



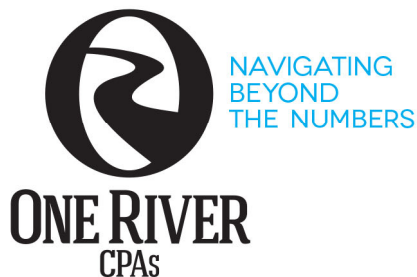
of Kennebec Valley

Financial Statements

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Kennebec Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Kennebec Valley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Kennebec Valley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Kennebec Valley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

One River CPAs

October 14, 2022

UNITED WAY OF KENNEBEC VALLEY
Statements of Financial Position
December 31, 2021 and 2020

	2021			2020 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,255,675	7,948	1,263,623	803,763	438,048	1,241,811
Promises to give:						
2019-2020 campaign, less provision for uncollectible promises to give of \$78,529	-	-	-	85,830	-	85,830
2020-2021 campaign, less provision for uncollectible promises to give of \$116,981	20,307	-	20,307	-	854,824	854,824
2021-2022 campaign, less provision for uncollectible promises to give of \$146,689	-	1,266,307	1,266,307	-	-	-
Other receivables	53,941	-	53,941	49,000	-	49,000
Total current assets	1,329,923	1,274,255	2,604,178	938,593	1,292,872	2,231,465
Property and equipment:						
Furniture, fixtures and equipment	31,931	-	31,931	40,335	-	40,335
Less: accumulated depreciation	(21,930)	-	(21,930)	(31,272)	-	(31,272)
Total property and equipment, net	10,001	-	10,001	9,063	-	9,063
Other assets:						
Investments	354,121	-	354,121	335,465	-	335,465
Security deposits	5,544	-	5,544	2,000	-	2,000
Total other assets	359,665	-	359,665	337,465	-	337,465
Total assets	\$ 1,699,589	1,274,255	2,973,844	1,285,121	1,292,872	2,577,993
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 14,310	-	14,310	18,870	-	18,870
Amounts held on behalf of others	285,070	-	285,070	311,568	-	311,568
Due to designated agencies	196,482	-	196,482	225,208	-	225,208
Accrued expenses	37,917	-	37,917	30,221	-	30,221
Current portion of capital lease	-	-	-	3,057	-	3,057
Total current liabilities	533,779	-	533,779	588,924	-	588,924
Total liabilities	533,779	-	533,779	588,924	-	588,924
Total net assets	1,165,810	1,274,255	2,440,065	696,197	1,292,872	1,989,069
Total liabilities and net assets	\$ 1,699,589	1,274,255	2,973,844	1,285,121	1,292,872	2,577,993

See accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020 (Restated)		
	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	\$ 766,301	7,139	773,440	715,447	40,344	755,791
Campaign applicable to next period:						
Contributions received	-	1,359,669	1,359,669	-	1,379,887	1,379,887
Less donor designations	-	(169,936)	(169,936)	-	(194,069)	(194,069)
Fuel assistance and Warming Center revenue	-	8,231	8,231	-	2,432	2,432
Federal grants	6,334	-	6,334	59,200	-	59,200
Community giving	1,205	-	1,205	2,001	-	2,001
Investment income	25,697	-	25,697	8,431	-	8,431
Administration fee revenue	53,200	-	53,200	59,615	-	59,615
Other revenue	7,752	-	7,752	50,842	-	50,842
Day of Caring revenue	-	-	-	5,060	18,200	23,260
Special events revenue (net of \$12,813 and \$11,855 expenses)	20,725	-	20,725	19,046	-	19,046
Non-cash contributions	37,450	-	37,450	31,000	-	31,000
Net assets released from restrictions:						
Expiration of time restrictions	1,223,720	(1,223,720)	-	1,128,053	(1,128,053)	-
Total revenues, gains, and other support	2,142,384	(18,617)	2,123,767	2,078,695	118,741	2,197,436
Allocations, other distributions and expenses:						
Allocations and other distributions	1,148,388	-	1,148,388	1,198,830	-	1,198,830
Less: allocations and other distributions funded through designations	(169,936)	-	(169,936)	(194,069)	-	(194,069)
Allocations and other distributions, net	978,452	-	978,452	1,004,761	-	1,004,761
Expenses:						
Program services	427,345	-	427,345	567,281	-	567,281
Management and general	170,414	-	170,414	145,766	-	145,766
Fundraising	88,363	-	88,363	112,129	-	112,129
Unallocated payments to affiliates	24,585	-	24,585	20,118	-	20,118
Total expenses	710,707	-	710,707	845,294	-	845,294
Change in net assets from operations	453,225	(18,617)	434,608	228,640	118,741	347,381
Non-operating activities:						
Unrealized gains (losses) on investments	16,388	-	16,388	45,114	-	45,114
Total non-operating activities	16,388	-	16,388	45,114	-	45,114
Change in net assets	469,613	(18,617)	450,996	273,754	118,741	392,495
Net assets, beginning of year	696,197	1,292,872	1,989,069	439,070	1,174,131	1,613,201
Prior period adjustment	-	-	-	(16,627)	-	(16,627)
Net assets, beginning of year restated	696,197	1,292,872	1,989,069	422,443	1,174,131	1,596,574
Net assets, end of year	\$ 1,165,810	1,274,255	2,440,065	696,197	1,292,872	1,989,069

