



of Kennebec Valley

**Financial Statements**

**Years Ended December 31, 2019 and 2018**

**UNITED WAY OF KENNEBEC VALLEY**  
**Financial Statements**  
**Years Ended December 31, 2019 and 2018**

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## Independent Auditor's Report

To the Board of Directors of  
United Way of Kennebec Valley

We have audited the accompanying financial statements of United Way of Kennebec Valley (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

Board of Directors  
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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, 2019 and 2018, 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.

A handwritten signature in purple ink that reads "Gibson Tolbin, LLC". The signature is written in a cursive, flowing style.

Augusta, Maine  
August 14, 2020

**UNITED WAY OF KENNEBEC VALLEY**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 236,963	606,346	843,309	365,149	442,254	807,403
Promises to give:						
2017-2018 campaign, less provision for uncollectible promises to give of \$79,768	-	-	-	301,094	-	301,094
2018-2019 campaign, less provision for uncollectible promises to give of \$91,862	271,588	-	271,588	-	851,362	851,362
2019-2020 campaign, less provision for uncollectible promises to give of \$78,529	-	775,304	775,304	-	-	-
Other receivables	63,955	-	63,955	18,200	-	18,200
Total current assets	572,506	1,381,650	1,954,156	684,443	1,293,616	1,978,059
Property and equipment:						
Leasehold improvements	2,200	-	2,200	2,200	-	2,200
Furniture, fixtures and equipment	48,769	-	48,769	44,241	-	44,241
Less: accumulated depreciation	(36,315)	-	(36,315)	(31,283)	-	(31,283)
Total property and equipment, net	14,654	-	14,654	15,158	-	15,158
Other assets:						
Investments	237,340	-	237,340	212,862	-	212,862
Security deposits	2,000	-	2,000	2,000	-	2,000
Total other assets	239,340	-	239,340	214,862	-	214,862
<b>Total assets</b>	<b>\$ 826,500</b>	<b>1,381,650</b>	<b>2,208,150</b>	<b>914,463</b>	<b>1,293,616</b>	<b>2,208,079</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities:						
Accounts payable	\$ 22,439	-	22,439	17,742	-	17,742
Amounts held on behalf of others	295,871	-	295,871	318,114	-	318,114
Due to designated agencies	258,333	-	258,333	249,247	-	249,247
Accrued expenses	11,918	-	11,918	16,106	-	16,106
Current portion of capital lease	3,240	-	3,240	3,240	-	3,240
Total current liabilities	591,801	-	591,801	604,449	-	604,449
Capital leases, net of current portion	3,148	-	3,148	6,480	-	6,480
Total liabilities	594,949	-	594,949	610,929	-	610,929
Total net assets	231,551	1,381,650	1,613,201	303,534	1,293,616	1,597,150
<b>Total liabilities and net assets</b>	<b>\$ 826,500</b>	<b>1,381,650</b>	<b>2,208,150</b>	<b>914,463</b>	<b>1,293,616</b>	<b>2,208,079</b>

