expenses	5,626	6,064
Total current assets	676,133	694,917
Property and equipment, net of accumulated depreciatio	190,000	193,416
Other assets		
Beneficial interest in perpetual trust	127,553	122,547
Total Assets	$ 993,686	$ 1,010,880
LIABILITIES		
Current liabilities		
Accrued expenses	$ 4,320	$ 2,289
Accounts payable	-	1,818
Capital lease payable, current portion	1,481	1,481
Designations payable	24,240	24,148
Total current liabilities	30,041	29,736
Long-term liabilities		
Capital lease payable, net of current portion	815	2,394
Total liabilities	30,856	32,130
Net assets		
Unrestricted net assets		
Available for operations	370,474	311,415
Board designated net assets	60,000	60,000
Investment in property and equipment	190,000	193,416
Total unrestricted net assets	620,474	564,831
Temporarily restricted	214,803	291,372
Permanently restricted	127,553	122,547
Total net assets	962,830	978,750
Total Liabilities and Net Assets	$ 993,686	$ 1,010,880

See accompanying notes and auditors' report.

Statements of Activities

Years Ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Campaign revenue	$ 297,216	261,041	-	$ 558,257	$ 305,642	310,910	-	$ 616,552
Designations commission revenue	5,494	-	-	5,494	6,991	-	-	6,991
Other grants	9,127	-	-	9,127	7,362	-	-	7,362
Contributions	50,796	13,101	-	63,897	24,174	13,774	-	37,948
Interest and investment income	738	-	-	738	440	-	-	440
In-kind donations	88,036	-	-	88,036	77,344	-	-	77,344
Net assets released from restrictions	350,711	(350,711)	-	-	278,547	(278,547)	-	-
Total support and revenue	802,118	(76,569)	-	725,549	700,500	46,137	-	746,637
Expenses								
Program services	634,985	-	-	634,985	568,120	-	-	568,120
Management and general	85,762	-	-	85,762	112,762	-	-	112,762
Fundraising	25,728	-	-	25,728	26,993	-	-	26,993
Total expenses	746,475	-	-	746,475	707,875	-	-	707,875
Revenue over (under) expenses	55,643	(76,569)	-	(20,926)	(7,375)	46,137	-	38,762
Change in value of beneficial interest in perpetual trust	-	-	5,006	5,006	-	-	(3,649)	(3,649)
Change in net assets	55,643	(76,569)	5,006	(15,920)	(7,375)	46,137	(3,649)	35,113
Net assets at beginning of year	564,831	291,372	122,547	978,750	572,206	245,235	126,196	943,637
Net assets at end of year	$ 620,474	214,803	127,553	$ 962,830	$ 564,831	291,372	122,547	$ 978,750

See accompanying notes and auditors' report.

Statements of Functional Expenses

Year Ended June 30, 2017

	Program	Management & General	Fundraising	Total Expenses
Expenses				
Personnel expenses	$ 144,585	$ 65,446	$ 12,271	$ 222,302
Allocations to agencies	250,873	-	-	250,873
Bank charges	383	94	38	515
Transportation	2,679	659	264	3,602
Insurance	3,269	803	322	4,394
Supplies and materials	1,071	263	105	1,439
Computer support	9,615	3,943	1,038	14,596
Telephone and internet	1,980	487	195	2,662
Postage and printing	623	153	61	837
Utilities	4,462	1,097	439	5,998
Repairs and maintenance	4,192	1,030	412	5,634
Conferences and training	2,279	560	224	3,063
Dues and subscriptions	2,613	642	257	3,512
Purchase of services - UWA	4,101	1,682	443	6,226
Campaign materials	1,796	586	855	3,237
Public relations and advertising	3,670	1,198	1,748	6,616
Professional services	5,636	2,310	609	8,555
Miscellaneous	5,144	104	-	5,248
Depreciation	10,598	2,604	1,043	14,245
Special funds	36,317	2,070	2,774	41,161
Program expenses	4,656	-	-	4,656
Loss on campaign pledges	59,304	-	-	59,304
In-kind donations	75,139	31	2,630	77,800
Total expenses	$ 634,985	$ 85,762	$ 25,728	$ 746,475

See accompanying notes and auditors' report.

Statements of Functional Expenses - Continued

Year Ended June 30, 2016

	Program	Management & General	Fundraising	Total Expenses
Expenses				
Personnel expenses	$ 113,097	$ 78,839	$ 16,577	$ 208,513
Allocations to agencies	276,195	-	-	276,195
Bank charges	243	272	49	564
Transportation	1,852	2,074	376	4,302
Insurance	1,930	2,161	392	4,483
Supplies and materials	673	754	137	1,564
Computer support	5,499	5,206	1,020	11,725
Telephone and internet	1,163	1,303	237	2,703
Postage and printing	347	390	71	808
Utilities	2,262	2,533	460	5,255
Repairs and maintenance	3,430	3,842	697	7,969
Conferences and training	455	511	93	1,059
Dues and subscriptions	870	975	177	2,022
Purchase of services - UWA	2,736	2,590	508	5,834
Campaign materials	4,676	983	2,398	8,057
Public relations and advertising	3,856	811	1,978	6,645
Professional services	4,129	3,908	767	8,804
Miscellaneous	319	113	20	452
Depreciation	4,803	5,377	976	11,156
Special funds	38,378	46	23	38,447
Program expenses	3,634	-	-	3,634
Loss on campaign pledges	35,874	-	-	35,874
In-kind donations	61,699	74	37	61,810
Total expenses	$ 568,120	$ 112,762	$ 26,993	$ 707,875

See accompanying notes and auditors' report.

Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ (15,920)	$ 35,113
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	14,245	11,156
Change in allowance for uncollectible pledges	(2,344)	(164)
Contribution of equipment	(10,829)	(15,535)
Change in value of beneficial interest in a perpetual trust	(5,006)	3,649
Increase in operating assets:		
Unconditional promises to give	28,709	(11,596)
Prepaid expenses	438	(359)
Increase in operating liabilities:		
Accounts payable	(1,818)	(3,372)
Accrued expenses	2,031	1,160
Designations payable	92	(4,609)
Total adjustments	25,518	(19,670)
Net cash flows from operating activities	9,598	15,443
Cash flows from investing activities:		
Purchase of equipment	-	(2,319)
Net cash flows from investing activities	-	(2,319)
Cash flows from financing activities:		
Payments on capital lease	(1,579)	(1,580)
Net cash flows from financing activities	(1,579)	(1,580)
Net change in cash and cash equivalents	8,019	11,544
Cash and cash equivalents at beginning of year	428,658	417,114
Cash and cash equivalents at end of year	$ 436,677	$ 428,658

Supplemental disclosure of cash flow information:

	2017	2016
Cash paid during the year for:		
Interest	**$ -**	$ -

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

United Way of Mid-Maine (the “Organization”) is a non-profit organization exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The mission of United Way of Mid-Maine is improving people's lives by mobilizing the caring power of our communities. The Organization is supported primarily through donations from individuals and businesses solicited through yearly campaigns. Approximately 76% and 83% of the Organization’s support for the years ended June 30, 2017 and 2016, respectively, came from campaign donations.

Basis of Accounting - The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation - The Organization follows FASB ASC 958, and in accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

The Organization also is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

> Unrestricted net assets - Net assets not subject to donor-imposed stipulations.
>
> Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.
>
> Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Comparative Data

Some prior year balances have been reclassified to conform to the current year presentation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash with local banks, and at times, balances may exceed the Federal Deposit Insurance Corporation limit of $250,000 per depositor. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk in these accounts.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Promises to Give

Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made and totaled $49,636 and $51,980 at June 30, 2017 and 2016, respectively.

All outstanding promises to give are due within one year.

Property and Equipment

Acquisition of buildings and equipment are presented as assets of the Organization. Property and equipment acquired with unrestricted funds are capitalized at cost; assets donated to the Organization are capitalized at fair market value. Assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from 3 to 30 years.

Expenditures for repairs and maintenance are expended when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Depreciation expense for the years ended June 30, 2017 and 2016 was $14,245 and $11,156, respectively.

Beneficial Interest in a Perpetual Trust

The Organization is a beneficiary of a perpetual trust administered by a third party. The asset value is measured at fair value of the Organization's percentage of the assets in the trust. Annual distributions from the trust are reported as investment income and amounted to $5,974 and $4,433 in fiscal years 2017 and 2016, respectively. The pro-rata share of total assets attributable to the Organization is not held or managed by the Organization and is not available for expenditure by the Organization.

In-Kind Support

The Organization occasionally receives donated goods and services. The value of these goods and services is estimated at fair market rates and recorded as in-kind contributions and in-kind expenses in the statements of functional expenses in accordance with FASB ASC 958.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The value of this time is not readily estimable and is not reflected in the financial statements.

Income Tax Status

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that required adjustment to the financial statements. When necessary, the Organization accounts for interest and penalties related to uncertain tax positions as part of its provision for federal and state income taxes. The Organization does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next twelve months. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ending June 30, 2014 through 2017.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 Statements of Activities as net assets released from restrictions.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was $6,616 and $6,645 for the years ended June 30, 2017 and 2016, respectively.

Functional Expenses

Directly identifiable costs are classified as either program or supporting service expenses. Costs related to more than one function are charged to programs and supporting services based upon usage measurements and an analysis of personnel time utilized for each function. Allocations follow the definitions and recommendations contained in FASB ASC 958.

Use of Estimates

The preparation of the 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 from those estimates.

Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents includes all checking, savings, and certificate of deposit accounts of the Organization.