UNITED WAY OF KENNEBEC VALLEY
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>		<u>Support Services</u>		Total
	Community Support	Management and general	Fundraising		
Salaries	\$ 148,443	67,932	35,224		251,599
Employee benefits and payroll taxes	31,538	14,433	7,484		53,455
Information and promotional materials	4,782	2,188	1,135		8,105
Professional services	28,387	12,990	6,736		48,113
In-kind expense - professional services	5,576	2,552	1,323		9,451
Supplies	7,063	3,232	1,676		11,971
Occupancy	22,442	10,270	5,325		38,037
In-kind expense - occupancy	5,900	2,700	1,400		10,000
Postage and printing	2,239	1,024	531		3,794
In-kind expense - printing	10,620	4,860	2,520		18,000
Communications expense	4,655	2,130	1,104		7,889
Travel and conferences	2,129	974	505		3,608
Insurance	2,664	1,219	632		4,515
Other	392	179	93		664
Dues	2,344	1,072	556		3,972
Uncollectible promises to give	89,171	40,807	21,159		151,137
Depreciation	4,046	1,852	960		6,858
Direct client benefits	48,077	-	-		48,077
Day of Caring	6,877	-	-		6,877
Total expenses	\$ 427,345	170,414	88,363		686,122

See accompanying notes to financial statements.

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

	<u>Program Services</u>		<u>Support Services</u>		Total
	Community Support	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
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 450,996	392,495
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,858	5,485
Unrealized gain on investments	(16,388)	(45,114)
(Increase) decrease in:		
Promises to give, less provision for uncollectible promises	(345,960)	106,239
Other receivables	(4,941)	14,955
Security deposits	(3,544)	-
Increase (decrease) in:		
Accounts payable	(4,560)	(3,569)
Amounts held on behalf of others	(26,498)	15,697
Due to designated agencies	(28,726)	(33,125)
Accrued expenses	7,696	1,676
Capital lease	(3,057)	(3,331)
Net cash provided by operating activities	31,876	451,408
Cash flows from investing activities:		
Disposal of property and equipment	-	106
Purchase of property and equipment	(7,796)	-
Purchase of investments	(2,268)	(62,896)
Sale of investments	-	9,885
Net cash used in investing activities	(10,064)	(52,905)
Net increase in cash, cash equivalents, and restricted cash	21,812	398,503
Cash, cash equivalents, and restricted cash, beginning of year	1,241,811	843,308
Cash, cash equivalents, and restricted cash, end of year	\$ 1,263,623	1,241,811
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 - United Way of Kennebec Valley (UWKV/Organization) 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 United Way's visions and include allocations and other distributions to health and human care services agencies. They are also used to fund 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, 2021 and 2020, \$1,274,255 and \$1,292,872 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 2020, 2019, and 2018 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 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, 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, 2021 or 2020.

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 UWKV's campaign revenue for financial reporting purposes and are, therefore, deducted to reflect UWKV's campaign revenue. UWKV has included in campaign revenue amounts raised by other United Ways that were designated by donors to be paid to UWKV. In addition, UWKV 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 2021 and 2020, those amounts totaled \$40,963 and \$46,661, 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. UWKV recognizes an expense and a related liability when amounts are communicated to the agencies in an award letter as an allocation pledge. UWKV 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, 2021 and 2020 amounted to \$6,858 and \$5,485, respectively.

Investments - 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, UWKV is responsible for processing and distributing contributions to MSECCA charities in accordance with employee designations. The funds are held by 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, 7.6% and 8.8% at December 31, 2021 and 2020, respectively, of funds received and distributed to member organizations, for administering the campaign.

Prior Period Adjustments and Reclassifications – A prior period adjustment was recognized to record accrued sick time of \$16,627 at December 31, 2020. Opening net assets were adjusted accordingly.

A prior period adjustment was recognized to adjust amounts due to designated agencies upon further reconciliation of balances at December 31, 2020. Due to designated agencies and receivables were decreased \$78,218 and \$19,352, respectively. Campaign contributions without donor restriction were increased \$59,171.

Certain amounts in the prior year statement of financial position and statement of activities been reclassified to conform to the presentation in the current year.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, 2022. UWKV has not yet implemented this ASU and is in the process of assessing the effect on the organization's financial statements.