*See accompanying notes to financial statements.*

**UNITED WAY OF KENNEBEC VALLEY**  
**Statements of Activities**  
**Years Ended December 31, 2019 and 2018**

	2019			2018		
	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	\$ 391,646	-	391,646	372,011	-	372,011
Campaign applicable to next period:						
Contributions received	-	1,405,649	1,405,649	-	1,529,750	1,529,750
Less donor designations	-	(230,253)	(230,253)	-	(223,081)	(223,081)
Less provision for uncollectible promises to give	-	(78,529)	(78,529)	-	(91,862)	(91,862)
Fuel assistance and Warming Center revenue	-	2,022	2,022	-	2,640	2,640
Community giving	-	30,691	30,691	-	36,747	36,747
Investment income	17,946	-	17,946	16,821	-	16,821
Administration fee revenue	68,155	-	68,155	53,150	-	53,150
Other revenue	1,660	-	1,660	83	-	83
Day of Caring revenue	24,037	-	24,037	21,950	-	21,950
Special events revenue (net of \$18,999 and \$16,850 expenses)	16,442	-	16,442	10,644	-	10,644
Non-cash contributions	79,519	-	79,519	78,779	-	78,779
Net assets released from restrictions:						
Expiration of time restrictions	1,041,546	(1,041,546)	-	1,001,560	(1,001,560)	-
Total revenues, gains, and other support	1,640,951	88,034	1,728,985	1,554,998	252,634	1,807,632
Allocations, other distributions and expenses:						
Allocations and other distributions	1,314,920	-	1,314,920	1,221,762	-	1,221,762
Less: allocations and other distributions funded through designations	(230,253)	-	(230,253)	(223,081)	-	(223,081)
Allocations and other distributions, net	1,084,667	-	1,084,667	998,681	-	998,681
Expenses:						
Program services	396,623	-	396,623	443,999	-	443,999
Management and general	136,182	-	136,182	138,657	-	138,657
Fundraising	104,753	-	104,753	106,660	-	106,660
Unallocated payments to affiliates	15,770	-	15,770	14,209	-	14,209
Total expenses	653,328	-	653,328	703,525	-	703,525
Change in net assets from operations	(97,044)	88,034	(9,010)	(147,208)	252,634	105,426
Non-operating activities:						
Unrealized gains (losses) on investments	25,061	-	25,061	(22,347)	-	(22,347)
Program transfer to another entity	-	-	-	-	(47,398)	(47,398)
Total non-operating activities	25,061	-	25,061	(22,347)	(47,398)	(69,745)
Change in net assets	(71,983)	88,034	16,051	(169,555)	205,236	35,681
Net assets, beginning of year	303,534	1,293,616	1,597,150	473,089	1,088,380	1,561,469
<b>Net assets, end of year</b>	<b>\$ 231,551</b>	<b>1,381,650</b>	<b>1,613,201</b>	<b>303,534</b>	<b>1,293,616</b>	<b>1,597,150</b>

*See accompanying notes to financial statements.*

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

		<b>Support Services</b>			<b>Total</b>
		<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	
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
<b>Total expenses</b>	<b>\$</b>	<b>396,623</b>	<b>136,182</b>	<b>104,753</b>	<b>637,558</b>

*See accompanying notes to financial statements.*

**UNITED WAY OF KENNEBEC VALLEY**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2018**

	Program services	Support Services		Total
		Management and general	Fundraising	
Salaries	\$ 129,187	62,201	47,847	239,235
Employee benefits and payroll taxes	36,518	17,583	13,525	67,626
Information and promotional materials	17,524	8,438	6,490	32,452
Professional services	11,990	5,773	4,441	22,204
In-kind expense - professional services	1,620	780	600	3,000
Supplies	2,678	1,289	992	4,959
Occupancy	17,441	8,397	6,460	32,298
In-kind expense - occupancy	8,100	3,900	3,000	15,000
Postage and printing	2,217	1,067	821	4,105
In-kind expense - printing	8,100	3,900	3,000	15,000
Communications expense	2,699	1,299	1,000	4,998
Travel and conferences	4,880	2,350	1,807	9,037
Insurance	3,796	1,828	1,406	7,030
Other	470	228	175	873
Dues	2,516	1,211	932	4,659
Uncollectible promises to give	35,391	17,040	13,108	65,539
Depreciation	2,852	1,373	1,056	5,281
Fuel assistance and Warming Center	36,007	-	-	36,007
Direct client benefits	49,611	-	-	49,611
In-kind expense - program supplies	45,779	-	-	45,779
Day of Caring	24,623	-	-	24,623
<b>Total expenses</b>	<b>\$ 443,999</b>	<b>138,657</b>	<b>106,660</b>	<b>689,316</b>

