



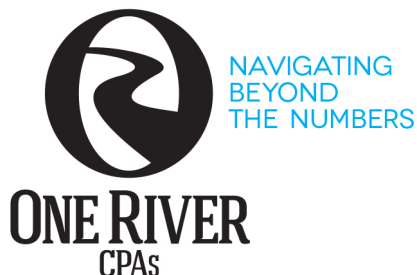
**United Way
of Kennebec Valley**

Financial Statements

Years Ended December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 Auditors' 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.

Responsibilities of Management 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.

Auditors' 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

Augusta, Maine
September 13, 2024

UNITED WAY OF KENNEBEC VALLEY
Statements of Financial Position
December 31, 2023 and 2022

	2023			2022 Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 964,992	116,320	1,081,312	1,244,370	243,107	1,487,477
Promises to give:						
2021-2022 campaign, less provision for uncollectible promises to give of \$98,362	-	-	-	94,723	-	94,723
2022-2023 campaign, less provision for uncollectible promises to give of \$118,489 and \$71,962 for 2023 and 2022, respectively	109,079	-	109,079	-	1,020,960	1,020,960
2023-2024 campaign, less provision for uncollectible promises to give of \$67,520	-	924,567	924,567	-	-	-
Other receivables	79,277	-	79,277	83,966	-	83,966
Investments - certificates of deposit	462,982	-	462,982	-	-	-
Total current assets	1,616,330	1,040,887	2,657,217	1,423,059	1,264,067	2,687,126
Property and equipment:						
Furniture, fixtures and equipment	53,451	-	53,451	49,501	-	49,501
Less: accumulated depreciation	(34,256)	-	(34,256)	(27,134)	-	(27,134)
Total property and equipment, net	19,195	-	19,195	22,367	-	22,367
Other assets:						
Investments	439,391	-	439,391	374,162	-	374,162
Security deposits	5,576	-	5,576	4,960	-	4,960
Right of use asset - operating leases	148,889	-	148,889	186,064	-	186,064
Total other assets	593,856	-	593,856	565,186	-	565,186
Total assets	\$ 2,229,381	1,040,887	3,270,268	2,010,612	1,264,067	3,274,679
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 17,584	-	17,584	20,732	-	20,732
Amounts held on behalf of others	203,151	-	203,151	238,323	-	238,323
Due to designated agencies	498,851	-	498,851	209,116	-	209,116
Accrued expenses	61,699	-	61,699	48,599	-	48,599
Current portion of lease liabilities - operating	39,207	-	39,207	37,579	-	37,579
Total current liabilities	820,492	-	820,492	554,349	-	554,349
Long-term liabilities:						
Lease liabilities, net of current portion - operating	115,647	-	115,647	151,291	-	151,291
Total long-term liabilities	115,647	-	115,647	151,291	-	151,291
Total liabilities	936,139	-	936,139	705,640	-	705,640
Total net assets	1,293,242	1,040,887	2,334,129	1,304,972	1,264,067	2,569,039
Total liabilities and net assets	\$ 2,229,381	1,040,887	3,270,268	2,010,612	1,264,067	3,274,679

