United Way, Inc.

Consolidated Audited Financial Statements

Year Ended June 30, 2012
With Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way, Inc.

We have audited the accompanying consolidated statement of financial position of United Way, Inc. as of June 30, 2012, and the related consolidated statements of activities, cash flows and of functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2011 financial statements and, in our report dated September 30, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Baker Newman & Noyes

Limited Liability Company

Portland, Maine
September 26, 2012

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2012
(With Summarized Financial Information for June 30, 2011)

	2012	2011
ASSETS		
Cash and cash equivalents	$ 5,723,149	$ 5,747,101
Pledges receivable, net (note 2)	4,554,154	4,185,415
Other receivables	286,570	141,381
Loans and advances to agencies (note 4)	–	177,558
Other assets	59,926	27,914
Long-term investments (notes 3 and 13)	6,197,873	6,204,534
Beneficial interest in perpetual trust (note 5)	1,129,897	1,228,308
Equipment, less accumulated depreciation of $203,447 in 2012 and $160,490 in 2011	221,228	221,865
Total assets	$18,172,797	$17,934,076
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 387,276	$ 365,579
Designations payable	3,014,738	2,437,792
Other liabilities (note 6)	125,630	134,315
Total liabilities	3,527,644	2,937,686
Net assets (note 6):		
Unrestricted:		
Undesignated	3,578,313	3,283,708
Board designated – endowment	3,438,953	3,587,515
	7,017,266	6,871,223
Temporarily restricted	4,704,371	5,197,420
Permanently restricted	2,923,516	2,927,747
Total net assets	14,645,153	14,996,390
Total liabilities and net assets	$18,172,797	$17,934,076

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2012
(With Summarized Financial Information for June 30, 2011)

	2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2011
Campaign results:					
2012 campaign results	$ –	$ 116,146	$ –	$ 116,146	$ –
2011 campaign results	–	7,779,035	–	7,779,035	214,304
2010 campaign results	–	20,875	–	20,875	7,437,085
2009 campaign results	–	–	–	–	66,828
Less donor designations, net	–	(1,378,814)	–	(1,378,814)	(1,352,054)
Less provision for uncollectible pledges	–	(260,029)	–	(260,029)	(192,380)
Net campaign results	–	6,277,213	–	6,277,213	6,173,783
Revenues, gains and other support:					
Net assets released from restriction:					
2011 campaign	3,083,222	(3,083,222)	–	–	–
2010 campaign	3,342,826	(3,342,826)	–	–	–
Gifts and bequests	44	–	94,180	94,224	38,944
Grant and contract revenue	–	1,396,631	–	1,396,631	2,394,862
Service fees	403,076	58,077	–	461,153	367,556
Investment income	121,971	68,096	–	190,067	168,510
Realized gains on investments	43,052	32,102	–	75,154	316,444
Unrealized losses on investments	(138,260)	(149,150)	–	(287,410)	639,975
Miscellaneous	132,165	–	–	132,165	126,983
Other assets released from restriction	1,749,970	(1,749,970)	–	–	–
(Loss) gain on perpetual trust (note 5)	–	–	(98,411)	(98,411)	194,983
Total revenues	8,738,066	(493,049)	(4,231)	8,240,786	10,422,040
Expenses:					
Agency allocations/awards	5,231,998	–	–	5,231,998	5,270,717
Less donor designations, net	(1,368,464)	–	–	(1,368,464)	(1,333,445)
Community impact	1,949,649	–	–	1,949,649	2,496,282
Volunteer development	287,150	–	–	287,150	175,288
211 Maine	1,245,338	–	–	1,245,338	1,199,885
Total program services	7,345,671	–	–	7,345,671	7,808,727
Supporting services – management and general and fundraising	1,246,352	–	–	1,246,352	1,113,237
Total expenses	8,592,023	–	–	8,592,023	8,921,964
Change in net assets	146,043	(493,049)	(4,231)	(351,237)	1,500,076
Net assets, beginning of year	6,871,223	5,197,420	2,927,747	14,996,390	13,496,314
Net assets, end of year	$ 7,017,266	$ 4,704,371	$2,923,516	$14,645,153	$14,996,390

