

Financial Statements



December 31, 2019

Contents

United Way of York County, Inc.

December 31, 2019

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Independent Auditors' Report

**To the Board of Directors
United Way of York County, Inc.
Kennebunk, Maine**

We have audited the accompanying financial statements of the United Way of York County, Inc. (a non-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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.

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 the United Way of York County, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Purdy Powers & Company

Professional Association

**Portland, Maine
June 26, 2020**

Statements of Financial Position

United Way of York County, Inc.

As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 609,588	\$ 495,864
Short-term investments	30,930	-
Other receivables	13,156	15,997
Pledges receivable, current portion, less allowance for doubtful accounts of \$112,429 and \$80,647, respectively	817,993	991,220
Prepaid expenses	6,023	5,130
Total Current Assets	<u>1,477,690</u>	<u>1,508,211</u>
Property and Equipment , net of accumulated depreciation	1,200	4,123
Other Assets		
Pledges receivable, non-current portion, less allowance for doubtful accounts of \$15,909 and \$11,911, respectively	115,753	146,400
Beneficial interest in perpetual trusts	319,286	270,539
Assets restricted for endowment	48,487	40,130
Total Other Assets	<u>483,526</u>	<u>457,069</u>
Total Assets	<u>\$ 1,962,416</u>	<u>\$ 1,969,403</u>
Current Liabilities		
Accounts payable	\$ 4,407	\$ 8,808
Accrued expenses	23,395	20,472
Designations payable	67,948	59,337
Program investments payable	640,366	595,000
Total Current Liabilities	<u>736,116</u>	<u>683,617</u>
Net Assets		
Without donor restrictions	798,081	930,257
With donor restrictions	428,219	355,529
Total Net Assets	<u>1,226,300</u>	<u>1,285,786</u>
Total Liabilities and Net Assets	<u>\$ 1,962,416</u>	<u>\$ 1,969,403</u>

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

Statement of Activities

United Way of York County, Inc.

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Campaign results:			
Local campaign	\$ 1,277,623	\$ -	\$ 1,277,623
Estimated uncollectible pledges	(98,829)	-	(98,829)
Donor designated	(121,352)	-	(121,352)
Total campaign results	1,057,442	-	1,057,442
Other campaign	27,000	-	27,000
Investment income	9,091	-	9,091
Trust income	13,765	-	13,765
Donations	928	-	928
Corporate sponsorships	21,500	7,000	28,500
Grant income	-	99,156	99,156
Grant administration reimbursement	4,705	-	4,705
In-kind revenue	43,437	687	44,124
Miscellaneous income	100	-	100
Net assets released from restrictions	82,899	(82,899)	-
Total Revenues and Other Support	1,260,867	23,944	1,284,811
Expenses			
Program services	1,067,240	-	1,067,240
Management and general	119,639	-	119,639
Fundraising	209,861	-	209,861
Total Expenses	1,396,740	-	1,396,740
Revenues Over (Under) Expenses	(135,873)	23,944	(111,929)
Change in value of beneficial interest in a perpetual trust and endowments	-	48,746	48,746
Realized and unrealized investment gain	3,697	-	3,697
	3,697	48,746	52,443
Increase (Decrease) in Net Assets	(132,176)	72,690	(59,486)
Net assets at beginning of year	930,257	355,529	1,285,786
Net Assets at End of Year	<u>\$ 798,081</u>	<u>\$ 428,219</u>	<u>\$ 1,226,300</u>

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

Statement of Activities

United Way of York County, Inc.

