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United Way, Inc.

Consolidated Audited Financial Statements

Year Ended June 30, 2015
With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Way, Inc. which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, cash flows, and of functional expenses for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Directors
United Way, Inc.

Report on Summarized Comparative Information

We have previously audited United Way, Inc.'s 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

Baker Newman & Noyes

Limited Liability Company

Portland, Maine
October 20, 2015

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2015
(With Summarized Financial Information for June 30, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	$ 4,783,556	$ 5,149,821
Pledges receivable, net (note 2)	4,916,191	4,580,429
Other receivables	272,972	95,377
Other assets	67,833	57,100
Long-term investments (notes 3 and 12)	7,695,624	7,768,909
Beneficial interest in perpetual trust (note 4)	1,195,264	1,277,285
Equipment, less accumulated depreciation of $256,790 in 2015 and $275,592 in 2014	130,163	147,086
Total assets	$19,061,603	$19,076,007
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 501,793	$ 394,699
Designations payable	3,784,725	3,429,825
Other liabilities (note 5)	150,359	153,034
Total liabilities	4,436,877	3,977,558
Net assets (note 5):		
Unrestricted:		
Undesignated	2,189,488	2,594,105
Board designated – endowment	4,199,185	4,242,600
	6,388,673	6,836,705
Temporarily restricted	5,100,041	5,056,498
Permanently restricted	3,136,012	3,205,246
Total net assets	14,624,726	15,098,449
Total liabilities and net assets	$19,061,603	$19,076,007

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2015
(With Summarized Financial Information for June 30, 2014)

	2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2014
Campaign results:					
2015 campaign results	$ –	$ 105,291	$ –	$ 105,291	$ –
2014 campaign results	–	6,930,197	–	6,930,197	22,053
2013 campaign results	–	16,678	–	16,678	7,167,617
2012 campaign results	–	–	–	–	98,598
Less donor designations, net	–	(1,042,369)	–	(1,042,369)	(1,256,164)
Less provision for uncollectible pledges	–	(214,967)	–	(214,967)	(241,255)
Net campaign results	–	5,794,830	–	5,794,830	5,790,849
Revenues, gains and other support:					
Net assets released from restriction:					
2014 campaign	2,848,749	(2,848,749)	–	–	–
2013 campaign	2,862,336	(2,862,336)	–	–	–
Gifts and bequests	5,032	–	12,787	17,819	44,824
Grant and contract revenue	–	1,389,715	–	1,389,715	1,809,682
Service fees	464,440	100,116	–	564,556	544,338
Investment income	177,399	80,713	–	258,112	162,678
Realized gains on investments	132,399	36,695	–	169,094	530,739
Unrealized (losses) gains on investments	(143,970)	(45,803)	–	(189,773)	570,709
Miscellaneous	106,545	–	–	106,545	85,740
Other assets released from restriction	1,601,638	(1,601,638)	–	–	–
(Loss) gain on perpetual trust (note 4)	–	–	(82,021)	(82,021)	102,312
Total revenues	8,054,568	43,543	(69,234)	8,028,877	9,641,871
Expenses:					
Agency allocations/awards	4,732,913	–	–	4,732,913	5,056,643
Less donor designations, net	(1,144,275)	–	–	(1,144,275)	(1,320,958)
Community impact	1,635,969	–	–	1,635,969	2,122,975
Volunteer development	258,933	–	–	258,933	227,457
211 Maine	1,140,947	–	–	1,140,947	1,095,858
Total program services	6,624,487	–	–	6,624,487	7,181,975
Supporting services – management and general and fundraising	1,878,113	–	–	1,878,113	1,751,591
Total expenses	8,502,600	–	–	8,502,600	8,933,566
Change in net assets	(448,032)	43,543	(69,234)	(473,723)	708,305
Net assets, beginning of year	6,836,705	5,056,498	3,205,246	15,098,449	14,390,144
Net assets, end of year	$ 6,388,673	$ 5,100,041	$3,136,012	$14,624,726	$15,098,449