See independent auditors' report and accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022 Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Revenues and other support:						
Campaign applicable to current period:						
Contributions received	\$ 376,408	-	376,408	216,717	-	216,717
Campaign applicable to next period:						
Contributions received	-	973,536	973,536	-	1,157,481	1,157,481
Fuel assistance and Warming Center revenue	-	12,456	12,456	-	19,313	19,313
Federal grants	8,202	-	8,202	4,896	-	4,896
Private grants	9,000	-	9,000	-	10,000	10,000
Community giving	-	7,888	7,888	6,000	13,634	19,634
Investment income	50,201	-	50,201	14,763	-	14,763
Administration fee revenue	63,368	-	63,368	56,350	-	56,350
Other revenue	718	63	781	2,157	5	2,162
Day of Caring revenue	37,917	1,764	39,681	8,344	12,475	20,819
Special events revenue (net of \$20,080 and \$13,137 expenses)	49,497	-	49,497	27,158	-	27,158
Contributions of non-financial assets	46,456	-	46,456	25,625	-	25,625
Net assets released from restrictions:						
Expiration of time and purpose restrictions	1,218,887	(1,218,887)	-	1,358,819	(1,358,819)	-
Total revenues and other support	1,860,654	(223,180)	1,637,474	1,720,829	(145,911)	1,574,918
Allocations, other distributions and expenses:						
Allocations and other distributions	1,081,720	-	1,081,720	855,001	-	855,001
Total allocations and other distributions	1,081,720	-	1,081,720	855,001	-	855,001
Expenses:						
Program services	523,641	-	523,641	395,056	-	395,056
Management and general	192,373	-	192,373	142,934	-	142,934
Fundraising	103,586	-	103,586	76,965	-	76,965
Unallocated payments to affiliates	17,832	-	17,832	15,024	-	15,024
Total expenses	837,432	-	837,432	629,979	-	629,979
Change in net assets from operations	(58,498)	(223,180)	(281,678)	235,849	(145,911)	89,938
Non-operating activities:						
Gains (losses) on investments	46,768	-	46,768	(71,334)	-	(71,334)
Total non-operating activities	46,768	-	46,768	(71,334)	-	(71,334)
Change in net assets	(11,730)	(223,180)	(234,910)	164,515	(145,911)	18,604
Net assets, beginning of year	1,304,972	1,264,067	2,569,039	1,104,518	1,283,160	2,387,678
Prior period adjustment	-	-	-	35,939	126,818	162,757
Net assets, beginning of year restated	1,304,972	1,264,067	2,569,039	1,140,457	1,409,978	2,550,435
Net assets, end of year	\$ 1,293,242	1,040,887	2,334,129	1,304,972	1,264,067	2,569,039

See independent auditors' report and accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statement of Functional Expenses
Year Ended December 31, 2023

	<u>Program Services</u>		<u>Support Services</u>		Total
	Community Support	Management and General	Fundraising		
Salaries	\$ 250,988	108,761	58,564		418,313
Employee benefits and payroll taxes	49,593	21,490	11,572		82,655
Information and promotional materials	8,549	3,705	1,995		14,249
Professional services	41,136	17,826	9,598		68,560
In-kind expense - professional services	12,354	5,353	2,883		20,590
Supplies	6,916	2,997	1,614		11,527
In-kind expense - supplies	4,659	2,019	1,087		7,765
Occupancy	25,959	11,249	6,057		43,265
Postage and printing	1,930	836	450		3,216
In-kind expense - printing	10,860	4,706	2,534		18,100
Communications expense	5,005	2,169	1,168		8,342
Travel and conferences	7,513	3,255	1,753		12,521
Insurance	4,495	1,948	1,049		7,492
Other	5,146	2,231	1,201		8,578
Dues	4,560	1,976	1,064		7,600
Depreciation	4,273	1,852	997		7,122
Direct client benefits	41,813	-	-		41,813
Day of Caring	37,892	-	-		37,892
Total expenses	\$ 523,641	192,373	103,586		819,600

See independent auditors' report and accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Program Services</u>		<u>Support Services</u>		Total
	Community Support	Management and General	Fundraising		
Salaries	\$ 183,138	79,360	42,732		305,230
Employee benefits and payroll taxes	27,553	11,940	6,429		45,922
Information and promotional materials	10,794	4,678	2,519		17,991
Professional services	32,161	13,937	7,504		53,602
In-kind expense - professional services	4,574	1,983	1,068		7,625
Supplies	8,877	3,846	2,071		14,794
Occupancy	23,295	10,095	5,436		38,826
Postage and printing	2,086	904	487		3,477
In-kind expense - printing	10,800	4,680	2,520		18,000
Communications expense	4,426	1,918	1,033		7,377
Travel and conferences	3,856	1,671	900		6,427
Insurance	4,263	1,848	995		7,106
Other	8,351	3,619	1,949		13,919
Dues	2,544	1,102	593		4,239
Depreciation	3,122	1,353	729		5,204
Direct client benefits	42,049	-	-		42,049
Day of Caring	23,167	-	-		23,167
Total expenses	\$ 395,056	142,934	76,965		614,955

See independent auditors' report and accompanying notes to financial statements.

