



of Kennebec Valley

Financial Statements

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
United Way of Kennebec Valley**

We have audited the accompanying financial statements of United Way of Kennebec Valley (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, 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 Kennebec Valley as of December 31, 2020 and 2019, 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.

One River CPAs

August 13, 2021

UNITED WAY OF KENNEBEC VALLEY
Statements of Financial Position
December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 803,763	438,048	1,241,811	523,010	320,298	843,308
Promises to give:						
2018-2019 campaign, less provision for uncollectible promises to give of \$78,529	-	-	-	193,060	-	193,060
2019-2020 campaign, less provision for uncollectible promises to give of \$116,981	104,877	-	104,877	-	853,833	853,833
2020-2021 campaign	-	854,824	854,824	-	-	-
Other receivables	49,000	-	49,000	63,955	-	63,955
Total current assets	957,640	1,292,872	2,250,512	780,025	1,174,131	1,954,156
Property and equipment:						
Furniture, fixtures and equipment	40,335	-	40,335	50,969	-	50,969
Less: accumulated depreciation	(31,272)	-	(31,272)	(36,315)	-	(36,315)
Total property and equipment, net	9,063	-	9,063	14,654	-	14,654
Other assets:						
Investments	335,465	-	335,465	237,340	-	237,340
Security deposits	2,000	-	2,000	2,000	-	2,000
Total other assets	337,465	-	337,465	239,340	-	239,340
Total assets	\$ 1,304,168	1,292,872	2,597,040	1,034,019	1,174,131	2,208,150
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 18,870	-	18,870	22,439	-	22,439
Amounts held on behalf of others	388,363	-	388,363	295,871	-	295,871
Due to designated agencies	225,208	-	225,208	258,333	-	258,333
Accrued expenses	15,018	-	15,018	11,918	-	11,918
Current portion of capital lease	3,057	-	3,057	3,240	-	3,240
Total current liabilities	650,516	-	650,516	591,801	-	591,801
Capital leases, net of current portion	-	-	-	3,148	-	3,148
Total liabilities	650,516	-	650,516	594,949	-	594,949
Total net assets	653,652	1,292,872	1,946,524	439,070	1,174,131	1,613,201
Total liabilities and net assets	\$ 1,304,168	1,292,872	2,597,040	1,034,019	1,174,131	2,208,150

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Revenues, gains and other support:						
Campaign applicable to current period:						
Contributions received	\$ 715,475	40,344	755,819	391,646	-	391,646
Campaign applicable to next period:						
Contributions received	-	1,379,887	1,379,887	-	1,327,120	1,327,120
Less donor designations	-	(194,069)	(194,069)	-	(230,253)	(230,253)
Fuel assistance and Warming Center revenue	-	2,432	2,432	-	2,022	2,022
Community giving	2,001	-	2,001	-	30,691	30,691
Investment income	8,431	-	8,431	17,944	-	17,944
Administration fee revenue	59,615	-	59,615	68,155	-	68,155
Other revenue	50,842	-	50,842	1,660	-	1,660
Day of Caring revenue	5,060	18,200	23,260	24,037	-	24,037
Special events revenue (net of \$11,855 and \$18,999 expenses)	19,046	-	19,046	16,443	-	16,443
Non-cash contributions	31,000	-	31,000	79,519	-	79,519
Net assets released from restrictions:						
Expiration of time restrictions	1,128,053	(1,128,053)	-	1,232,164	(1,232,164)	-
Total revenues, gains, and other support	2,019,523	118,741	2,138,264	1,831,568	(102,584)	1,728,984
Allocations, other distributions and expenses:						
Allocations and other distributions	1,198,830	-	1,198,830	1,314,919	-	1,314,919
Less: allocations and other distributions funded through designations	(194,069)	-	(194,069)	(230,253)	-	(230,253)
Allocations and other distributions, net	1,004,761	-	1,004,761	1,084,666	-	1,084,666
Expenses:						
Program services	567,281	-	567,281	396,623	-	396,623
Management and general	145,766	-	145,766	136,182	-	136,182
Fundraising	112,129	-	112,129	104,753	-	104,753
Unallocated payments to affiliates	20,118	-	20,118	15,770	-	15,770
Total expenses	845,294	-	845,294	653,328	-	653,328
Change in net assets from operations	169,468	118,741	288,209	93,574	(102,584)	(9,010)
Non-operating activities:						
Unrealized gains (losses) on investments	45,114	-	45,114	25,061	-	25,061
Total non-operating activities	45,114	-	45,114	25,061	-	25,061
Change in net assets	214,582	118,741	333,323	118,635	(102,584)	16,051
Net assets, beginning of year	439,070	1,174,131	1,613,201	320,435	1,276,715	1,597,150
Net assets, end of year	\$ 653,652	1,292,872	1,946,524	# 439,070	1,174,131	1,613,201