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Campaign results:			
Local campaign	\$ 1,287,285	\$ -	\$ 1,287,285
Estimated uncollectible pledges	(22,058)	-	(22,058)
Donor designated	<u>(139,061)</u>	<u>-</u>	<u>(139,061)</u>
Total campaign results	1,126,166	-	1,126,166
Other campaign	31,471	-	31,471
Investment income	5,190	-	5,190
Trust income	12,696	-	12,696
Donations	2,350	5,400	7,750
Corporate sponsorships	16,500	12,000	28,500
Grant income	2,135	94,539	96,674
Grant administration reimbursement	4,067	-	4,067
In-kind revenue	1,000	33,061	34,061
Miscellaneous income	1,808	-	1,808
Net assets released from restrictions	<u>114,373</u>	<u>(114,373)</u>	<u>-</u>
Total Revenues and Other Support	1,317,756	30,627	1,348,383
Expenses			
Program services	1,044,485	-	1,044,485
Management and general	85,987	-	85,987
Fundraising	<u>218,630</u>	<u>-</u>	<u>218,630</u>
Total Expenses	<u>1,349,102</u>	<u>-</u>	<u>1,349,102</u>
Revenues Over (Under) Expenses	(31,346)	30,627	(719)
Change in value of beneficial interest in perpetual trusts and endowment	-	(28,250)	(28,250)
Realized and unrealized investment loss	<u>(3,348)</u>	<u>-</u>	<u>(3,348)</u>
	(3,348)	(28,250)	(31,598)
Increase (Decrease) in Net Assets	(34,694)	2,377	(32,317)
Net assets at beginning of year	<u>964,951</u>	<u>353,152</u>	<u>1,318,103</u>
Net Assets at End of Year	<u>\$ 930,257</u>	<u>\$ 355,529</u>	<u>\$ 1,285,786</u>

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

Statement of Functional Expenses

United Way of York County, Inc.

For the Year Ended December 31, 2019

	Program Services			Total	Supporting Services		
	Program Investments and Grant Funded Programs	Volunteer Center	Community Impact		Management and General	Fundraising	Total
Personnel expenses:							
Salaries	\$ -	\$ 91,853	\$ 104,624	\$ 196,477	\$ 45,682	\$ 110,578	\$ 352,737
Payroll taxes and benefits	-	16,720	24,809	41,529	8,918	22,567	73,014
Total personnel expenses	-	108,573	129,433	238,006	54,600	133,145	425,751
Community investment expenses	736,516	-	-	736,516	-	-	736,516
Office and photocopy	-	1,916	2,648	4,564	1,107	2,953	8,624
Postage	-	453	626	1,079	82	655	1,816
Marketing and communication	-	-	2,038	2,038	-	3,865	5,903
Travel	-	99	2,123	2,222	225	2,313	4,760
Publications and periodicals	-	-	-	-	83	-	83
Memberships	-	-	-	-	3,387	-	3,387
UWW dues	-	2,536	3,505	6,041	4,264	3,666	13,971
Staff and volunteer development	-	-	346	346	489	762	1,597
Contracted services	-	-	-	-	33,460	-	33,460
Special events	-	-	-	-	181	562	743
Campaign materials and expenses	-	-	-	-	-	16,486	16,486
Campaign associates program	-	-	-	-	-	16,752	16,752
Third party processing fees	-	-	-	-	-	9,102	9,102
Professional fees	-	-	-	-	11,600	-	11,600
In-kind expenses	39,124	-	5,000	44,124	-	-	44,124
Miscellaneous and interest	-	38	109	147	2,034	33	2,214
Rent	-	5,491	7,589	13,080	3,886	7,938	24,904
Cleaning and maintenance	-	706	976	1,682	286	1,021	2,989
Telephone	-	668	921	1,589	474	964	3,027
Utilities	-	900	1,244	2,144	491	1,301	3,936
New equipment and repairs	-	54	75	129	24	79	232
Technology contracts	-	4,192	5,012	9,204	1,715	5,637	16,556
Commercial insurance	-	1,173	1,621	2,794	795	1,695	5,284
Expenses before depreciation	775,640	126,799	163,266	1,065,705	119,183	208,929	1,393,817
Depreciation	-	644	891	1,535	456	932	2,923
Total Expenses	\$ 775,640	\$ 127,443	\$ 164,157	\$ 1,067,240	\$ 119,639	\$ 209,861	\$ 1,396,740

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

Statement of Functional Expenses

United Way of York County, Inc.