UNITED WAY OF KENNEBEC VALLEY
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022 Restated
Cash flows from operating activities:		
Change in net assets	\$ (234,910)	18,604
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,122	5,204
(Gain) loss on investments	(56,368)	71,334
(Increase) decrease in:		
Promises to give, less provision for uncollectible promises	82,037	267,423
Other receivables	4,689	(30,025)
Security deposits	(616)	584
Right of use asset - operating leases	37,175	(186,064)
Increase (decrease) in:		
Accounts payable	(3,148)	6,422
Amounts held on behalf of others	(35,172)	(46,747)
Due to designated agencies	289,735	26,512
Accrued expenses	13,100	10,682
Lease liabilities - operating	(34,016)	188,870
Net cash provided by operating activities	69,628	332,799
Cash flows from investing activities:		
Purchase of property and equipment	(3,950)	(17,570)
Purchase of investments	(602,445)	(91,375)
Sale of investments	130,602	-
Net cash used in investing activities	(475,793)	(108,945)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(406,165)	223,854
Cash, cash equivalents, and restricted cash, beginning of year	1,487,477	1,263,623
Cash, cash equivalents, and restricted cash, end of year	\$ 1,081,312	1,487,477
Supplemental information:		
Lease assets obtained in exchange for lease obligations - operating	\$ -	166,322
Cash paid for interest	-	-
Cash paid for income taxes	-	-

See independent auditors' report and 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 – In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), 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, 2023 and 2022, \$1,040,887 and \$1,264,067 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 2022, 2021, and 2020 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, 2023 or 2022.

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 2023 and 2022, those amounts totaled \$30,400 and \$37,891, 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, 2023 and 2022 amounted to \$7,122 and \$5,204, respectively.

Leases - UWKV elects to use the risk-free discount rate for discounting leases when the implicit rate in a lease is not readily determinable.

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. Short-term investments are certificates of deposits with maturities less than twelve months.

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, 12.5% and 8.6% at December 31, 2023 and 2022, respectively, of funds received and distributed to member organizations, for administering the campaign.

Prior Period Adjustments and Reclassifications - Prior period adjustments were made to correct campaign revenue based on the timing of the Organization's notification of MSECCA campaign contributions, as well as to reduce amounts due to designated agencies for admin fees earned. These adjustments resulted in the following changes as of December 31, 2022: assets increased by \$81,088, opening net assets increased by \$162,757, liabilities decreased by \$46,486, and revenues decreased by \$35,183.

Certain amounts in the prior year statement of activities have been reclassified to confirm to the presentation in the current year.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

CONCENTRATIONS OF CREDIT RISK, CONTINUED

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, 2023, and 2022, 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, 2023, and 2022, the Board of Directors had designated \$332,304 and \$292,150, respectively, of net assets without donor restrictions in a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

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

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

The FASB defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in 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.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED

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).

Certificates of deposit: Valued at amortized cost, which approximates fair value.

Investments measured at fair value at December 31, 2023 and 2022, are summarized below:

Level 1 investments without donor restrictions at December 31, 2023 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Cash	\$ 22,087	22,087	-
Certificate of deposit	547,987	547,982	(5)
Mutual funds	300,653	332,304	31,651
Total	\$ 870,727	902,373	31,646

Level 1 investments without donor restrictions at December 31, 2022 are composed of the following:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain/(Loss)</u>
Certificate of deposit	\$ 82,017	82,012	(5)
Mutual funds	292,541	292,150	(391)
Total	\$ 374,558	374,162	(396)

Investment return is summarized as follows:

	<u>2023</u>	<u>2022</u>
Dividend and interest income	\$ 50,201	14,763
Realized/unrealized gains (loss)	46,768	(71,334)
Total	\$ 96,969	(56,571)

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

INVESTMENTS AND FAIR VALUE MEASUREMENTS/ENDOWMENT FUNDS, CONTINUED

Changes in Board-designated Endowment balances for the year ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Endowment balance, beginning of year	\$ 292,150	354,121
Net investment return, net	53,398	(66,971)
Contributions	-	5,000
<u>Amounts appropriated for expenditure</u>	<u>(13,244)</u>	<u>-</u>
<u>Endowment balance, end of year</u>	<u>\$ 332,304</u>	<u>292,150</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, 2023 and 2022 the board reserve fund balance was \$107,087 and \$82,012, respectively.

