



of Kennebec Valley

Financial Statements

Years Ended December 31, 2018 and 2017

UNITED WAY OF KENNEBEC VALLEY
Financial Statements
Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, 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.

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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, 2018 and 2017, 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.

Gibson Klein, LLC

Augusta, Maine
October 2, 2019

UNITED WAY OF KENNEBEC VALLEY
Statements of Financial Position
December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 393,271	414,132	807,403	394,168	267,254	661,422
Promises to give:						
2016-2017 campaign, less provision for uncollectible promises to give of \$63,260	-	-	-	244,008	-	244,008
2017-2018 campaign, less provision for uncollectible promises to give of \$79,768	301,094	-	301,094	-	795,714	795,714
2018-2019 campaign, less provision for uncollectible promises to give of \$91,862	-	851,362	851,362	-	-	-
Other receivables	18,200	-	18,200	10,250	-	10,250
Total current assets	712,565	1,265,494	1,978,059	648,426	1,062,968	1,711,394
Property and equipment:						
Leasehold improvements	2,200	-	2,200	2,200	-	2,200
Furniture and fixtures	34,490	-	34,490	34,490	-	34,490
Equipment	9,751	-	9,751	9,751	-	9,751
Less: accumulated depreciation	(31,283)	-	(31,283)	(26,001)	-	(26,001)
Total property and equipment, net	15,158	-	15,158	20,440	-	20,440
Other assets:						
Investments	-	212,862	212,862	-	232,499	232,499
Security deposits	2,000	-	2,000	2,000	-	2,000
Total other assets	2,000	212,862	214,862	2,000	232,499	234,499
Total assets	\$ 729,723	1,478,356	2,208,079	670,866	1,295,467	1,966,333
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 17,742	-	17,742	7,135	-	7,135
Amounts held on behalf of others	318,114	-	318,114	155,765	-	155,765
Due to designated agencies	249,247	-	249,247	215,780	-	215,780
Accrued expenses	16,106	-	16,106	13,224	-	13,224
Current portion of capital lease	3,240	-	3,240	3,240	-	3,240
Total current liabilities	604,449	-	604,449	395,144	-	395,144
Capital leases, net of current portion	6,480	-	6,480	9,720	-	9,720
Total liabilities	610,929	-	610,929	404,864	-	404,864
Total net assets	118,794	1,478,356	1,597,150	266,002	1,295,467	1,561,469
Total liabilities and net assets	\$ 729,723	1,478,356	2,208,079	670,866	1,295,467	1,966,333

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018			2017		
	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	\$ 372,011	-	372,011	539,697	-	539,697
Campaign applicable to next period:						
Contributions received	-	1,529,750	1,529,750	-	1,431,524	1,431,524
Less donor designations	-	(223,081)	(223,081)	-	(190,268)	(190,268)
Less provision for uncollectible promises to give	-	(91,862)	(91,862)	-	(79,768)	(79,768)
Fuel assistance and Warming Center revenue	-	2,640	2,640	-	44,418	44,418
Community giving	-	36,747	36,747	-	39,388	39,388
Investment income	16,821	-	16,821	10,758	-	10,758
Administration fee revenue	53,150	-	53,150	9,704	-	9,704
Other revenue	83	-	83	13,223	-	13,223
Day of Caring revenue	21,950	-	21,950	23,269	-	23,269
Special events revenue (net of \$16,850 and \$17,162 expenses)	10,644	-	10,644	3,710	-	3,710
Non-cash contributions	78,779	-	78,779	82,851	-	82,851
Net assets released from restrictions:						
Expiration of time restrictions	1,001,560	(1,001,560)	-	816,869	(816,869)	-
Total revenues, gains, and other support	1,554,998	252,634	1,807,632	1,500,081	428,425	1,928,506
Allocations, other distributions and expenses:						
Allocations and other distributions	1,221,762	-	1,221,762	1,147,377	-	1,147,377
Less: allocations and other distributions funded through designations	(223,081)	-	(223,081)	(190,268)	-	(190,268)
Allocations and other distributions, net	998,681	-	998,681	957,109	-	957,109
Expenses:						
Program services	443,999	-	443,999	412,088	-	412,088
Management and general	138,657	-	138,657	139,854	-	139,854
Fundraising	106,660	-	106,660	107,580	-	107,580
Unallocated payments to affiliates	14,209	-	14,209	14,043	-	14,043
Total expenses	703,525	-	703,525	673,565	-	673,565
Change in net assets from operations	(147,208)	252,634	105,426	(130,593)	428,425	297,832
Non-operating activities:						
Unrealized gains (losses) on investments	-	(22,347)	(22,347)	-	22,120	22,120
Program transfer to another entity	-	(47,398)	(47,398)	-	-	-
Total non-operating activities	-	(69,745)	(69,745)	-	22,120	22,120
Change in net assets	(147,208)	182,889	35,681	(130,593)	450,545	319,952
Net assets, beginning of year	266,002	1,295,467	1,561,469	396,595	844,922	1,241,517
Net assets, end of year	\$ 118,794	1,478,356	1,597,150	266,002	1,295,467	1,561,469