For the Year Ended December 31, 2018

	Program Services			Total	Supporting Services		Total
	Program Investments and Grant Funded Programs	Volunteer Center	Community Impact		Management and General	Fundraising	
Personnel expenses:							
Salaries	\$ 34,743	\$ 62,421	\$ 133,565	\$ 230,729	\$ 59,679	\$ 108,485	\$ 398,893
Payroll taxes and benefits	-	18,661	33,619	52,280	6,820	31,169	90,269
Total personnel expenses	34,743	81,082	167,184	283,009	66,499	139,654	489,162
Community investment expenses	660,835	-	-	660,835	-	-	660,835
Office and photocopy	-	2,158	3,648	5,806	389	3,937	10,132
Postage	-	480	768	1,248	191	2,062	3,501
Marketing and communication	-	2,687	4,980	7,667	149	6,803	14,619
Travel	-	1,117	2,602	3,719	413	1,390	5,522
Publications and periodicals	-	-	-	-	587	-	587
Memberships	-	600	100	700	2,104	75	2,879
UWW dues	-	2,685	5,029	7,714	474	5,220	13,408
Staff and volunteer development	-	110	434	544	1,709	847	3,100
Special events	-	-	1,018	1,018	-	850	1,868
Campaign materials and expenses	-	-	-	-	-	10,472	10,472
Campaign associates program	-	-	-	-	-	9,871	9,871
Third party processing fees	-	-	-	-	-	13,546	13,546
Professional fees	-	-	-	-	11,040	-	11,040
In-kind expenses	34,061	-	-	34,061	-	-	34,061
Miscellaneous and interest	-	-	-	-	89	-	89
Rent	-	5,003	9,318	14,321	891	9,691	24,903
Cleaning and maintenance	-	636	1,292	1,928	112	1,277	3,317
Telephone	-	607	1,130	1,737	109	1,175	3,021
Utilities	-	850	1,584	2,434	165	1,630	4,229
Technology contracts	-	3,740	5,562	9,302	425	4,407	14,134
Commercial insurance	-	1,024	1,919	2,943	220	2,000	5,163
Expenses before depreciation	729,639	102,779	206,568	1,038,986	85,566	214,907	1,339,459
Depreciation	-	1,918	3,581	5,499	421	3,723	9,643
Total Expenses	\$ 729,639	\$ 104,697	\$ 210,149	\$ 1,044,485	\$ 85,987	\$ 218,630	\$ 1,349,102

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

Statements of Cash Flows

United Way of York County, Inc.

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Decrease in net assets	\$ (59,486)	\$ (32,317)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,923	9,643
Change in value of beneficial interest in perpetual trusts	(48,746)	28,250
Realized and unrealized (gain) loss on investments	3,697	(504)
Noncash contributions	(36,065)	(35,694)
Change in allowance for doubtful accounts	35,780	(18,309)
(Increase) Decrease in operating assets:		
Pledges receivable	168,094	15,386
Other receivable	2,841	(3,789)
Prepaid expenses	(893)	592
Increase (Decrease) in operating liabilities:		
Accounts payable	(4,401)	(4,042)
Accrued expenses	2,923	(2,171)
Designations payable	8,611	9,823
Program investments payable	45,366	(76,000)
Net Cash Provided (Used) by Operating Activities	<u>120,644</u>	<u>(109,132)</u>
Investing Activities		
Proceeds from investment sales	5,051	37,904
Purchases of investments	(11,971)	-
Net Cash Provided (Used) by Investing Activities	<u>(6,920)</u>	<u>37,904</u>
Financing Activities		
Repayment of long-term debt	-	(3,105)
Net Cash Used by Financing Activities	<u>-</u>	<u>(3,105)</u>
Net Increase (Decrease) in Cash	113,724	(74,333)
Cash at beginning of year	<u>495,864</u>	<u>570,197</u>
Cash at End of Year	<u>\$ 609,588</u>	<u>\$ 495,864</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 15</u>	<u>\$ 90</u>

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

Notes to Financial Statements

United Way of York County, Inc.