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statement of Functional Expenses
Year Ended December 31, 2020

	Program services	Support Services		Total
		Management and general	Fundraising	
Salaries	\$ 125,315	60,337	46,413	232,065
Employee benefits and payroll taxes	31,382	15,110	11,623	58,115
Information and promotional materials	6,806	3,277	2,521	12,604
Professional services	18,127	8,727	6,713	33,567
In-kind expense - professional services	1,620	780	600	3,000
Supplies	3,084	1,485	1,142	5,711
Occupancy	18,965	9,131	7,024	35,120
In-kind expense - occupancy	5,400	2,600	2,000	10,000
Postage and printing	2,521	1,213	933	4,667
In-kind expense - printing	9,720	4,680	3,600	18,000
Communications expense	4,562	2,196	1,689	8,447
Travel and conferences	1,944	936	720	3,600
Insurance	3,868	1,862	1,433	7,163
Other	23	11	9	43
Dues	2,612	1,257	967	4,836
Uncollectible promises to give	63,840	30,738	23,645	118,223
Depreciation	2,962	1,426	1,097	5,485
Direct client benefits	259,470	-	-	259,470
Day of Caring	5,060	-	-	5,060
Total expenses	\$ 567,281	145,766	112,129	825,176

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statement of Functional Expenses
Year Ended December 31, 2019

	Program services	Support Services		Total
		Management and general	Fundraising	
Salaries	\$ 131,986	63,548	48,883	244,417
Employee benefits and payroll taxes	36,669	17,655	13,581	67,905
Information and promotional materials	10,620	5,114	3,934	19,668
Professional services	14,501	6,982	5,371	26,854
In-kind expense - professional services	1,620	780	600	3,000
Supplies	3,617	1,741	1,339	6,697
Occupancy	17,891	8,614	6,626	33,131
In-kind expense - occupancy	5,400	2,600	2,000	10,000
Postage and printing	2,772	1,334	1,026	5,132
In-kind expense - printing	9,720	4,680	3,600	18,000
Communications expense	2,494	1,200	923	4,617
Travel and conferences	6,556	3,157	2,428	12,141
Insurance	4,019	1,935	1,488	7,442
Other	270	116	89	475
Dues	2,747	1,323	1,017	5,087
Uncollectible promises to give	29,274	14,095	10,842	54,211
Depreciation	2,718	1,308	1,006	5,032
Direct client benefits	39,914	-	-	39,914
In-kind expense - program supplies	48,519	-	-	48,519
Day of Caring	25,316	-	-	25,316
Total expenses	\$ 396,623	136,182	104,753	637,558

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 333,323	16,051
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,485	5,032
Unrealized gain on investments	(45,114)	(25,061)
(Increase) decrease in:		
Promises to give, less provision for uncollectible promises	87,192	105,564
Other receivables	14,955	(45,755)
Increase (decrease) in:		
Accounts payable	(3,569)	4,696
Amounts held on behalf of others	92,492	(22,243)
Due to designated agencies	(33,125)	9,086
Accrued expenses	3,100	(4,188)
Capital lease	(3,331)	(3,332)
Net cash provided by operating activities	451,408	39,850
Cash flows from investing activities:		
Disposal of property and equipment	106	(4,528)
Purchase of investments	(62,896)	-
Sale of investments	9,885	583
Net cash used in investing activities	(52,905)	(3,945)
Net increase in cash, cash equivalents, and restricted cash	398,503	35,905
Cash, cash equivalents, and restricted cash, beginning of year	843,308	807,403
Cash, cash equivalents, and restricted cash, end of year	\$ 1,241,811	843,308
Supplemental information:		
Cash paid for interest	\$ -	-
Cash paid for income taxes	-	-

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The United Way of Kennebec Valley (UWKV) is a Maine nonprofit voluntary health and welfare organization formed to unite people and resources to improve lives in the community. The Organization conducts annual campaigns in the fall for contributions from the general public which are allocated among nonprofit organizations primarily within the Kennebec Valley area. Contributors making promises to give to the Organization are primarily from the Central Maine area.

