

## **Financial Statements**



United Way of York County

**December 31, 2017**

**Contents**

**United Way of York County, Inc.**

**December 31, 2017**

Financial Statements:

Independent Auditors' Report .....	1
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9

## **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, 2017 and 2016, 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, 2017 and 2016, 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 Pownall & Company*  
Professional Association

**Portland, Maine**  
**July 26, 2018**

## Statements of Financial Position

### United Way of York County, Inc.

As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 570,197	\$ 484,133
Investments	-	19,733
Other receivables	12,208	16,121
Pledges receivable, current portion, less allowance for doubtful accounts of \$91,165 and \$103,891, respectively	933,034	984,116
Prepaid expenses	<u>5,722</u>	<u>4,792</u>
<b>Total Current Assets</b>	1,521,161	1,508,895
<b>Property and Equipment</b> , net of accumulated depreciation	13,766	19,579
<b>Other Assets</b>		
Pledges receivable, non-current portion, less allowance for doubtful accounts of \$19,703 and \$17,404, respectively	201,663	164,857
Beneficial interest in perpetual trusts	298,789	261,263
Assets restricted for permanent endowment	<u>41,836</u>	<u>36,969</u>
	<u>542,288</u>	<u>463,089</u>
<b>Total Assets</b>	<u>\$ 2,077,215</u>	<u>\$ 1,991,563</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 12,850	\$ 3,430
Accrued expenses	22,643	19,347
Designations payable	49,514	63,692
Program investments payable	671,000	671,000
Current portion of long-term debt	<u>3,105</u>	<u>2,945</u>
<b>Total Current Liabilities</b>	759,112	760,414
<b>Long-Term Liabilities</b>		
Long-term debt, net of current portion	<u>-</u>	<u>3,105</u>
<b>Total Long-Term Liabilities</b>	<u>-</u>	<u>3,105</u>
<b>Total Liabilities</b>	759,112	763,519
<b>Net Assets</b>		
Unrestricted:		
Available for operations	863,538	806,228
Board designated	90,752	90,885
Net investment in property and equipment	<u>10,661</u>	<u>13,529</u>
<b>Total Unrestricted</b>	964,951	910,642
Temporarily restricted	29,851	31,627
Permanently restricted	<u>323,301</u>	<u>285,775</u>
<b>Total Net Assets</b>	<u>1,318,103</u>	<u>1,228,044</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,077,215</u>	<u>\$ 1,991,563</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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Other Support</b>				
Campaign results:				
Local campaign	\$ 1,348,776	\$ -	\$ -	\$ 1,348,776
Estimated uncollectible pledges	(37,894)	-	-	(37,894)
Donor designated	(150,170)	-	-	(150,170)
Total campaign results	1,160,712	-	-	1,160,712
Other campaign	114,388	-	-	114,388
Investment income	7,715	-	-	7,715
Trust income	12,020	-	-	12,020
Corporate sponsorships	10,750	16,600	-	27,350
Grant income	229	21,137	-	21,366
Grant administration reimbursement	5,220	-	-	5,220
In-kind revenue	1,064	54,762	-	55,826
Miscellaneous income	240	-	-	240
Net assets released from restrictions	94,275	(94,275)	-	-
<b>Total Revenues and Other Support</b>	<b>1,406,613</b>	<b>(1,776)</b>	<b>-</b>	<b>1,404,837</b>
<b>Expenses</b>				
Program services	1,082,233	-	-	1,082,233
Management and general	98,079	-	-	98,079
Fundraising	172,288	-	-	172,288
<b>Total Expenses</b>	<b>1,352,600</b>	<b>-</b>	<b>-</b>	<b>1,352,600</b>
<b>Revenues Over (Under) Expenses</b>	<b>54,013</b>	<b>(1,776)</b>	<b>-</b>	<b>52,237</b>
Change in value of beneficial interest				
in a perpetual trust and endowments	-	-	37,526	37,526
Realized and unrealized investment gains	296	-	-	296
	296	-	37,526	37,822
<b>Increase (Decrease) in Net Assets</b>	<b>54,309</b>	<b>(1,776)</b>	<b>37,526</b>	<b>90,059</b>
Net assets at beginning of year	910,642	31,627	285,775	1,228,044
<b>Net Assets at End of Year</b>	<b>\$ 964,951</b>	<b>\$ 29,851</b>	<b>\$ 323,301</b>	<b>\$ 1,318,103</b>