Note A - Summary of Significant Accounting Policies

Nature of Activities

United Way of York County, Inc. (the “Organization”) is a non-profit corporation founded in 1986 exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The mission of the United Way of York County, Inc. is to improve lives by mobilizing people and resources. The Organization is supported primarily through donations from individuals and businesses in the York County community solicited through yearly campaigns and is governed by a volunteer board of directors. Approximately 82% and 84% of the Organization’s support for the years ended December 31, 2019 and 2018, respectively, came from campaign donations. The Organization also makes applications for grant funding from governmental agencies and private foundations.

Basis of Presentation

The accompanying financial statements include statements of financial position, statements of activities, statements of functional expenses, and statements of cash flows. 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 - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Organization’s governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Revenue and Expense Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note A - Summary of Significant Accounting Policies - Continued

Revenue and Expense Recognition - Continued

Expenses are recognized as incurred. Expense amounts are allocated among the various programs and supporting services both directly and in accordance with a cost allocation basis.

Donated Services and Materials

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which typically would be purchased if not provided by donation. Donated materials are recorded at the fair value at the date of the gift. Various skilled labor and materials are donated to the Organization. The value of those services and materials was \$44,124 and \$34,061 for the years ended December 31, 2019 and 2018, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash with local banks, and at times, balances may exceed the Federal Deposit Insurance Corporation limit of \$250,000 per depositor. At December 31, 2019, the Organization's uninsured and uncollateralized cash balances totaled \$126,887. The Organization has not experienced any losses in such accounts.

Grants and Accounts Receivable

Other receivables consist of grants receivable from the State of Maine and other organizations and charges for services from other organizations. The Organization expects to collect these amounts in full; therefore, no allowance for doubtful accounts has been established for other receivables as of December 31, 2019 and 2018.

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note A - Summary of Significant Accounting Policies - Continued

Pledges Receivable

Pledges are recorded in the financial statements upon receipt of pledge information from the campaigns. The Organization honors designations made to other organizations. Pledges are recorded at their net realizable value; this is achieved by creating allowances for estimated uncollectible pledges and for estimated expenses incurred by others. Pledges not expected to be collected within one year are reported as non-current in the statement of financial position.

The Organization uses the allowance method to determine uncollectible pledges receivable. An allowance for doubtful accounts is booked in the initial campaign year based upon management estimates of current economic factors applied to gross campaign, excluding donor designations. This allowance is revisited and recalculated as deemed necessary by management as of December 31 of the collection year based on receipts through the collection year and the first quarter of the following year.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets, in the accompanying statement of activities.

Property and Equipment

Acquisitions of buildings and equipment are presented as assets of the Organization. Fixed assets acquired with unrestricted resources of the Organization are capitalized at cost; assets donated to the Organization are capitalized at fair market value. Assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from 3 to 8 years.

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Depreciation expense for the years ended December 31, 2019 and 2018 was \$2,923 and \$9,643, respectively.

Deferred Revenue

Resources received in exchange transactions are recognized as deferred revenue to the extent that the earnings process has not been completed. These resources are recorded as revenue without donor restrictions when the related obligations have been satisfied.

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note A - Summary of Significant Accounting Policies - Continued

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Those expenses include salaries, payroll taxes and benefits, rent, cleaning and maintenance, postage, and marketing and communication. Salaries and payroll taxes and benefits are allocated based on estimates of time and effort, certain costs of rent, cleaning and maintenance, postage, marketing and communication and other office and utility expenses are based on management's estimate of the appropriate allocations for each expense.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$5,903 and \$14,619 for the years ended December 31, 2019 and 2018, respectively.