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, 2023 and 2022 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, 2023 and 2022 were \$702,002 and \$447,439, 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, 2023 and 2022.

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

AVAILABILITY AND LIQUIDITY

The following represents UWKV's financial assets at December 31, 2023:

Financial assets at year-end:

		<u>2023</u>
Cash and cash equivalents	\$	1,081,312
Other receivables		79,277
Promises to give		1,033,646
<u>Investments</u>		<u>902,373</u>
Total financial assets		3,096,608

Less amounts not available to be used within one year:

Net assets with donor restrictions		1,040,887
Amounts held on behalf of others		203,151
Due to designated agencies		498,851
Less net assets with purpose restrictions		
<u>to be met less than a year</u>		<u>(973,536)</u>
		769,353

<u>Total</u>	\$	<u>2,327,255</u>
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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>2023</u>	<u>2022</u>
Special event revenue	\$	69,577	40,295
<u>Special event direct expenses</u>		<u>(20,080)</u>	<u>(13,137)</u>
<u>Special event revenue, net</u>	\$	<u>49,497</u>	<u>27,158</u>

UNITED WAY OF KENNEBEC VALLEY
Notes to Financial Statements, Continued

LEASES

The Organization leases office space and equipment under operating leases with remaining lease terms of 1 to 6 years. Terms include options to extend that the Organization is reasonably certain to extend.

The maturities of lease liabilities as of December 31, 2023 were as follows:

Year ending December 31:	<u>Operating</u>
2024	\$ 39,207
2025	37,916
2026	39,469
2027	39,588
Thereafter	<u>13,392</u>
Total lease payments	169,572
Less: interest	<u>(14,718)</u>
<u>Present value of lease liabilities \$</u>	<u>154,854</u>

The following summarizes the weighted average remaining lease term and discount rate on operating leases as of December 31 2023:

Weighted Average Remaining Lease Term	5.2 years
Weighted Average Discount Rate	3.01%

NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Time:		
Annual campaign	\$ 973,536	1,157,481
Purpose:		
Fresh Start	27,578	19,691
KeepME Warm Program	11,768	19,312
Augusta Fire Victims	9,143	9,143
Gardiner Fire Victims	8,423	11,372
ME Disaster Recovery Fund	5,850	5,786
Day of Caring	1,764	12,475
Fuel Assistance	1,578	2,178
Community Giving	1,247	1,247
COVID	-	15,382
Technology	-	10,000
Totals	\$ 1,040,887	1,264,067

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, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Annual campaign	\$ 1,157,481	1,325,456
KeepME Warm Program	20,000	7,663
COVID	15,382	-
Day of Caring	12,475	16,700
Technology	10,000	-
Gardiner Fire Victims	2,949	-
Fuel Assistance	600	9,000
Totals	\$ 1,218,887	1,358,819

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 2023 and 2022 totaled \$17,832 and \$15,024, respectively, and are considered separate supporting services and are reflected in the statements of activities as *unallocated payments to affiliates*.

CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Organization received the following contributions of non-financial assets during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 20,590	7,625
Printing	18,100	18,000
Backpacks	4,296	-
Food for events	3,470	-
Totals	\$ 46,456	25,625

UWKV's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization or in fundraising. In-kind contributions were measured at estimated fair market value and were utilized in community support, management and general, and fundraising.

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.

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 and revised in 2011, UWKV has calculated its Overhead Ratio for the years ended December 31, 2023 and 2022 at 18.02% and 15.20%, 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, 2023 and 2022, totaled \$277,377 and \$209,648, respectively, and total revenues excluding in-kind for the years ended December 31, 2023 and 2022, totaled \$1,637,786 and \$1,477,959, respectively.

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, 2023 and 2022, total pension expense was \$23,521 and \$11,558, respectively.

SUBSEQUENT EVENTS

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