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2012
(With Summarized Financial Information for June 30, 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	$ (351,237)	$ 1,500,076
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,957	41,141
Net realized and unrealized losses (gains) on investments	212,256	(956,419)
Loss (gain) on perpetual trust	98,411	(194,983)
Endowment gifts	(94,180)	(29,429)
Increase in pledges receivable	(331,295)	(296,652)
Decrease in the allowance for pledges receivable	(37,444)	(48,282)
Increase in other receivables	(145,189)	(6,948)
Decrease in loans and advances to agencies	177,558	9,940
Increase in other assets	(32,012)	(476)
Increase in accounts payable and accrued liabilities	16,006	16,934
Increase in designations payable	576,946	344,122
(Decrease) increase in other liabilities	(2,994)	19,659
Net cash provided by operating activities	129,783	398,683
Cash flows from investing activities:		
Purchase of equipment	(42,320)	(168,310)
Purchase of investments	(1,777,211)	(2,518,884)
Proceeds from sales and maturities of investments	1,571,616	2,534,615
Net cash used by investing activities	(247,915)	(152,579)
Cash flows from financing activities:		
Endowment gifts	94,180	29,429
Net cash provided by financing activities	94,180	29,429
Net (decrease) increase in cash and equivalents	(23,952)	275,533
Cash and cash equivalents at beginning of year	5,747,101	5,471,568
Cash and cash equivalents at end of year	$ 5,723,149	$ 5,747,101

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012
(With Summarized Financial Information for June 30, 2011)

	2012			
	Program Services			
	Essential Programs and Services	Community Impact	Volunteer Development	211 Maine
Gross allocations/awards/contracts	$5,231,998	$ 767,690	$ –	$1,099,229
Less donor designations, net	(1,368,464)	–	–	–
Net allocations/awards	3,863,534	767,690	–	1,099,229
Salaries	–	608,239	154,898	49,566
Employees' health and retirement benefits	–	70,219	18,124	5,575
Payroll taxes	–	51,403	11,653	3,813
Professional fees and contract services	–	152,347	14,705	21,526
Supplies	–	13,838	4,856	1,149
Telephone	–	6,061	1,159	204
Postage and shipping	–	5,110	1,500	32
Occupancy	–	95,328	26,224	9,305
Marketing and communications materials	–	20,444	7,248	50,884
Publications and subscription	–	1,126	2,004	–
Travel	–	38,663	10,294	47
Conferences, conventions and meetings	–	44,733	10,019	2,078
National agency support	–	32,159	9,552	–
Equipment, rental and maintenance	–	16,653	7,074	213
Insurance	–	4,698	1,395	1,717
Miscellaneous	–	3,789	1,351	–
Depreciation	–	17,149	5,094	–
Total operations	–	1,181,959	287,150	146,109
Total expense	$3,863,534	$1,949,649	$287,150	$1,245,338

See accompanying notes.

	Supporting Services				
Total	Management and General	Fund Raising	Total	Total 2012	Total 2011
$ 7,098,917	$ –	$ –	$ –	$ 7,098,917	$ 7,224,764
(1,368,464)	–	–	–	(1,368,464)	(1,333,445)
5,730,453	–	–	–	5,730,453	5,891,319
812,703	297,271	381,083	678,354	1,491,057	1,454,628
93,918	16,448	56,535	72,983	166,901	190,275
66,869	11,560	34,927	46,487	113,356	109,272
188,578	67,512	31,306	98,818	287,396	606,173
19,843	6,136	13,803	19,939	39,782	27,244
7,424	1,894	4,604	6,498	13,922	10,026
6,642	2,450	4,648	7,098	13,740	11,889
130,857	40,510	64,617	105,127	235,984	197,441
78,576	6,523	29,712	36,235	114,811	173,191
3,130	434	1,367	1,801	4,931	3,726
49,004	8,641	24,249	32,890	81,894	27,800
56,830	9,491	42,351	51,842	108,672	35,066
41,711	15,602	23,244	38,846	80,557	79,440
23,940	7,981	11,891	19,872	43,812	41,576
7,810	2,279	3,395	5,674	13,484	12,803
5,140	1,244	1,930	3,174	8,314	8,954
22,243	8,320	12,394	20,714	42,957	41,141
1,615,218	504,296	742,056	1,246,352	2,861,570	3,030,645
$ 7,345,671	$504,296	$742,056	$1,246,352	8,592,023	$ 8,921,964

1. Description of Organization and Summary of Significant Accounting Policies

Organization and Operations

United Way, Inc. (the Organization) improves people's lives by mobilizing the caring power of our communities. With financial, volunteer and in-kind support, United Way works with community partners to address the most pressing health and human service issues in Greater Portland.