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 UWKV's contributor base and their dispersion across different industries. As of December 31, 2021 and 2020, 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, 2021 and 2020, the Board of Directors had designated \$354,121 and \$335,465, 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.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED

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 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 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 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 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 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, 2021 and 2020, are summarized below:

Level 1 investments without donor restrictions at December 31, 2021 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds	\$ 277,786	354,121	76,335
Total	\$ 277,786	354,121	76,335

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

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED

Investment return is summarized as follows:

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 3,136	3,611
Realized/Unrealized gains (loss)	35,680	45,114
Total	\$ 38,816	48,725

Changes in Endowment balances for the year ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment balance, beginning of year	\$ 335,465	237,340
Net investment return, net	38,816	48,725
Contributions	200	49,400
Amounts appropriated for expenditure	(20,360)	-
Endowment balance, end of year	<u>\$ 354,121</u>	<u>335,465</u>

AVAILABILITY AND LIQUIDITY

The following represents UWKV's financial assets at December 31, 2021:

Financial assets at year-end:

	<u>2021</u>
Cash	\$ 1,263,623
Other receivables	53,941
Promises to give	1,286,614
Investments	<u>354,121</u>
Total financial assets	2,958,299
Less amounts not available to be used within one year:	
Net assets with donor restrictions	1,274,255
Amounts held on behalf of others	285,070
Due to designated agencies	196,485
Less net assets with purpose restrictions to be met less than a year	<u>(1,189,733)</u>
	566,077
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,392,222</u>

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

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, 2021 and 2020 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statements of financial position.

DUE TO DESIGNATED AGENCIES/AMOUNTS RAISED ON BEHALF OF OTHERS

UWKV 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, 2021 and 2020 were \$481,552 and \$536,776, 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 on the line of credit at December 31, 2021 and 2020.

LEASES

Operating Leases: The Organization leases office space and equipment under the terms of operating leases expiring at various dates through January 2027. Rental expense for the years ended December 31, 2021 and 2020 amounted to \$34,141 and \$29,672, respectively. Future minimum payments required under the agreements are as follows:

2022	\$ 33,343
2023	34,891
2024	36,519
2025	13,935
2026	981
Thereafter	71
Total	\$ 119,740

The Organization's office space lease was renewed in February 2022 for three years and is included in future minimum payments.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

SPECIAL EVENTS

As part of its fundraising efforts, 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>2021</u>	<u>2020</u>
Special event revenue	\$ 33,538	30,901
Special event direct expenses	(12,813)	(11,855)
<u>Special event revenue, net</u>	<u>\$ 20,725</u>	<u>19,046</u>

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 2021 and 2020 financial statements for the value of office space that is being leased to 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

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

	<u>2021</u>	<u>2020</u>
Annual campaign	\$ 1,189,733	1,185,818
ME Disaster Recovery Fund	5,780	5,778
Community giving	1,247	1,842
Children's Food Security	-	-
Fuel Assistance	11,178	11,762
KeepMe Warm Program	7,663	-
Day of Caring	16,700	18,201
COVID	15,382	40,339
Augusta Fire Victims	9,143	12,908
Fresh Start	17,429	16,224
<u>Totals</u>	<u>\$ 1,274,255</u>	<u>1,292,872</u>

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

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 and time specified by the donors for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Annual campaign	\$ 1,185,818	1,096,867
Community giving	95	4,788
Children's Food Security	-	7,802
KeepMe Warm Program	3,000	-
Day of Caring	5,000	-
COVID	24,958	-
Augusta Fire Victims	3,765	12,953
Fresh Start	-	5,643
<u>Totals</u>	<u>\$ 1,222,636</u>	<u>1,128,053</u>

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, 2021 and 2020 board reserve fund balance was \$87,457 and \$24,334, respectively.

OVERHEAD RATIO

In accordance with the *Functional Expense and Overhead Reporting Standards for United Ways effective July 1, 2004* and revised in 2011, UWKV has calculated its Overhead Ratio for the years ended December 31, 2021 and 2020 at 12.59% and 11.93%, 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, 2021 and 2020, totaled \$266,110 and \$263,753, respectively, and total revenues excluding in-kind for the years ended December 31, 2021 and 2020, totaled \$2,077,502 and \$2,211,550, respectively.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

PAYMENTS TO AFFILIATES/DUES

In accordance with UWKV's agreement with United Way Worldwide, a portion of the unrestricted support from the public is remitted to the National organization as Dues. Dues paid to National during 2021 and 2020 totaled \$24,585 and \$20,118, 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, 2021 and 2020, total pension expense was \$12,962 and \$15,291, respectively.

SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the financial statements were available to be issued.