Amounts raised through the annual campaign support the United Way's visions and include allocations and other distributions to health and human care services agencies. They are also used to fund the United Way's operating expenses and certain Community Impact programs managed by United Way. Allocations and other distributions are routinely made in the year subsequent to the beginning of the annual campaign.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of UWKV and/or passage of time. At December 31, 2020 and 2019, \$1,292,872 and \$1,174,131 of the Organization's net assets were temporarily restricted.

Expense Allocation - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses not directly charged to a specific function are allocated across all functions using an analysis of time and effort spent by staff in each functional area.

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Management believes it has no uncertain tax positions with the Internal Revenue Service that require disclosure in its financial statements. The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they are filed.

Measure of Operations - The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the UWKV's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates - 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 from those estimates.

Cash, Cash Equivalents, and Restricted Cash - For financial statement purposes, the UWKV considers all highly liquid investments with an initial maturity of three months or less, and cash in checking, savings, and certificates of deposit to be cash equivalents. Restricted cash includes amounts received with restrictions imposed by donors (but not yet spent) for the purposes described in the net assets footnote below.

Contributions and Campaign Revenue and Revenue Recognition - The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met. The Organization has no conditional contributions at December 31, 2020 or 2019.

The Organization records special events revenue equal to the fair value of direct benefit to donors, and contribution income for the excess received when the event takes place.

Contributions received or promises to give without donor-imposed restrictions are reflected as support without donor restrictions. Contributions received or promises to give with donor-imposed restrictions are reflected as support with temporary donor restrictions. When a donor-stipulated time restriction ends, or a purpose restriction is accomplished, then the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

Promises to give that are expected to be received within one year of the financial statement date are reflected at their net realizable value (the gross amount of the promise to give, net of a provision for uncollectible amounts).

Contributions designated by the donors to be paid to specific agencies or other United Ways (Designations) are considered Agency transactions. Such designated contributions are reflected, net of a provision for uncollectible amounts, in the accompanying statements of activities as part of total amounts raised in campaigns but are not considered to be part of the United Way's campaign revenue for financial reporting purposes and are, therefore, deducted to reflect United Way's campaign revenue. United Way has included in campaign revenue amounts raised by other United Ways that were designated by donors to be paid to United Way. In addition, United Way increases or decreases campaign revenue for any excess or shortfall in collections of amounts raised in prior year's campaigns.

Included in campaign revenue are amounts contributed by certain members of the Board of Directors. In 2020 and 2019, those amounts totaled \$46,661 and \$46,778, respectively.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Allocations and Other Distributions - Allocations and other distributions are made to various Board of Directors' approved agencies and programs from funds raised in the annual campaign. United Way recognizes an expense and a related liability when amounts are communicated to the agencies in an award letter as an allocation pledge. United Way has reflected in the accompanying statements of activities gross allocations and other distributions with a reduction for allocations and other distributions funded through designations.

Provision for Uncollectible Promises to Give - A provision for uncollectible promises to give has been established which is evaluated periodically for adequacy based upon management's evaluation of past loss experience, known and inherent risks in its accounts plus other factors which could affect collectability.

Property and equipment - Acquisitions of property and equipment with useful lives of more than one year and a cost in excess of \$1,000 are capitalized at cost. United Way of Kennebec Valley uses the straight-line method to compute depreciation expense and assumes useful lives of three to five years for equipment, seven years for furniture, and fifteen years for leasehold improvements. Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$5,485 and \$5,032, respectively.

Investments - The UWKV carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Fiscal Agent and Administrative Fee Agreements - In August of 2017, the Organization entered into an agreement with the Maine State Employees Combined Charitable Appeal (MSECCA) to administer the program. MSECCA was established to create a single, coordinated campaign to encourage financial support for various charitable agencies from current and retired State employees. As fiscal agent, the UWKV is responsible for processing and distributing contributions to MSECCA charities in accordance with employee designations. The funds are held by the UWKV in an agency capacity and are not included in the Organization's revenues but instead are included in the assets and liabilities. UWKV also earns a fee, 8.8% and 9.0% at December 31, 2020 and 2019, respectively, of funds received and distributed to member organizations, for administering the campaign.