The Organization is the sole member of 211 Maine, Inc., a Maine nonprofit corporation (211 Maine). 211 Maine was established to offer comprehensive health and human services information and referral services for the State of Maine. The accompanying consolidated financial statements include the accounts of United Way, Inc. and 211 Maine, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Annual United Way campaigns are conducted in the fall of each year. Undesignated campaign contributions are used to support local health and human service programs of partner agencies, to support other community programs and initiatives, to make grants in support of education, financial stability, health, and diversity and inclusion strategies, and to pay the Organization's operating expenses. Donors may designate their pledges among several care programs. Specific care donors designate their pledges to a partner agency, a non-partner agency that provides health and human services within the State of Maine, or another out-of-area United Way.

Annual fall campaigns are reduced by pledges that are designated to other organizations, and by a provision for uncollectible pledges. The resulting net pledges are reflected as temporarily restricted until released from restriction and expended. Approximately one half of the prior and current years' campaign results are released from restrictions in the current year's statement of activities. The balance of the current year's net pledges is included in temporarily restricted net assets at year-end. Specific Care donations, net of an administrative fee and provisions for uncollectible pledges, have been recorded as designations payable in the statement of financial position and have not been recorded as revenue or expense in the statement of activities.

In 1997, the Organization's Board of Directors established the United Way Foundation of Greater Portland (the Foundation), an initiative within the Organization that was established to institute a planned giving/major gifts program. Through the Foundation, donors can utilize various planned giving vehicles including: bequests, charitable remainder trusts, pooled life income funds, gifts of securities, real estate, or life insurance to support the Organization's mission. Contributions to the Foundation are assets of the Organization. Endowment assets are managed by the Foundation's Gift Acceptance and Investment Committee in accordance with an Investment Policy approved by the Foundation's Board of Trustees. See note 3.

Annually through fiscal 2011, the Organization received grants from the Libra Foundation (Libra) to provide children in Portland, Maine the opportunity to attend local summer camps ("Summer Champs" Program). The activity of this program was included in grant revenue and community impact expenses in the Statement of Activities. Libra discontinued the program in fiscal 2011. Such grants totaled approximately $526,000 in fiscal 2011.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The Organization also undertakes other specific initiatives periodically based on community needs (see note 6).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant area that is affected by the use of estimates is the allowance for uncollectible pledges.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt securities with original maturities of three months or less when purchased, excluding investments held in trust. At June 30, 2012 and 2011, the Organization has cash and cash equivalents of approximately $5,741,000 and $5,937,000, respectively, in various accounts of one financial institution. The cash is swept daily into collateralized repurchase agreements.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices in the statement of financial position.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the consolidated statement of financial position.

Equipment

Equipment is carried at cost or, if acquired by gift, at appraised value at date of gift. Depreciation and amortization is provided over the estimated useful lives of the respective assets using the straight-line method.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Organization has been limited by donors to a specific time period or purpose. Such net assets may also include unexpended investment gains related to permanently restricted net assets, in accordance with Maine law. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. The Board of Directors has interpreted State of Maine law as requiring the preservation of the original fair value of the gift absent donor stipulations to the contrary.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the State of Maine requires appreciation on investments of permanently restricted funds, unless the donor has otherwise indicated in the gift instrument, be considered a donor restricted asset until appropriated by the Organization's Board.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization also follows this reporting practice for donor-restricted gifts whose restrictions are met in the same reporting period.

Grant and Contract Revenue

Expenditure-driven grant revenue is recognized in the period expenditures are incurred in connection with the grant. Other grant and contract revenue is recognized as earned under the terms of the grant and contract agreements.