Subsequent Events

Management has made an evaluation of subsequent events up to and including the report date, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2018. Management is currently evaluating the impact of adoption on its financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of companies that lease. The standard is for a dual-model approach; a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the company for leases with a term exceeding 12 months. Lessors will see some changes, too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard will apply for fiscal years beginning after December 15, 2019. The standard requires retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, to amend current reporting requirements to make several improvements including reducing complexities of information presented within Not-for-Profit financial statements. A main provision of this update is that a Not-for-Profit entity will report two classes of net assets (amounts for net assets with donor restrictions and net assets without donor restrictions), rather than the currently required three classes. The guidance is effective for annual periods beginning after December 15, 2017, with early application permitted. This standard requires retroactive application to previously issued financial statements for 2018 and 2017, if presented. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price at which an asset could be exchanged or a liability transferred (an exit price) in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset of liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 2 – FAIR VALUE MEASUREMENTS, CONTINUED

Financial assets recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by U.S. GAAP, and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

Level 1 -Inputs are unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 -Inputs are other than quoted prices included in Level 1, which are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

Level 3 -Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Fair value of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

		Reporting Date Using: Significant Unobservable Inputs
June 30, 2017	Fair Value	(Level 3)
Beneficial interest in perpetual trust	$ 127,553	$ 127,553
June 30, 2016		
Beneficial interest in perpetual trust	$ 122,547	$ 122,547

NOTE 3 – ENDOWMENT FUND

Under the provisions of a trust agreement signed by a benefactor, an endowment fund in the form of a perpetual trust (the “Trust”) was established upon the deaths of the benefactor and his spouse for the benefit of certain charities. A bank serves as trustee. The Organization has a beneficial interest in 10% of the net income earned by the Trust. As described in Note 3, the Trust is recorded at fair value, and the principal is permanently restricted. Investment income and net realized and unrealized gains and losses related to the beneficial interests are reported as changes in unrestricted net assets.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective July 1, 2009. In accordance with UPMIFA, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets since the Trust instrument does not restrict the use of the funds provided.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 3 – ENDOWMENT FUND, CONTINUED

The trustee of the Trust has sole control over the investment and spending policies of the Trust with decisions made consistent with the Trust agreement and the provisions of UPMIFA.

Changes in permanently restricted endowment assets for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Endowment net assets, beginning of year	$ 122,547	$ 126,196
Investment return		
Investment income, net	5,974	4,433
Net appreciation (depreciation) (realized and unrealized gains and losses)	5,006	(3,649)
Total investment return	10,980	784
Appropriation of endowment assets for expenditure	(5,974)	(4,433)
	$ 127,553	$ 122,547

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2017	2016
Land	$ 36,000	$ 36,000
Buildings and improvements	233,563	233,563
Office equipment	86,773	75,948
	356,336	345,511
Less accumulated depreciation	166,336	152,095
	$ 190,000	$ 193,416

NOTE 5 – CAPITAL LEASE

The Organization entered into a capital lease for equipment during the year ended June 30, 2014. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, they are recorded in the Organization's assets and liabilities.

The following is a schedule by years of future minimum payments, which approximate present value as there is no interest rate, required under the lease as of June 30, 2017:

Fiscal year ended June 30:		
	2018	1,481
	2019	815
Total		$ 2,296

The gross amount of the asset in the statement of financial position recorded under capital leases was $7,404 and $7,404 at June 30, 2017 and 2016, respectively. Amortization of the asset held under the capital lease is included with depreciation expense. Accumulated amortization at June 30, 2017 and 2016 was $4,813 and $3,332, respectively.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 6 – BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following as of June 30:

	2017	2016
Capital replacement reserve	$ 25,000	$ 25,000
Operating reserve	30,000	30,000
Technology reserve	5,000	5,000
	$ 60,000	$ 60,000

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30:

	2017	2016
Campaign revenue 2017	$ 199,192	$ -
Campaign revenue 2016	-	273,298
End Youth Homelessness	8,445	12,688
DPIL - Jackman/Somerset	-	366
Keep ME Warm	5,773	3,785
Cash Coalition	829	985
Asset building	564	110
School Supply Drive	-	140
	$ 214,803	$ 291,372

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following as of June 30:

	2017	2016
Beneficial interest in a perpetual trust	$ 127,553	$ 122,547

NOTE 9 – CONCENTRATIONS

Approximately 32% of total campaign revenue came from three companies for the year ended June 30, 2017.

Approximately 20% of total campaign revenue came from two companies for the year ended June 30, 2016.

NOTE 10 – PENSION PLAN

On January 1, 2014, the Organization adopted a SIMPLE IRA plan. The Organization matches up to 3%. The Organization's contributions for the years ended June 30, 2017 and 2016 amounted to $1,556 and $1,545, respectively.

NOTE 11 – CONTINGENT LIABILITY

The Organization uses self-insurance to satisfy its obligation for short-term disability benefits provided to employees. Employees are able to receive 60% of their salary for up to 90 days after a covered event. As the benefit is used infrequently, it is the determination of management that the benefit is not probable to materially affect the financial statements, and an estimate of the contingent loss cannot be made.