*See accompanying notes to financial statements.*



**UNITED WAY OF KENNEBEC VALLEY**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Change in net assets	\$ 16,051	35,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,032	5,281
(Gain) loss on investments	(25,061)	22,347
(Increase) decrease in:		
Promises to give, less provision for uncollectible promises	105,564	(112,733)
Other receivables	(45,755)	(7,950)
Increase (decrease) in:		
Accounts payable	4,697	10,607
Amounts held on behalf of others	(22,243)	162,349
Due to designated agencies	9,086	33,467
Accrued expenses	(4,188)	2,882
Capital lease	(3,332)	(3,240)
Net cash provided by operating activities	39,851	148,691
Cash flows from investing activities:		
Purchase of property and equipment, net	(4,528)	-
Sale (purchase) of investments, net	583	(2,710)
Net cash used in investing activities	(3,945)	(2,710)
Net increase in cash and cash equivalents	35,906	145,981
Cash and cash equivalents, beginning of year	807,403	661,422
<b>Cash and cash equivalents, end of year</b>	<b>\$ 843,309</b>	<b>807,403</b>
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**

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**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

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**Nature of Activities** - The United Way of Kennebec Valley (UWKV) is a Maine nonprofit voluntary health and welfare organization, formed to assist the Kennebec Valley community in planning human services; accessing human needs programs; seeking solutions to human problems; and assisting with the development of new, or the expansion of existing, human services programs. 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, 2019 and 2018, \$1,381,650 and \$1,293,616 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 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they are filed.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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**NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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 other activities considered to be of a more unusual or nonrecurring nature.

**Cash and Cash Equivalents** - 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.

**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.

**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, 2019 or 2018.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**Contributions and Campaign Revenue and Revenue Recognition, Continued -**

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 2019 and 2018, those amounts totaled \$46,778 and \$46,994, respectively.

**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, 2019 and 2018 amounted to \$5,032 and \$5,281, 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.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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**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, 9% and 7.3% at December 31, 2019 and 2018, respectively, of funds received and distributed to member organizations, for administering the campaign.

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CONCENTRATIONS OF CREDIT RISK

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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, 2019 and 2018, the UWKV had no significant concentrations of credit risk.

The Organization maintains 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. At December 31, 2019 and 2018, the Organization's uninsured cash balance totaled \$617,732 and \$679,881, respectively. UWKV has not experienced, nor does it anticipate, any losses with respect to such accounts.

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BOARD DESIGNATED CASH

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The Board of Directors in prior years directed that a reserve not to exceed \$100,000 be set aside as an operating reserve. The reserve is intended as a contingency for community disasters, campaign shortfalls, major capital expenditures or loss of a major contributor. The balance in the reserve is to be used to maintain routine operating cash flows. In 2019, the Board of Directors also established an Allocations Reserve Fund in the amount of \$30,000, to be utilized to supplement funds available for allocations in a more challenging fundraising year, for community disaster response, or an emergency situation in a partner program. The Board will review and approve Allocations Reserve Fund designations to be used in the full amount annually. The available reserve account balances at December 31, 2019 and 2018 were \$130,000 and \$100,000, respectively, and are included in cash and cash equivalents without donor restrictions on the statements of financial position.

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INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS

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**Board-designated Endowment** - As of December 31, 2019 and 2018, the Board of Directors had designated \$237,340 and \$212,862, 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.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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**INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED**

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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 not to 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.
- 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.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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**INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED**

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*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, 2019 and 2018, are summarized below:

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
<b>Total</b>	<b>\$ 208,048</b>	<b>237,340</b>	<b>29,292</b>

Level 1 investments without donor restrictions at December 31, 2018 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds	\$ 206,050	212,862	6,812
<b>Total</b>	<b>\$ 206,050</b>	<b>212,862</b>	<b>6,812</b>

Investment return is summarized as follows:

		<u>2019</u>	<u>2018</u>
Dividend income	\$	10,513	13,515
Unrealized gains (loss)		25,061	(22,347)
<b>Total</b>	<b>\$</b>	<b>35,574</b>	<b>(8,832)</b>

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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**AVAILABILITY AND LIQUIDITY**

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The following represents UWKV's financial assets at December 31, 2019 and 2018:

Financial assets at year-end:	<u>2019</u>	<u>2018</u>
Cash	\$ 843,309	807,403
Accounts receivable	63,955	18,200
Promises to give	1,046,892	1,152,456
Investments	<u>237,340</u>	<u>212,862</u>
Total financial assets	2,191,496	2,190,921
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,381,650	1,293,616
Less net assets with temporary restrictions to be met in less than a year	<u>(775,304)</u>	<u>(851,362)</u>
	<u>606,346</u>	<u>442,254</u>
 <b>Financial assets available to meet general expenditures, allocations, and other distributions over the next twelve months</b>	 <b><u>\$1,585,150</u></b>	 <b><u>1,748,667</u></b>

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**FAIR VALUE OF FINANCIAL INSTRUMENTS**

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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, 2019 and 2018 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statements of financial position.