Reclassifications - Certain accounts in the prior year statement of financial position and statement of activities been reclassified to conform to the presentation in the current year. There was no effect on total net assets.

Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued (ASU) 2016-02, Leases. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. UWKV has not yet implemented this ASU and is in the process of assessing the effect on the organization's financial statements.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give. Concentrations of credit risk with respect to promises to give are limited due to the large number of contributors comprising the UWKV's contributor base and their dispersion across different industries. As of December 31, 2020 and 2019, the UWKV had no significant concentrations of credit risk.

The Organization maintains its cash balances at one financial institution located in the area. The balances are fully insured by the Federal Deposit Insurance Corporation up to \$250,000. UWKV has not experienced, nor does it anticipate, any losses with respect to such accounts.

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS

Board-designated Endowment - As of December 31, 2020 and 2019, the Board of Directors had designated \$335,465 and \$237,340, respectively, of net assets without donor restrictions in a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization has a spending policy of appropriating for distribution each year up to 5% of its board-designated endowment/investment fund's average fair value for the prior three years, using December 31 valuations. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment/investment fund to grow at an average of 5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment/investment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment/investment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%, while growing the fund. Accordingly, the Organization expects its endowment/investment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment/investment fund; investment assets and allocations between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the UWKV's principal or most advantageous market in an orderly transaction between market participants on the measurement date. The standard establishes a fair value hierarchy which requires the UWKV to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the UWKV has the ability to access as of the measurement date.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the UWKV's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following is a description of the valuation method and assumptions used by the UWKV to estimate the fair values of certain financial instruments.

Equity Securities and Mutual Funds: consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Investments measured at fair value at December 31, 2020 and 2019, are summarized below:

Level 1 investments without donor restrictions at December 31, 2020 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds	\$ 270,060	335,465	65,405
Total	\$ 270,060	335,465	65,405

Level 1 investments without donor restrictions at December 31, 2019 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds	\$ 208,048	237,340	29,292
Total	\$ 208,048	237,340	29,292

Investment return is summarized as follows:

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 3,611	10,513
Unrealized gains (loss)	45,114	25,061
Total	\$ 48,725	35,574

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED

Changes in Endowment balances for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Endowment balance, beginning of year	\$ 237,340	212,862
Net investment return	48,725	24,478
Contributions	49,400	-
Endowment balance, end of year	<u>\$ 335,465</u>	<u>237,340</u>

AVAILABILITY AND LIQUIDITY

The following represents UWKV's financial assets at December 31, 2020 and 2019:

Financial assets at year-end:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,241,811	843,309
Other receivables	49,000	63,955
Promises to give	959,701	1,046,892
Investments	<u>335,465</u>	<u>237,340</u>
Total financial assets	2,585,977	2,191,496

Less amounts not available to be used within one year:

Net assets with donor restrictions	1,292,872	1,174,131
Amounts held on behalf of others	388,363	295,871
Due to designated agencies	225,208	258,333
Less net assets with purpose restrictions to be met		
less than a year	<u>(1,185,818)</u>	<u>(1,096,867)</u>
	720,625	631,468

Financial assets available to meet general expenditures over the next twelve months

	<u>\$ 1,865,352</u>	<u>1,560,028</u>
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FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2020 and 2019 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statements of financial position.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

DUE TO DESIGNATED AGENCIES/AMOUNTS RAISED ON BEHALF OF OTHERS

United Way acts as an agent with respect to certain portions of its fund-raising campaigns for which contributions are designated by the donors to be paid to specific agencies or other United Ways. Amounts raised on behalf of others, which are considered agency transactions, consist primarily of promises to give and related liabilities of designations payable to agencies and other United Ways. Amounts raised on behalf of others and due to designated agencies as of December 31, 2020 and 2019 were \$613,571 and \$554,204, respectively.

LINE OF CREDIT

United Way of Kennebec Valley has a line of credit with a local bank. The line of credit has an available amount of \$50,000 with interest of prime rate plus one (1%) percent. There was no outstanding balance under the line of credit at December 31, 2020 and 2019.