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues and Other Support</b>				
Campaign results:				
Local campaign	\$ 1,265,227	\$ -	\$ -	\$ 1,265,227
Estimated uncollectible pledges	(12,222)	-	-	(12,222)
Donor designated	(161,055)	-	-	(161,055)
Total campaign results	1,091,950	-	-	1,091,950
Other campaign	141,400	-	-	141,400
Investment income	4,709	-	-	4,709
Trust income	12,879	-	-	12,879
Donations	160	-	100	260
Corporate sponsorships	15,850	11,600	-	27,450
Grant income	23,731	24,096	-	47,827
Grant administration reimbursement	2,551	-	-	2,551
In-kind revenue	7,840	42,900	-	50,740
Miscellaneous income	38	953	-	991
Net assets released from restrictions	75,043	(75,043)	-	-
<b>Total Revenues and Other Support</b>	<b>1,376,151</b>	<b>4,506</b>	<b>100</b>	<b>1,380,757</b>
<b>Expenses</b>				
Program services	1,104,655	-	-	1,104,655
Management and general	94,579	-	-	94,579
Fundraising	160,984	-	-	160,984
<b>Total Expenses</b>	<b>1,360,218</b>	<b>-</b>	<b>-</b>	<b>1,360,218</b>
<b>Revenues Over Expenses</b>	<b>15,933</b>	<b>4,506</b>	<b>100</b>	<b>20,539</b>
Change in value of beneficial interest in perpetual trusts and endowment	-	-	9,810	9,810
<b>Increase in Net Assets</b>	<b>15,933</b>	<b>4,506</b>	<b>9,910</b>	<b>30,349</b>
Net assets at beginning of year	894,709	27,121	275,865	1,197,695
<b>Net Assets at End of Year</b>	<b>\$ 910,642</b>	<b>\$ 31,627</b>	<b>\$ 285,775</b>	<b>\$ 1,228,044</b>

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, 2017

	Program Services			Total	Supporting Services		
	Program Investments and Grant Funded Programs	Volunteer Center	Community Impact		Management and General	Fundraising	Total
Personnel expenses:							
Salaries	\$ -	\$ 88,023	\$ 136,024	\$ 224,047	\$ 49,281	\$ 78,977	\$ 352,305
Payroll taxes and benefits	-	15,810	33,858	49,668	11,256	23,418	84,342
Total personnel expenses	-	103,833	169,882	273,715	60,537	102,395	436,647
Community investment expenses	684,691	-	-	684,691	-	-	684,691
Office and photocopy	-	1,719	3,581	5,300	1,084	2,334	8,718
Postage	-	234	598	832	186	1,346	2,364
Marketing and communication	-	1,254	5,619	6,873	1,146	2,165	10,184
Travel	-	1,371	3,690	5,061	325	1,280	6,666
Publications and periodicals	-	-	-	-	570	-	570
Memberships	-	250	-	250	2,374	150	2,774
UWW dues	-	2,434	5,864	8,298	1,842	4,536	14,676
Staff and volunteer development	-	66	806	872	10,050	265	11,187
Special events	-	-	483	483	-	1,025	1,508
Campaign materials and expenses	-	-	-	-	-	8,902	8,902
Campaign associates program	-	-	-	-	-	18,232	18,232
Third party processing fees	-	-	-	-	-	12,217	12,217
Professional fees	-	-	-	-	11,608	-	11,608
In-kind expenses	55,826	-	-	55,826	-	-	55,826
Miscellaneous and interest	-	-	-	-	827	-	827
Rent	-	4,174	10,422	14,596	3,284	7,023	24,903
Cleaning and maintenance	-	873	1,895	2,768	606	1,337	4,711
Telephone	-	505	1,260	1,765	397	849	3,011
Utilities	-	576	1,355	1,931	430	907	3,268
New equipment and repairs	-	361	195	556	95	66	717
Technology contracts	-	3,303	5,673	8,976	1,709	2,875	13,560
Commercial insurance	-	757	1,894	2,651	998	1,228	4,877
Expenses before depreciation	740,517	121,710	213,217	1,075,444	98,068	169,132	1,342,644
Depreciation	-	1,946	4,843	6,789	11	3,156	9,956
<b>Total Expenses</b>	<b>\$ 740,517</b>	<b>\$ 123,656</b>	<b>\$ 218,060</b>	<b>\$ 1,082,233</b>	<b>\$ 98,079</b>	<b>\$ 172,288</b>	<b>\$ 1,352,600</b>