Functional Expenses

Expenses are allocated to both programs and support services. Salaries and wages are allocated based on estimates of time spent by members of the staff. Expenses that are not directly attributable to one category are allocated based on full-time equivalents.

Reclassifications

Certain 2011 information has been reclassified to conform to 2012 presentation.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through September 26, 2012, the date the accompanying consolidated financial statements were available to be issued.

2. Pledges Receivable

The Organization serves and conducts its annual campaign in the Greater Portland, Maine region. The ability and willingness of individuals and corporations to honor their pledges is generally dependent on current economic conditions within the geographic area. The Organization estimates the allowance for uncollectible pledges using historical loss factors and current economic conditions. All pledges receivable are due in one year.

As of June 30, 2012 and 2011, the balance of pledges receivable, less allowance for uncollectible pledges by campaign year is as follows:

2012			
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2012	$ 78,209	$ –	$ 78,209
2011	3,352,000	337,057	3,014,943
2010	305,159	305,159	–
2009	280,928	280,928	–
	4,016,296	923,144	3,093,152
Specific Care pledges	1,613,096	152,094	1,461,002
	$5,629,392	$1,075,238	$4,554,154

2011			
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2011	$ 163,151	$ –	$ 163,151
2010	3,424,524	359,347	3,065,177
2009	290,120	290,120	–
2008	320,503	320,503	–
	4,198,298	969,970	3,228,328
Specific Care pledges	1,099,799	142,712	957,087
	$5,298,097	$1,112,682	$4,185,415

The Organization processes campaign pledges for other organizations outside the local service area as described in note 1. Such Specific Care pledges are included in pledges receivable and designations payable in the accompanying consolidated statement of financial position.

3. Investments

The long-term investments are governed by an investment policy and endowment spending policy as approved periodically by the Organization's Board of Directors. The investment policies include guidance on investment objectives, asset allocation, investment quality and diversification, and performance measurement and reporting. Such policies attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. The portfolio is invested in a manner that is intended to generate annual returns of the Consumer Price Index increase plus 5%, net of expenses, while assuming a moderate level of risk. The Board uses outside professionals to manage its investment portfolio. The endowment spending policy specifies a range of 3% to 5% of invested funds annually. Such spending totaled $240,000 and $178,000 in fiscal 2012 and 2011, respectively.

A summary of investments at June 30, 2012 and 2011 are as follows:

	2012	2011
Marketable equity securities	$3,465,367	$ 3,634,027
U.S. Treasury notes and obligations of government agencies	855,448	833,932
Mutual funds	934,368	878,401
Money market accounts	252,363	162,028
Corporate bonds	672,991	679,471
Other	17,336	16,675
	$6,197,873	$ 6,204,534

Such investments are allocated as follows:

	2012	2011
United Way endowments:		
Board-designated net assets	$3,402,409	$3,317,163
Temporarily restricted net assets	858,879	1,036,936
Permanently restricted net assets	1,793,619	1,699,439
	6,054,907	6,053,538
Agency endowments (note 6)	125,630	134,321
Other	17,336	16,675
	$6,197,873	$6,204,534

3. Investments (Continued)

The changes in United Way endowment funds by net asset category for the years ended June 30, 2012 and 2011 are as follows:

	Board-designated	Temporarily Restricted	Permanently Restricted	Total
2012				
Balances, June 30, 2011	$3,587,515	$1,036,936	$1,699,439	$6,323,890
Investment income	71,562	55,491	–	127,053
Net depreciation in fair value	(95,436)	(117,048)	–	(212,484)
Additions	–	–	94,180	94,180
Appropriation for expenditure	(124,688)	(115,022)	–	(239,710)
Balances, June 30, 2012	$3,438,953	$ 860,357	$1,793,619	$6,092,929
2011				
Balances, June 30, 2010	$3,120,772	$ 647,374	$1,670,010	$5,438,156
Investment income	54,094	24,243	–	78,337
Net appreciation in fair value	521,217	435,202	–	956,419
Additions	–	–	29,429	29,429
Appropriation for expenditure	(108,568)	(69,883)	–	(178,451)
Balances, June 30, 2011	$3,587,515	$1,036,936	$1,699,439	$6,323,890

Amounts of securities with unrealized losses at June 30, 2012 and 2011 are shown below. None of these losses are considered other than temporary.