New Accounting Pronouncements

On January 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which creates a single, principle-based model for recognizing contract revenue and related incremental expenses. The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Under the modified retrospective transition method, a cumulative effect adjustment is recorded to the opening balance of net assets for the initial application of the new guidance as of January 1, the date of initial application. Management has determined that there were no adjustments to the financial statements resulting from adoption.

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional, and thus the timing of revenue recognition.

The Organization has evaluated its revenue streams to determine the applicability of ASC 606, and has determined that none of its income is subject to the new revenue standard.

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note A - Summary of Significant Accounting Policies - Continued

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases (Topic 842)*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the balance sheet of the Organization for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Note B - Certificates of Deposit

The cash and cash equivalents as of December 31, 2019 and 2018 include certificates of deposit with values of \$161,725 and \$159,010, respectively. The certificates of deposit held at December 31, 2019 have maturity dates ranging from July 2020 to December 2024. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note C - Pledges Receivable

Pledges receivable are as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 930,422	\$ 1,071,867
Less allowance for doubtful accounts, current portion	<u>(112,429)</u>	<u>(80,647)</u>
Pledges receivable, current portion	<u>817,993</u>	<u>991,220</u>
Receivable in more than one year	131,662	158,311
Less allowance for doubtful accounts, long-term portion	<u>(15,909)</u>	<u>(11,911)</u>
Pledges receivable, long-term portion	<u>115,753</u>	<u>146,400</u>
Total pledges receivable, net of allowance	<u>\$ 933,746</u>	<u>\$ 1,137,620</u>

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note D - Investments and Beneficial Interest in Assets Held by Others

Investments and beneficial interest in assets held by others consist of mutual funds, stocks, bonds and other assets and are stated at fair value as of December 31:

	<u>2019</u>	<u>2018</u>
Mutual funds - balanced fund	\$ 48,487	\$ 40,130
Equities	30,930	-
Beneficial interests in assets held by others	<u>319,286</u>	<u>270,539</u>
	<u>\$ 398,703</u>	<u>\$ 310,669</u>

Investment returns from these investments for the years ended December 31 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 9,091	\$ 5,190
Net realized and unrealized gain (loss) on investments	52,443	(31,598)
Trust income	<u>13,765</u>	<u>12,696</u>
	<u>\$ 75,299</u>	<u>\$ (13,712)</u>

Investments and beneficial interest in assets held by others are reported as:

	<u>2019</u>	<u>2018</u>
Short term investments	\$ 30,930	\$ -
Beneficial interest in assets held by others	319,286	270,539
Assets restricted for endowment	<u>48,487</u>	<u>40,130</u>
	<u>\$ 398,703</u>	<u>\$ 310,669</u>

Note E - Fair Value Measurements

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note E - Fair Value Measurements - Continued

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - balanced fund	\$ 48,487	\$ -	\$ -	\$ 48,487
Equities	30,930	-	-	30,930
Beneficial interests in assets held by others	-	319,286	-	319,286
Total investments	<u>\$ 79,417</u>	<u>\$ 319,286</u>	<u>\$ -</u>	<u>\$ 398,703</u>

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - balanced fund	\$ 40,130	\$ -	\$ -	40,130
Beneficial interests in assets held by others	-	270,539	-	270,539
Total investments	<u>\$ 40,130</u>	<u>\$ 270,539</u>	<u>\$ -</u>	<u>\$ 310,669</u>

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note F - Endowment Fund

The Organization has endowment funds established for a number of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are recorded at fair value and the principal is recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted a formal investment policy. No single security shall comprise, at time of purchase, more than 5% of the fund's balance. No single industry shall exceed 20% of the fund's market value. The investment manager shall have discretion to allocate the fund's assets within the following ranges: Stocks – 50% to 80%; Bonds – 10% to 50%; and Cash – 0% to 20%. Currently, the endowment is invested with a mutual fund company and the Board of Directors evaluates the fund's performance annually and then determines if any changes need to be made.