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, 2016

	Program Services			Total	Supporting Services		Total
	Program Investments and Grant Funded Programs	Volunteer Center	Community Impact		Management and General	Fundraising	
Personnel expenses:							
Salaries	\$ -	\$ 67,001	\$ 138,176	\$ 205,177	\$ 50,527	\$ 71,157	\$ 326,861
Payroll taxes and benefits	-	17,439	34,844	52,283	12,496	18,445	83,224
Total personnel expenses	-	84,440	173,020	257,460	63,023	89,602	410,085
Community investment expenses	732,800	-	-	732,800	-	-	732,800
Office and photocopy	-	170	2,564	2,734	248	1,734	4,716
Postage	-	971	1,738	2,709	649	1,353	4,711
Marketing and communication	-	316	1,633	1,949	212	878	3,039
Travel	-	837	4,012	4,849	196	1,875	6,920
Publications and periodicals	-	-	-	-	639	-	639
Memberships	-	-	-	-	2,138	150	2,288
UWW dues	-	3,461	6,786	10,247	2,312	3,643	16,202
Staff and volunteer development	-	434	1,406	1,840	4,409	1,966	8,215
Contracted services	-	-	150	150	-	-	150
Special events	-	-	1,976	1,976	-	(2,057)	(81)
Campaign materials and expenses	-	-	-	-	-	9,061	9,061
Campaign associates program	-	-	-	-	-	13,484	13,484
Third party processing fees	-	-	-	-	-	24,653	24,653
Professional fees	-	-	-	-	9,600	-	9,600
In-kind expenses	42,900	-	-	42,900	-	-	42,900
Miscellaneous and interest	-	-	-	-	2,003	-	2,003
Rent	-	5,319	10,430	15,749	3,555	5,599	24,903
Cleaning and maintenance	-	722	1,415	2,137	788	760	3,685
Telephone	-	652	1,278	1,930	436	686	3,052
Utilities	-	509	999	1,508	802	536	2,846
New equipment and repairs	6,661	-	-	6,661	-	1,440	8,101
Technology contracts	-	2,552	6,247	8,799	1,706	2,686	13,191
Commercial insurance	-	1,005	1,970	2,975	671	1,057	4,703
Expenses before depreciation	782,361	101,388	215,624	1,099,373	93,387	159,106	1,351,866
Depreciation	-	1,784	3,498	5,282	1,192	1,878	8,352
<b>Total Expenses</b>	<b>\$ 782,361</b>	<b>\$ 103,172</b>	<b>\$ 219,122</b>	<b>\$ 1,104,655</b>	<b>\$ 94,579</b>	<b>\$ 160,984</b>	<b>\$ 1,360,218</b>

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Operating Activities</b>		
Increase in net assets	\$ 90,059	\$ 30,349
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	9,956	8,352
Change in value of beneficial interest in perpetual trusts	(37,526)	(9,810)
Realized and unrealized gains on investments	296	-
Noncash contributions	(26,435)	(24,777)
Change in allowance for doubtful accounts	(10,427)	(11,558)
(Increase) Decrease in operating assets:		
Pledges receivable	24,703	(85,483)
Other receivable	3,913	4,989
Prepaid expenses	(930)	295
Increase (Decrease) in operating liabilities:		
Accounts payable	9,420	(11,990)
Accrued expenses	3,296	(528)
Designations payable	(14,178)	(11,958)
Program investments payable	-	20,000
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>52,147</u>	<u>(92,119)</u>
<b>Investing Activities</b>		
Proceeds from investment sales	41,005	23,670
Purchases of property and equipment	(4,143)	(16,492)
<b>Net Cash Provided by Investing Activities</b>	<u>36,862</u>	<u>7,178</u>
<b>Financing Activities</b>		
Repayment of long-term debt	(2,945)	(2,790)
<b>Net Cash Used by Financing Activities</b>	<u>(2,945)</u>	<u>(2,790)</u>
<b>Net Increase (Decrease) in Cash</b>	86,064	(87,731)
Cash at beginning of year	<u>484,133</u>	<u>571,864</u>
<b>Cash at End of Year</b>	<u>\$ 570,197</u>	<u>\$ 484,133</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 251</u>	<u>\$ 405</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 strengthen community by bringing people and resources together to effect long-lasting changes that improve lives. 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 79% of the Organization’s support for the years ended December 31, 2017 and 2016, 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 three classes of net assets as follows:

Unrestricted - Represents those resources that have no donor-imposed restrictions, neither permanently nor temporarily, and can be used for any purpose designated by the Organization's governing board.