	Time Period in Loss Position				Total	
	Less Than 12 Months		12 Months or Greater			
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2012						
Mutual funds	$ 194,638	$23,757	$ –	$ –	$ 194,638	$ 23,757
Equity securities	542,864	56,313	214,523	58,992	757,387	115,305
U.S. Treasury notes and obligations of government agencies	301,870	4,685	–	–	301,870	4,685
	$1,039,372	$84,755	$214,523	$58,992	$1,253,895	$143,747
2011						
Mutual funds	$ 55,236	$ 4,902	$ –	$ –	$ 55,236	$ 4,902
Equity securities	199,810	12,031	476,985	77,657	676,795	89,688
U.S. Treasury notes and obligations of government agencies	517,010	7,736	–	–	517,010	7,736
	$ 772,056	$24,669	$476,985	$77,657	$1,249,041	$102,326

3. Investments (Continued)

At June 30, 2012, unrealized losses consist of three mutual funds, two U.S. Treasury notes and twenty-two equity securities, six of which have had continuous losses for more than one year.

In evaluating whether the investments have suffered an other-than-temporary decline, management evaluated the amount of the decline compared to cost, the underlying creditworthiness of the issuer, the fair values exhibited during the year and the estimated future fair values. In general, management believes the declines at June 30, 2012 within the marketable equity securities and mutual funds are due to temporary market fluctuations, and declines in U.S. Treasury notes and obligations of government agencies are caused by fluctuations in interest rates. Based on evaluations of the underlying issuers' financial condition, current trends and economic conditions, and the Organization's ability and intent to hold such securities to recovery, management does not believe any securities have an other-than-temporary decline in value.

4. Loans and Advances to Agencies

The Organization had loans receivable from various agencies. Such loans had various terms and interest rates (ranging from 0% to 5%). At June 30, 2012, all outstanding principal amounts were paid in full.

5. Beneficial Interest in Perpetual Trust

The Organization is the income beneficiary of an irrevocable perpetual trust. These funds are held and controlled by Bank of America, as trustee. The Organization is entitled to 85% of the income from the trust. The Organization has recorded an asset in its statement of financial position at 85% of the fair value of trust assets. At June 30, 2012 and 2011, the Organization's beneficial interest in perpetual trust is $1,129,897 and $1,228,308, respectively.

6. Net Assets

Unrestricted net assets at June 30, 2012 and 2011 are as follows:

	2012	2011
Undesignated	$3,578,313	$3,283,708
Board designated – endowment	3,438,953	3,587,515
	$7,017,266	$6,871,223

6. Net Assets (Continued)

Undesignated net assets are unrestricted and available for programs and support services of the Organization. The Board of Directors has designated unrestricted net assets for long-term purposes labeled above as endowment. The income earned on these investments will be used for charitable purposes including initiatives.

Temporarily restricted net assets are available for the following purposes at June 30, 2012 and 2011:

	2012	2011
Campaign contributions	$3,193,991	$3,342,826
Endowment Funds (including unrealized gains)	860,357	1,036,936
Grant Funds	190,092	277,565
211 Maine	438,356	511,112
How Fund	21,575	28,981
	$4,704,371	$5,197,420

Permanently restricted net assets at June 30, 2012 and 2011 are as follows:

	2012	2011
Beneficial interest in perpetual trust – How (note 5)	$1,129,897	$1,228,308
Endowment Funds	1,793,619	1,699,439
	$2,923,516	$2,927,747

Other agency relationships:

The Preble Street Self-Sufficiency Fund is an agency relationship and is reflected as both an asset (included in investments) and liability in the statement of financial position. The fund totaled $125,630 at June 30, 2012 and $134,315 at June 30, 2011.

7. Employee Benefits

The Organization has established a Tax Deferred Annuity Plan in accordance with Section 403(b) of the Internal Revenue Code (the Code), which covers all employees. Employees may elect to defer a portion of their compensation of which a certain percent (6% in 2012 and 2011) determined annually by the Board is matched dollar for dollar by the Organization. In addition, the Plan provides for discretionary contributions by the Organization. The amounts deferred by the employee vest immediately and the Organization's contributions vest over a four year period. The Organization's contribution to the Plan in 2012 and 2011 was $37,412 and $54,931, respectively.