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
Total expenses	\$ 443,999	138,657	106,660	689,316

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statement of Functional Expenses
Year Ended December 31, 2017

		Support Services			Total
		Program services	Management and general	Fundraising	
Salaries	\$	128,906	62,066	47,743	238,715
Employee benefits and payroll taxes		34,512	16,617	12,782	63,911
Information and promotional materials		12,667	6,099	4,692	23,458
Professional services		12,751	6,140	4,723	23,614
In-kind expense - professional services		1,620	780	600	3,000
Supplies		3,414	1,644	1,264	6,322
Occupancy		17,102	8,234	6,334	31,670
In-kind expense - occupancy		8,100	3,900	3,000	15,000
Postage and printing		2,413	1,161	893	4,467
In-kind expense - printing		9,720	4,680	3,600	18,000
Communications expense		2,510	1,209	930	4,649
Travel and conferences		7,791	3,751	2,886	14,428
Insurance		4,448	2,142	1,648	8,238
Other		152	75	58	285
Dues		2,356	1,134	872	4,362
Uncollectible promises to give		38,508	18,541	14,262	71,311
Depreciation		3,491	1,681	1,293	6,465
Fuel assistance and Warming Center		3,806	-	-	3,806
Direct client benefits		52,480	-	-	52,480
In-kind expense - program supplies		46,851	-	-	46,851
Day of Caring		18,490	-	-	18,490
Total expenses	\$	412,088	139,854	107,580	659,522

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 35,681	319,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,281	6,465
Loss on disposal of fixed assets	-	240
(Gain) loss on investments	22,347	(22,120)
(Increase) decrease in:		
Promises to give, less provision for uncollectible promises	(112,733)	(240,766)
Other receivables	(7,950)	(5,112)
Prepaid expenses	-	6,354
Increase (decrease) in:		
Accounts payable	10,607	(2,721)
Amounts held on behalf of others	162,349	84,102
Due to designated agencies	33,467	23,625
Accrued expenses	2,882	(26)
Capital lease	(3,240)	(3,240)
Net cash provided by operating activities	148,691	166,753
Cash flows from investing activities:		
Purchase of property and equipment	-	(5,959)
Sale of investments, net	(2,710)	660
Net cash used in investing activities	(2,710)	(5,299)
Net increase increase in cash	145,981	161,454
Cash and cash equivalents, beginning of year	661,422	499,968
Cash and cash equivalents, end of year	\$ 807,403	661,422
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 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 three 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, 2018 and 2017, \$1,478,356 and \$1,295,467 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.

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 2017, 2016, and 2015 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 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

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 - Contributions received or promises to give without donor-imposed restrictions are reflected as unrestricted support. Contributions received or promises to give with donor-imposed restrictions are reflected as support with temporary 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 unrestricted.

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 amount).

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 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 2018 and 2017, those amounts totaled \$46,994 and \$42,643, 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.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2018 and 2017 amounted to \$5,281 and \$6,465, 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 2017 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, 7.3 % and 7.05% at December 31, 2018 and 2017, respectively, of funds received and distributed to member organizations, for administering the campaign.