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2015
(With Summarized Financial Information for June 30, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (473,723)	$ 708,305
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	27,720	33,952
Net realized and unrealized losses (gains) on investments	20,679	(1,101,448)
Loss (gain) on perpetual trust	82,021	(102,312)
Endowment gifts	(12,787)	(44,724)
(Increase) decrease in pledges receivable	(377,118)	61,774
Increase (decrease) in the allowance for pledges receivable	41,356	(50,026)
(Increase) decrease in other receivables	(177,595)	36,426
Increase in other assets	(10,733)	(10,710)
Increase (decrease) in accounts payable and accrued liabilities	107,094	(211,595)
Increase (decrease) in designations payable	354,900	(96,685)
(Decrease) increase in other liabilities	(2,675)	18,460
Net cash used by operating activities	(420,861)	(758,583)
Cash flows from investing activities:		
Purchase of equipment	(10,797)	(1,305)
Purchase of investments	(1,185,460)	(4,081,820)
Proceeds from sales and maturities of investments	1,238,066	4,170,703
Net cash provided by investing activities	41,809	87,578
Cash flows from financing activities:		
Endowment gifts	12,787	44,724
Net cash provided by financing activities	12,787	44,724
Net decrease in cash and cash equivalents	(366,265)	(626,281)
Cash and cash equivalents at beginning of year	5,149,821	5,776,102
Cash and cash equivalents at end of year	$ 4,783,556	$ 5,149,821

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015
(With Summarized Financial Information for June 30, 2014)

	2015			
	Program Services			
	Essential Programs and Services	Community Impact	Volunteer Development	211 Maine
Gross allocations/awards/contracts	$ 4,732,913	$ 440,681	$ –	$ 1,053,921
Less donor designations, net	(1,144,275)	–	–	–
Net allocations/awards	3,588,638	440,681	–	1,053,921
Salaries	–	610,126	150,866	36,288
Employees' health and retirement benefits	–	79,647	26,817	2,187
Payroll taxes	–	55,955	13,022	1,588
Professional fees and contract services	–	201,910	7,100	8,656
Supplies	–	10,761	5,292	23
Telephone	–	5,225	1,120	635
Postage and shipping	–	4,522	1,295	11
Occupancy	–	100,233	21,417	8,333
Marketing and communications materials	–	33,567	6,625	23,491
Publications and subscription	–	2,276	476	–
Travel	–	11,470	2,871	2,046
Conferences, conventions and meetings	–	21,525	4,772	1,530
National agency support	–	21,850	6,396	–
Equipment, rental and maintenance	–	18,842	6,655	–
Insurance	–	3,468	1,015	2,093
Miscellaneous	–	5,435	713	145
Depreciation	–	8,476	2,481	–
Total operations	–	1,195,288	258,933	87,026
Total expense	$ 3,588,638	$1,635,969	$258,933	$1,140,947

See accompanying notes.

	Supporting Services					
Total	Management and General	Fund Raising	Total	Total 2015	Total 2014
$ 6,227,515	$ –	$ –	$ –	$ 6,227,515	$ 6,911,303
(1,144,275)	–	–	–	(1,144,275)	(1,320,958)
5,083,240	–	–	–	5,083,240	5,590,345
797,280	510,769	705,632	1,216,401	2,013,681	1,783,933
108,651	27,473	113,429	140,902	249,553	226,314
70,565	19,748	65,859	85,607	156,172	141,704
217,666	62,370	29,852	92,222	309,888	470,208
16,076	4,319	7,723	12,042	28,118	35,029
6,980	2,894	7,096	9,990	16,970	35,023
5,828	3,347	5,920	9,267	15,095	13,668
129,983	44,126	79,321	123,447	253,430	241,699
63,683	13,649	25,902	39,551	103,234	73,713
2,752	1,107	2,783	3,890	6,642	13,466
16,387	2,227	9,306	11,533	27,920	52,195
27,827	6,359	19,644	26,003	53,830	67,543
28,246	16,525	26,684	43,209	71,455	74,446
25,497	14,246	23,005	37,251	62,748	53,412
6,576	2,623	4,236	6,859	13,435	15,867
6,293	1,196	1,980	3,176	9,469	11,049
10,957	6,411	10,352	16,763	27,720	33,952
1,541,247	739,389	1,138,724	1,878,113	3,419,360	3,343,221
$ 6,624,487	$739,389	$1,138,724	$1,878,113	$ 8,502,600	$ 8,933,566

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 choose to 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.

The Organization also processes pledges and collects and distributes funds outside of greater Portland from employees of several companies. Like specific care pledges raised locally, these 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. See note 7.

In addition to annual campaign contributions, donors can utilize various planned giving vehicles including bequests, gifts of securities, and life insurance to support the Organization's long-term operations. Such contributions are assets of the Organization. Endowment assets are managed by the Organization's Finance Committee in accordance with an Investment Policy approved by the Board of Directors.

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

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, 2015 and 2014, the Organization has cash and cash equivalents of approximately $4,933,000 and $5,303,000, 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

The Organization also undertakes other specific initiatives periodically in connection with its goals for the education, financial stability, and health of the greater Portland community. These initiatives are funded by operating dollars from the sources referenced above as well as grants from foundations and corporations.