The Organization has adopted a formal spending policy, in which no more than 4% of the value in these funds shall be available for spending in support of the Organization as long as it does not invade the principal. The investment value shall be calculated on a rolling three-year average based on December 31 values. Deviation from this policy must have board approval. Currently, all earnings and losses on the donor-restricted endowment are considered unrestricted upon appropriation.

Endowment net asset composition by type of fund is as follows at December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 23,975	\$ -	\$ 23,975
Donor-restricted endowment funds	-	24,512	24,512
Total	<u>\$ 23,975</u>	<u>\$ 24,512</u>	<u>\$ 48,487</u>

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note F - Endowment Fund - Continued

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, beginning of year	\$ 15,618	\$ 24,512	\$ 40,130
Contributions received	-	-	-
Investment return (loss)	-	8,357	8,357
Appropriation of endowment assets for expenditure	-	-	-
Transfers from board designated endowment fund	<u>8,357</u>	<u>(8,357)</u>	<u>-</u>
Endowment, end of year	<u>\$ 23,975</u>	<u>\$ 24,512</u>	<u>\$ 48,487</u>

Endowment net asset composition by type of fund is as follows at December 31, 2018:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 15,618	\$ -	\$ 15,618
Donor-restricted endowment funds	<u>-</u>	<u>24,512</u>	<u>24,512</u>
Total Funds	<u>\$ 15,618</u>	<u>\$ 24,512</u>	<u>\$ 40,130</u>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, beginning of year	\$ 17,324	\$ 24,512	\$ 41,836
Contributions received	-	-	-
Investment return	-	(1,706)	(1,706)
Appropriation of endowment assets for expenditure	-	-	-
Transfer to board designated endowment fund	<u>(1,706)</u>	<u>1,706</u>	<u>-</u>
Endowment, end of year	<u>\$ 15,618</u>	<u>\$ 24,512</u>	<u>\$ 40,130</u>

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note G - Property and Equipment

Property and equipment consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Property and equipment	\$ 70,105	\$ 70,105
Less accumulated depreciation	<u>68,905</u>	<u>65,982</u>
	<u>\$ 1,200</u>	<u>\$ 4,123</u>

Note H - Line of Credit

The Organization has an operating line of credit with a local bank with a maximum amount available for borrowing of \$250,000 with an interest rate at the Wall Street Prime (4.75% and 5.5% at December 31, 2019 and 2018, respectively) plus 0.5%. The line renews annually and is unsecured. There was no outstanding balance at December 31, 2019 and 2018.

Note I - Board Designated Net Assets

Board designated net assets (which are included in net assets without donor restrictions) consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Board reserve	\$ 45,000	\$ 45,000
Read York County	9,000	9,000
Earnings transferred from net assets with donor restrictions	23,976	15,618
Operating Fund Reserve	160,568	174,085
Community Fund Reserve	<u>193,862</u>	<u>85,500</u>
	<u>\$ 432,406</u>	<u>\$ 329,203</u>

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note J - Net Assets with Donor Restrictions

The Organization is the beneficiary under two irrevocable perpetual trusts. These funds are held and controlled by HM Payson, as trustee. The Organization is entitled to 16.67% and 10% of the fair value of the Levasseur and Ross trusts, respectively. Trust principal is not available to be spent, and as such the Organization is not permitted to spend the principal of the trusts, nor does it have control over the investment of the trust assets. Annual distributions from the trusts are reported as trust income and amounted to \$13,765 and \$12,696 in 2019 and 2018, respectively.

The Organization also maintains an endowment in which principal must be maintained in perpetuity and earnings are considered net assets without donor restrictions when appropriated.