8. Calculation of Operating Expense Ratio

	2012	2011
Supporting services:		
Fund raising	$ 742,056	$ 707,546
Management and general	504,296	405,691
Total supporting services	$1,246,352	$ 1,113,237
Revenue:		
Campaign results, net	$7,656,027	$ 7,525,837
Gifts and bequests	94,224	38,944
Grant and other revenue	1,067,367	1,702,732
Investment income	190,067	168,510
Realized gains on investments	75,154	316,444
Total revenue	$9,082,839	$ 9,752,467
Operating expense ratio	13.7%	11.4%

The calculation of the operating expense ratio is in accordance with United Way of America's Functional Expense and Overhead Reporting Standards for United Ways.

9. Leases

In fiscal 2010, the Organization entered into a new lease agreement for office space that commenced in fiscal 2011. The agreement carries an initial ten-year term and two five-year options. The monthly base rental amount is $15,817, and will increase annually based on the consumer price index with a 2% annual cap. Total rent expense under the current and prior leases amounted to $195,031 and $154,045 for the years ended June 30, 2012 and 2011, respectively.

A summary of noncancelable future minimum rental payments are as follows:

2013	$ 197,664
2014	197,664
2015	197,664
2016	197,664
2017	197,664
Thereafter	592,992
	$1,581,312

10. Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Code and as such is exempt from federal and state income taxes.

Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to the consolidated financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for years before 2008.

11. Volunteer Services

A substantial number of volunteers have donated their time to the Organization. The volunteers provide various nonspecialized services to the Organization, none of which have been recognized as revenue or expense in the statement of activities.

12. Commitments

The Organization has an agreement with The Opportunity Alliance (formerly Youth Alternatives Ingraham), a nonprofit corporation, through June 30, 2012 with renewal terms under review. The Opportunity Alliance provides call center services and other administrative services for 211 Maine. Expenses for these services totaled $1,099,229 and $1,137,067 in fiscal 2012 and 2011, respectively. At June 30, 2012 and 2011, 211 Maine had a payable to The Opportunity Alliance of $100,437 and $95,389, respectively.

13. Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, investments, receivables, and payables. The fair values of the financial instruments approximate their carrying values in the accompanying statement of financial position at June 30, 2012 and 2011.

13. Financial Instruments (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and 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 or liabilities.

13. Financial Instruments (Continued)

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2012 and 2011:

	Total	Level 1	Level 2	Level 3
2012				
Marketable equity securities:				
Basic industry	$ 214,614	$ 214,614	$ –	$ –
Capital goods	329,657	329,657	–	–
Consumer products	1,266,876	1,266,876	–	–
Energy	448,445	448,445	–	–
Financial institutions	401,878	401,878	–	–
Technology	803,897	803,897	–	–
U.S. Treasury notes and obligations of government agencies	855,448	–	855,448	–
Mutual funds:				
Foreign equity funds	170,074	170,074	–	–
Domestic equity funds	650,220	650,220	–	–
Fixed income funds	114,074	114,074	–	–
Money market accounts	252,363	252,363	–	–
Corporate bonds	672,991	–	672,991	–
Other	17,336	–	17,336	–
	$6,197,873	$4,652,098	$1,545,775	$ –
2011				
Marketable equity securities:				
Basic industry	$ 255,707	$ 255,707	$ –	$ –
Capital goods	467,601	467,601	–	–
Consumer products	1,130,206	1,130,206	–	–
Energy	623,623	623,623	–	–
Financial institutions	426,296	426,296	–	–
Technology	730,594	730,594	–	–
U.S. Treasury notes and obligations of government agencies	833,932	–	833,932	–
Mutual funds:				
Foreign equity funds	180,128	180,128	–	–
Domestic equity funds	592,833	592,833	–	–
Fixed income funds	105,440	105,440	–	–
Money market accounts	162,028	162,028	–	–
Corporate bonds	679,471	–	679,471	–
Other	16,675	–	16,675	–
	$6,204,534	$4,674,456	$1,530,078	$ –