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.

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 October 20, 2015, 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, 2015 and 2014, the balance of pledges receivable, less allowance for uncollectible pledges by campaign year is as follows:

2015			
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2015	$ 65,091	$ –	$ 65,091
2014	2,618,481	282,319	2,336,162
2013	227,336	227,336	–
2012	267,018	267,018	–
	3,177,926	776,673	2,401,253
Specific Care pledges	2,811,377	296,439	2,514,938
	$5,989,303	$1,073,112	$4,916,191

2014			
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2014	$ 16,557	$ –	$ 16,557
2013	2,707,749	291,795	2,415,954
2012	269,911	269,911	–
2011	173,611	173,611	–
	3,167,828	735,317	2,432,511
Specific Care pledges	2,395,523	247,605	2,147,918
	$5,563,351	$ 982,922	$4,580,429

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 approximately $251,000 and $252,000 in fiscal 2015 and 2014, respectively.

A summary of investments at June 30, 2015 and 2014 is as follows:

	2015	2014
Marketable equity securities	$4,357,856	$ 4,139,736
U.S. Treasury notes and obligations of government agencies	632,953	532,517
Mutual funds – equity	1,260,848	1,580,482
Money market accounts	168,946	154,441
Corporate bonds	1,275,021	1,361,733
	$7,695,624	$ 7,768,909

Such investments are allocated as follows:

	2015	2014
United Way endowments:		
Board-designated net assets	$4,199,185	$4,242,600
Temporarily restricted net assets	1,405,332	1,445,314
Permanently restricted net assets	1,940,748	1,927,961
	7,545,265	7,615,875
Agency endowments (note 5)	150,359	153,034
	$7,695,624	$7,768,909

3. Investments (Continued)

The changes in United Way endowment funds by net asset category for the years ended June 30, 2015 and 2014 are as follows:

	Board-designated	Temporarily Restricted	Permanently Restricted	Total
2015				
Balances, June 30, 2014	$4,242,600	$1,467,561	$1,927,961	$7,638,122
Investment income	107,400	80,713	–	188,113
Net depreciation in fair value	(11,577)	(9,102)	–	(20,679)
Additions	–	–	12,787	12,787
Appropriation for expenditure	(139,238)	(111,595)	–	(250,833)
Balances, June 30, 2015	$4,199,185	$1,427,577	$1,940,748	$7,567,510
2014				
Balances, June 30, 2013	$3,707,267	$1,053,092	$1,883,237	$6,643,596
Investment income	55,840	44,470	–	100,310
Net appreciation in fair value	616,009	485,439	–	1,101,448
Additions	–	–	44,724	44,724
Appropriation for expenditure	(136,516)	(115,440)	–	(251,956)
Balances, June 30, 2014	$4,242,600	$1,467,561	$1,927,961	$7,638,122

Amounts of securities with unrealized losses at June 30, 2015 and 2014 are shown below. None of these losses are considered other than temporary.

	Time Period in Loss Position					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2015						
Equity securities	$ 619,529	$23,085	$ –	$ –	$ 619,529	$23,085
U.S. Treasury notes and obligations of government agencies	99,880	120	223,441	3,724	323,321	3,844
Corporate bonds	253,594	309	201,161	291	454,755	600
Mutual funds	325,386	7,173	–	–	325,386	7,173
	$1,298,389	$30,687	$424,602	$4,015	$1,722,991	$34,702
2014						
Equity securities	$ 371,434	$13,178	$ –	$ –	$ 371,434	$13,178
U.S. Treasury note	–	–	96,258	5,492	96,258	5,492
Corporate bonds	101,682	306	99,279	461	200,961	767
	$ 473,116	$13,484	$195,537	$5,953	$ 668,653	$19,437

3. Investments (Continued)

At June 30, 2015, unrealized losses consist of three U.S. Treasury notes and obligations of government agencies, seven corporate bonds, fifteen equity securities, and one mutual fund.

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, 2015 within the marketable equity securities are due to temporary market fluctuations, and declines in the U.S. Treasury note and corporate bonds 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. 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, 2015 and 2014, the Organization's beneficial interest in perpetual trust is $1,195,264 and $1,277,285, respectively.

5. Net Assets

Unrestricted net assets at June 30, 2015 and 2014 are as follows:

	2015	2014
Undesignated	$2,189,488	$2,594,105
Board designated – endowment	4,199,185	4,242,600
	$6,388,673	$6,836,705

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.