Temporarily Restricted - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

## **Notes to Financial Statements - Continued**

### **United Way of York County, Inc.**

#### **Note A - Summary of Significant Accounting Policies - Continued**

##### **Revenue and Expense Recognition**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

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 \$55,826 and \$50,740 for the years ended December 31, 2017 and 2016, 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. 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, 2017 and 2016.

## 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, 2017 and 2016 was \$9,956 and \$8,352, 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 unrestricted revenues when the related obligations have been satisfied.

##### Expense Allocation

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on related salary expenses or other appropriate basis.

##### Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$10,184 and \$3,039 for the years ended December 31, 2017 and 2016, respectively.

## Notes to Financial Statements - Continued

### United Way of York County, Inc.

#### Note B - Certificates of Deposit

The cash and cash equivalents as of December 31, 2017 and 2016 include certificates of deposit with values of \$156,706 and \$154,546, respectively. The certificates of deposit held at December 31, 2017 have maturity dates ranging from June 2018 to December 2021. Any penalties for early withdrawal would not have a material effect on the financial statements.

#### Note C - Pledges Receivable

Pledges receivable as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 1,024,199	\$ 1,088,007
Less allowance for doubtful accounts, current portion	<u>(91,165)</u>	<u>(103,891)</u>
Pledges receivable, current portion	<u>933,034</u>	<u>984,116</u>
Receivable in more than one year	221,366	182,261
Less allowance for doubtful accounts, long-term portion	<u>(19,703)</u>	<u>(17,404)</u>
Pledges receivable, long-term portion	<u>201,663</u>	<u>164,857</u>
Total pledges receivable, net of allowance	<u>\$ 1,134,697</u>	<u>\$ 1,148,973</u>

#### 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, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Equities	\$ -	\$ 19,733
Mutual funds - balanced fund	41,836	36,969
Beneficial interests in assets held by others	<u>298,789</u>	<u>261,263</u>
	<u>\$ 340,625</u>	<u>\$ 317,965</u>

## Notes to Financial Statements - Continued

### United Way of York County, Inc.

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

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

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 7,715	\$ 4,709
Net realized and unrealized gains on investments	<u>37,822</u>	<u>9,810</u>
	<u>\$ 45,537</u>	<u>\$ 14,519</u>

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

	<u>2017</u>	<u>2016</u>
Short term investments	\$ -	\$ 19,733
Assets restricted for permanent endowment	41,836	36,969
Beneficial interest in assets held by others	<u>298,789</u>	<u>261,263</u>
	<u>\$ 340,625</u>	<u>\$ 317,965</u>

Investment income is recorded net of investment fees.

#### 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:

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.

## Notes to Financial Statements - Continued

### United Way of York County, Inc.

#### Note E - Fair Value Measurements - Continued

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - balanced fund	\$ 41,836	\$ -	\$ -	\$ 41,836
Beneficial interests in assets held by others	-	298,789	-	298,789
Total investments	<u>\$ 41,836</u>	<u>\$ 298,789</u>	<u>\$ -</u>	<u>\$ 340,625</u>

The following summarizes fair values of investment assets by levels within the fair value hierarchy at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 19,733	\$ -	\$ -	\$ 19,733
Mutual funds - balanced fund	36,969	-	-	36,969
Beneficial interests in assets held by others	-	261,263	-	261,263
Total investments	<u>\$ 56,702</u>	<u>\$ 261,263</u>	<u>\$ -</u>	<u>\$ 317,965</u>

#### 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 permanently or temporarily restricted depending on the intention of the donor. Earnings and losses on these funds are considered temporarily 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.