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2019</u>	<u>2018</u>
<i>Subject to expenditure for specified purpose:</i>		
Tools for Schools	\$ 796	\$ 240
Volunteer Readers	4,330	7,900
Keep ME Warm	997	573
Day of Caring	1,373	3,752
Technology	3,339	3,339
York County Youth Financial Education	837	2,337
Early Childhood Coalition	1,002	508
Project Playback	4,141	4,377
Read York County	2,897	2,897
Giving Tuesday	225	225
Teen Mental Health	3,000	-
Professional Development	2,092	-
Healthy Preschool Project	8,318	13,056
MCF Early Childhood Planning – Biddeford Ready!	47,883	10,484
Holiday Resources	1,240	-
SEI Training	-	4,500
Imagination Library	-	290
Youth Day of Caring	1,951	6,000
	<u>84,421</u>	<u>60,478</u>
<i>Not subject to appropriation or expenditure:</i>		
Levasseur Trust	59,222	51,184
Ross Trust	260,064	219,355
UWYC Endowment Fund	24,512	24,512
	<u>343,798</u>	<u>295,051</u>
Total net assets with donor restrictions	<u>\$ 428,219</u>	<u>\$ 355,529</u>

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note K - Liquidity and Availability

Financial assets consist of the Organization's cash and cash equivalents, investments, and net contributions receivable. The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Net Position. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from within the donor-restricted endowment or quasi-endowment for general expenditure within one year of the Statement of Net Position date have not been subtracted as unavailable.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets, at year end	\$ 1,955,193	\$ 1,960,150
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions</i>		
Pledges receivable due in more than one year	(115,753)	(146,400)
Restricted by donor with time or purpose restrictions	(428,219)	(355,529)
<i>Board designations:</i>		
Board reserve	(45,000)	(45,000)
Read York County	(9,000)	(9,000)
Earnings transferred from net assets with donor restrictions	(23,976)	(15,618)
Operating Fund Reserve	(160,568)	(174,085)
Community Fund Reserve	<u>(193,862)</u>	<u>(85,500)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 978,815</u>	<u>\$ 1,129,018</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2020.

The Organization is substantially supported by contributions from donations solicited during the annual campaign. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. Although the Organization does not intend to spend from most of the board designated funds listed above, amounts from these funds can be appropriated if necessary. As more fully described in Note H, the Organization also has availability under the line of credit of \$250,000, should an unanticipated liquidity need be identified.

Notes to Financial Statements - Continued

United Way of York County, Inc.

Note L - Retirement Plan

The Organization provides a defined contribution retirement plan under section 403(b) of the Internal Revenue Code. The plan is funded through the purchase of mutual funds. All employees who work a minimum of twenty hours per week may contribute to the plan through salary reduction. After one year of service, there is a matching element where the Organization matches an eligible employee's self-contribution dollar for dollar up to a maximum of 4% of the employee's gross compensation. Discretionary Organization contributions may also be made under the plan. Organization contributions vest after one year in the plan. The Organization's contributions for the years ended December 31, 2019 and 2018 amounted to \$10,785 and \$9,947, respectively.

Note M - Income Taxes

The United Way of York County, Inc. qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2016 due to the statute of limitations. The Organization has adopted the provisions of FASB ASC, Income Taxes. Management of the Organization believes it has no material uncertain tax positions, and accordingly it will not recognize any liability for unrecognized tax benefits.

Note N - Subsequent Events

Subsequent to year-end, the COVID-19 pandemic in the United States and throughout the globe has resulted in substantial volatility in financial markets, the banking system, and individual company revenue streams and has impacted many industries. The pandemic has had a significant adverse impact on investment portfolios. As a result, the Organization's investments have likely incurred a significant decline in fair value since December 31, 2019. Management is currently evaluating the impact of this pandemic on the Organization as a whole.

Also, subsequent to year end, the Organization has received a \$94,200 loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program through the 2020 CARES Act. The \$94,200 SBA loan will be forgiven if money is used for payroll, rent, mortgage interest, or utilities (with at least 60% of the loan being used for payroll). All employees either need to be kept on payroll for twenty-four weeks or the Organization will need to show an inability to rehire employees (or similarly qualified employees) or an inability to return to the same level of business. Any portion of the loan not forgiven will mature in April 2022 and interest will be paid at 1%.

Management has made an evaluation of subsequent events to and including June 26, 2020, which was the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.