5. Net Assets (Continued)

Temporarily restricted net assets are available for the following purposes at June 30, 2015 and 2014:

	2015	2014
Campaign contributions	$2,948,187	$2,862,336
Endowment Funds (including unrealized gains)	1,427,577	1,467,561
Grant Funds	176,507	228,588
211 Maine	538,003	487,588
How Fund	9,767	10,425
	$5,100,041	$5,056,498

Permanently restricted net assets at June 30, 2015 and 2014 are as follows:

	2015	2014
Beneficial interest in perpetual trust – How (note 4)	$1,195,264	$1,277,285
Endowment Funds	1,940,748	1,927,961
	$3,136,012	$3,205,246

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 $150,359 at June 30, 2015 and $153,034 at June 30, 2014.

6. 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 2015 and 2014) 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 2015 and 2014 was $65,087 and $74,591, respectively.

7. Calculation of Operating Expense Ratio

	2015	2014
Supporting services:		
Fundraising	$1,138,724	$1,091,445
Management and general	739,389	660,146
Total supporting services	$1,878,113	$1,751,591
Revenue:		
Campaign results, net	$6,837,199	$7,047,013
Gifts and bequests	17,819	44,824
Grant and other revenue	1,119,454	1,531,139
Investment income	258,112	162,678
Realized gains on investments	169,094	530,739
Total revenue	$8,401,678	$9,316,393
Operating expense ratio	22.4%	18.8%

The above calculation of the operating expense ratio is in accordance with United Way Worldwide's Functional Expense and Overhead Reporting Standards for United Ways. This calculation includes expenses associated with soliciting, collecting, and distributing over $5.6 and $4.9 million in out-of-area pledges in 2015 and 2014, respectively. Revenues associated with these pledges are excluded from this calculation. Similarly, dollars raised on behalf of 211 Maine are excluded from the above calculation, while some costs incurred in soliciting those dollars are included above.

The below calculation, which includes all funds processed by United Way of Greater Portland, better represents the Organization's operational efficiency.

	2015	2014
Supporting services:		
Fundraising	$ 1,138,724	$ 1,091,445
Management and general	739,689	660,146
Total supporting services	$ 1,878,413	$ 1,751,591
Revenue:		
Sources listed above	$ 8,401,678	$ 9,316,393
Out-of-area pledges	5,599,343	4,903,542
211 Maine revenue	941,362	908,621
Total sources	$14,942,383	$15,128,556
Operating expense ratio	12.6%	11.6%

8. 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 $205,023 and $198,948 for the years ended June 30, 2015 and 2014, respectively.

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

2016	$ 211,188
2017	211,188
2018	211,188
2019	211,188
2020	211,188
	$ 1,055,940

9. 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 2011.

10. 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.

11. Commitments

The Organization has an agreement with The Opportunity Alliance, a nonprofit corporation, through June 30, 2016 (subject to termination by either party in certain events). The Opportunity Alliance provides call center services and other administrative services for 211 Maine. Expenses for these services totaled $1,053,921 and $1,023,474 in fiscal 2015 and 2014, respectively. At June 30, 2015 and 2014, 211 Maine had a payable to The Opportunity Alliance of $186,503 and $93,576, respectively.

12. 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, 2015 and 2014.

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.

12. Financial Instruments (Continued)

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2015 and 2014:

	Total	Level 1	Level 2	Level 3
2015				
Marketable equity securities:				
Basic industry	$ 367,183	$ 367,183	$ –	$ –
Consumer products	1,607,820	1,607,820	–	–
Energy	382,137	382,137	–	–
Financial institutions	879,028	879,028	–	–
Technology	1,121,688	1,121,688	–	–
U.S. Treasury notes and obligations of government agencies	632,953	–	632,953	–
Mutual funds:				
Foreign equity funds	834,864	834,864	–	–
Domestic equity funds	425,984	425,984	–	–
Money market accounts	168,946	168,946	–	–
Corporate bonds	1,275,021	–	1,275,021	–
	$7,695,624	$5,787,650	$1,907,974	$ –
2014				
Marketable equity securities:				
Basic industry	$ 372,012	$ 372,012	$ –	$ –
Consumer products	1,496,285	1,496,285	–	–
Energy	490,985	490,985	–	–
Financial institutions	791,729	791,729	–	–
Technology	988,725	988,725	–	–
U.S. Treasury notes and obligations of government agencies	532,517	–	532,517	–
Mutual funds:				
Foreign equity funds	874,576	874,576	–	–
Domestic equity funds	705,906	705,906	–	–
Money market accounts	154,441	154,441	–	–
Corporate bonds	1,361,733	–	1,361,733	–
	$7,768,909	$5,874,659	$1,894,250	$ –