LEASES

Operating Leases: The Organization leases office space under the terms of an operating lease expiring on April 30, 2022. Rental expense for the years ended December 31, 2020 and 2019 amounted to \$29,672 and \$29,446, respectively. Future minimum payments required under the agreement are as follows:

2021	\$	30,598
2022		9,992
Total	\$	40,590

Capital Leases: The Organization leases a copier under the terms of a capital lease expiring December 31, 2021. Future minimum lease payments required under this agreement are as follows:

2021		3,057
Total	\$	3,057

SPECIAL EVENTS

As part of its fundraising efforts, the UWKV holds periodic special events. Revenue for special events is recognized in the period in which the event is held. Direct expenses associated with special events are netted against such revenue as follows:

		<u>2020</u>	<u>2019</u>
Special event revenue	\$	30,901	35,442
<u>Special event direct expenses</u>		<u>(11,855)</u>	<u>(18,999)</u>
<u>Special event revenue, net</u>	<u>\$</u>	<u>19,046</u>	<u>16,443</u>

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

DONATED FACILITIES, SERVICES AND SUPPLIES

The value of nonprofessional donated services is not reflected in the accompanying financial statements as these services do not meet the criteria outlined in authoritative guidance on contributions received and contributions made. However, a substantial number of nonprofessional volunteers have donated significant amounts of their time in support of United Way of Kennebec Valley's programs. In addition, non-cash contributions have been recognized in the 2020 and 2019 financial statements for the value of office space that is being leased to the UWKV below market value, as well as for the value of various professional services and contributions of program supplies provided to the Organization.

NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

The UWKV's net assets with temporary donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Annual campaign	\$ 1,185,818	1,096,867
ME Disaster Recovery Fund	5,778	5,775
Community giving	1,842	6,630
Children's Food Security	-	7,802
Fuel Assistance	11,762	9,329
Day of Caring	18,201	-
COVID	40,339	-
Augusta Fire Victims	12,908	25,861
Fresh Start	16,224	21,867
Totals	\$ 1,292,872	1,174,131

NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Annual campaign	\$ 1,096,867	1,218,354
World to Table	-	31
Community giving	4,788	10,029
Children's Food Security	7,802	3,750
Augusta Fire Victims	12,953	-
Fresh Start	5,643	-
Totals	\$ 1,128,053	1,232,164

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

BOARD RESERVE FUND

UWKV has established and maintains a Reserve Fund to manage cash flow interruptions, minimize the need for working capital borrowing, provide flexibility for new organization priorities, and to meet commitments, obligations or other contingencies. The reserve may also be used for one-time, nonrecurring expenses that arise outside of the normal budget process, which may include those that will build long-term capacity such as staff development, research and development, or investment in infrastructure. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. For the years ended December 31, 2020 and 2019 board reserve fund balance was \$24,334 and \$0, respectively.

OVERHEAD RATIO

In accordance with the *Functional Expense and Overhead Reporting Standards for United Ways effective July 1, 2004 and revised in 2011*, the UWKV has calculated its Overhead Ratio for the year ended December 31, 2020 and 2019 at 12.25% and 14.48%, respectively. The ratio is calculated by dividing the supporting services expenses (management and general, fundraising, and National dues unallocated expense) excluding in-kind expenses, by total campaign and all other revenues, excluding in-kind contributions. Total supporting services expenses excluding in-kind for the years ended December 31, 2020 and 2019, totaled \$263,753 and \$242,445, respectively, and total revenues excluding in-kind for the years ended December 31, 2020 and 2019, totaled \$2,152,378 and \$1,674,527, respectively.

PAYMENTS TO AFFILIATES/DUES

In accordance with UWKV's agreement with the National United Way organization, a portion of the unrestricted support from the public is remitted to the National organization as Dues. Dues paid to National during 2020 and 2019 totaled \$20,118 and \$15,770, respectively, and are considered separate supporting services and are reflected in the statements of activities as "unallocated payments to affiliates".

TAX-DEFERRED ANNUITY PLAN

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time and part-time employees of the Organization. A contribution of seven percent (7%) of each employee's gross wages is made to the plan by the Organization. Employees may also make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. For the years ended December 31, 2020 and 2019, total pension expense was \$15,291 and \$14,743, respectively.

SUBSEQUENT EVENTS

Subsequent events were evaluated through July 30, 2021, which is the date the financial statements were available to be issued.