New Accounting Pronouncement – On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, efficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The UWKV has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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, 2018 and 2017, 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, 2018 and 2017, the Organization’s uninsured cash balance totaled \$679,881 and \$520,863, respectively. UWKV has not experienced, nor does it anticipate, any losses with respect to such accounts.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

BOARD DESIGNATED CASH

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. The available reserve account balance at December 31, 2018 and 2017 was \$100,000 and is included in unrestricted cash on the statements of financial position.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

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.

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, 2018 and 2017, are summarized below:

Level 1 unrestricted investments 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
Total	\$ 206,050	212,862	6,812

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

Level 1 unrestricted investments at December 31, 2017 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds	\$ 201,621	232,499	30,878
Total	\$ 201,621	232,499	30,878

Investment return is summarized as follows:

	<u>2018</u>	<u>2017</u>
Dividend income	\$ 13,515	9,858
Unrealized gains (loss)	(22,347)	22,120
Total	\$ (8,832)	31,978

AVAILABILITY AND LIQUIDITY

The following represents UWKV's financial assets at December 31, 2018 and 2017:

Financial assets at year-end:	<u>2018</u>	<u>2017</u>
Cash	\$ 807,403	\$ 661,422
Accounts receivable	18,200	10,250
Promises to give	1,152,456	1,039,722
Investments	212,862	232,499
Total financial assets	2,190,921	1,943,893
Less amounts not available to be used within one year:		
Net assets with donor restrictions	1,478,356	1,295,467
Less net assets with temporary restrictions to be met in less than a year	(851,362)	(795,714)
	626,994	499,753

**Financial assets available to meet
general expenditures, allocations, and
other distributions over the next
twelve months** **\$ 1,563,927 \$ 1,444,140**

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, 2018 and 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

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 consist of designations payable to agencies and other United Ways. Amounts raised on behalf of others as of December 31, 2018 and 2017 was \$249,247 and \$215,780, 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, 2018 and 2017.

LEASES

Operating Leases: The Organization leases office space and a postage meter under the terms of operating leases expiring at various dates through December 31, 2019. Rental expense for the years ended December 31, 2018 and 2017 amounted to \$28,468 and \$27,962, respectively. Future minimum payments required under these agreements are as follows:

<u>2019</u>	\$ 10,124
Total	\$ 10,124

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:

2019	\$ 3,240
2020	3,240
<u>2021</u>	<u>3,240</u>
Total	\$ 9,720

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>2018</u>	<u>2017</u>
Special event revenue	\$ 27,494	20,872
Special event direct expenses	(16,850)	(17,162)
Special event revenue, net	\$ 10,644	3,710

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 2018 and 2017 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>2018</u>	<u>2017</u>
Annual campaign	\$ 1,421,923	1,180,328
Community giving	3,484	1,827
Children's Food Security	5,197	-
Heat Helpers	9,329	9,329
Keep Winthrop Warm	-	47,398
Warming Center	-	30,345
Augusta Fire Victims	25,861	25,861
World to Table	31	31
Fresh Start	12,530	348
Totals	\$ 1,478,356	1,295,467

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, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Annual campaign	\$ 914,641	759,448
Community giving	10,343	12,000
Warming Center	30,344	18,411
World to Table	-	2,375
Capital Area New Mainers Project	46,232	24,635
Totals	\$ 1,001,560	816,869

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

OVERHEAD RATIO

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, 2018 and 2017 at 14.73% and 13.11%, 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, 2018 and 2017, totaled \$244,346 and \$244,917, respectively, and total revenues excluding in-kind for the years ended December 31, 2018 and 2017, totaled \$1,659,108 and \$1,867,775, 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 2018 and 2017 totaled \$14,209 and \$14,043 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, 2018 and 2017, total pension expense was \$15,260 and \$12,012, respectively.

SUBSEQUENT EVENTS

Subsequent events were evaluated through October 2, 2019, which is the date the financial statements were available to be issued.