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**DUE TO DESIGNATED AGENCIES/AMOUNTS RAISED ON BEHALF OF OTHERS**

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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, 2019 and 2018 were \$258,333 and \$249,247, respectively.

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**LINE OF CREDIT**

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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, 2019 and 2018.



**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

**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, 2019 and 2018 amounted to \$29,446 and \$28,468, respectively. Future minimum payments required under the agreement is as follows:

2020	\$ 29,112
2021	29,768
<u>2022</u>	<u>9,992</u>
<b>Total</b>	<b>\$ 68,872</b>

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:

2020	\$ 3,240
<u>2021</u>	<u>3,148</u>
<b>Total</b>	<b>\$ 6,388</b>

**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>2019</u>	<u>2018</u>
Special event revenue	\$ 35,441	27,494
Special event direct expenses	(18,999)	(16,850)
<b>Special event revenue, net</b>	<b>\$ 16,442</b>	<b>10,644</b>

**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 2019 and 2018 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.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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**NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
Annual campaign	\$ 1,304,386	1,231,409
ME Disaster Recovery Fund	5,775	5,775
Community giving	6,630	3,484
Children's Food Security	7,802	5,197
Heat Helpers	9,329	9,329
Augusta Fire Victims	25,861	25,861
World to Table	-	31
Fresh Start	21,867	12,530
<b>Totals</b>	<b>\$ 1,381,650</b>	<b>1,293,616</b>

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**NET ASSETS RELEASED FROM RESTRICTIONS**

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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, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Annual campaign	\$ 1,027,737	914,641
World to Table	31	-
Community giving	10,028	10,343
Children's Food Security	3,750	-
Warming Center	-	30,344
Capital Area New Mainers	-	46,232
<b>Totals</b>	<b>\$ 1,041,546</b>	<b>1,001,560</b>

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**OVERHEAD RATIO**

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In accordance with the *Functional Expense and Overhead Reporting Standards for United Ways effective July 1, 2004*, the UWKV has calculated its Overhead Ratio for the year ended December 31, 2019 and 2018 at 14.48% and 14.73%, 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, 2019 and 2018, totaled \$242,445 and \$244,346, respectively, and total revenues excluding in-kind for the years ended December 31, 2019 and 2018, totaled \$1,674,527 and \$1,659,108, respectively.

**UNITED WAY OF KENNEBEC VALLEY**  
**Notes to Financial Statements, Continued**

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**PAYMENTS TO AFFILIATES/DUES**

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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 2019 and 2018 totaled \$15,770 and \$14,209, respectively, and are considered separate supporting services and are reflected in the statements of activities as "unallocated payments to affiliates".

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**TAX-DEFERRED ANNUITY PLAN**

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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, 2019 and 2018, total pension expense was \$14,743 and \$15,260, respectively.

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**RECLASSIFICATION OF PRIOR YEAR INVESTMENTS AND RELATED NET ASSETS**

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The Organization had previously classified its investments as donor restricted. After some research, it was found that the investment account has no donor restrictions attached to it, and it has been reclassified into net assets without donor restrictions as of January 1, 2018. The amount reclassified was \$212,862 for the year ended December 31, 2018.

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**SUBSEQUENT EVENTS**

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Subsequent events were evaluated through August 14, 2020, which is the date the financial statements were available to be issued.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact income. Other financial impact could occur though such potential impact is unknown at this time. UWKV received \$59,200 from the Paycheck Protection Program that it is using for allowable payroll costs, which it expects will mitigate some of the potential negative impact. UWKV continues to monitor developments and the directives of federal, state, and local officials to determine what additional precautions and procedures may need to be implemented by UWKV.