## Notes to Financial Statements - Continued

### United Way of York County, Inc.

#### Note F - Endowment Fund - Continued

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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 17,324	\$ -	\$ -	\$ 17,324
Donor-restricted endowment funds	-	-	24,512	24,512
Total	<u>\$ 17,324</u>	<u>\$ -</u>	<u>\$ 24,512</u>	<u>\$ 41,836</u>

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment, beginning of year	\$ 12,457	\$ -	\$ 24,512	\$ 36,969
Contributions received	-	-	-	-
Investment return	-	4,867	-	4,867
Appropriation of endowment assets for expenditure	-	-	-	-
Transfers to unrestricted	4,867	(4,867)	-	-
Endowment, end of year	<u>\$ 17,324</u>	<u>\$ -</u>	<u>\$ 24,512</u>	<u>\$ 41,836</u>

## Notes to Financial Statements - Continued

### United Way of York County, Inc.

#### Note F - Endowment Fund - Continued

Endowment net asset composition by type of fund is as follows at December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 12,457	\$ -	\$ -	\$ 12,457
Donor-restricted endowment funds	-	-	24,512	24,512
Total Funds	<u>\$ 12,457</u>	<u>\$ -</u>	<u>\$ 24,512</u>	<u>\$ 36,969</u>

Changes in endowment net assets for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment, beginning of year	\$ 10,526	\$ -	\$ 24,412	\$ 34,938
Contributions received	-	-	100	100
Investment return	-	1,931	-	1,931
Appropriation of endowment assets for expenditure	-	-	-	-
Transfers to unrestricted	1,931	(1,931)	-	-
Endowment, end of year	<u>\$ 12,457</u>	<u>\$ -</u>	<u>\$ 24,512</u>	<u>\$ 36,969</u>

#### Note G - Property and Equipment

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

	<u>2017</u>	<u>2016</u>
Property and equipment	\$ 70,105	\$ 73,075
Less accumulated depreciation	<u>56,339</u>	<u>53,496</u>
	<u>\$ 13,766</u>	<u>\$ 19,579</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 (4.5% and 3.75% at December 31, 2017 and 2016, respectively) plus 0.5%. The line renews annually and is unsecured. There was no outstanding balance at December 31, 2017 and 2016.

## Notes to Financial Statements - Continued

### United Way of York County, Inc.

#### Note I - Long-Term Liabilities

Long-term debt consists of the following:

	<u>2017</u>	<u>2016</u>
Note payable to bank with monthly payments of \$266, which includes interest of 5.25%. The note matures December 2018 and is secured by a photocopier.	\$ 3,105	\$ 6,050
Less current portion	<u>3,105</u>	<u>2,945</u>
Long-term debt, net of current portion	<u>\$ -</u>	<u>\$ 3,105</u>

Required future annual principal payments on long-term debt are as follows:

2018	<u>\$ 3,105</u>
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#### Note J - Board Designated Net Assets

Board designated net assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Board reserve	\$ 45,000	\$ 50,000
Read York County	28,428	28,428
Earnings on permanently restricted	<u>17,324</u>	<u>12,457</u>
	<u>\$ 90,752</u>	<u>\$ 90,885</u>

## Notes to Financial Statements - Continued

### United Way of York County, Inc.

#### Note K - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Tools for Schools	\$ 465	\$ 273
Volunteer Readers	10,306	2,806
Keep ME Warm	2,625	2,238
Volunteer Engagement	752	752
Day of Caring	2,999	203
Bright Beginnings Initiative	256	256
Elder Food Assistance	2,000	2,000
Technology	3,339	3,339
York County Youth Financial Education	2,337	18,337
Early Childhood Coalition	1,314	1,423
Project Playback	561	-
Read York County	2,897	-
	<u>\$ 29,851</u>	<u>\$ 31,627</u>

#### Note L - Permanently Restricted Net Assets

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 permanently restricted, 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 \$12,020 and \$12,879 in 2017 and 2016, respectively.

The Organization also maintains an endowment in which principal must be maintained in perpetuity and earnings are considered unrestricted.

Permanently restricted net assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Levasseur Trust	\$ 57,546	\$ 51,608
Ross Trust	241,243	209,655
UWYC Endowment Fund	24,512	24,512
	<u>\$ 323,301</u>	<u>\$ 285,775</u>

## **Notes to Financial Statements - Continued**

### **United Way of York County, Inc.**

#### **Note M - 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, 2017 and 2016 amounted to \$11,684 and \$8,631, respectively.

#### **Note N - 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 2014 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 O - Subsequent Events**

Management has made an evaluation of subsequent events to and including July 26, 2018, 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.