United Way, Inc.

Consolidated Audited Financial Statements

Year Ended June 30, 2011
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, 2011, 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 2010 financial statements and, in our report dated October 28, 2010, 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, 2011, 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 30, 2011

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2011
(With Summarized Financial Information for June 30, 2010)

	2011	2010
ASSETS		
Cash and cash equivalents	$ 5,747,101	$ 5,471,568
Pledges receivable, net (note 2)	4,185,415	3,840,481
Other receivables	141,381	134,433
Loans and advances to agencies (note 4)	177,558	187,498
Other assets	27,914	27,438
Long-term investments (notes 3 and 13)	6,204,534	5,263,846
Beneficial interest in perpetual trust (note 5)	1,228,308	1,033,325
Equipment, less accumulated depreciation of $160,490 in 2011 and $119,349 in 2010	221,865	107,505
Total assets	$17,934,076	$16,066,094
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 365,579	$ 361,454
Designations payable	2,437,792	2,093,670
Other liabilities (note 6)	134,315	114,656
Total liabilities	2,937,686	2,569,780
Net assets (note 6):		
Unrestricted:		
Undesignated	3,283,708	2,807,016
Board designated – endowment	3,587,515	3,120,772
	6,871,223	5,927,788
Temporarily restricted	5,197,420	4,865,191
Permanently restricted	2,927,747	2,703,335
Total net assets	14,996,390	13,496,314
Total liabilities and net assets	$17,934,076	$16,066,094

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2011
(With Summarized Financial Information for June 30, 2010)

	2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2010
Campaign results:					
2011 campaign results	$ –	$ 214,304	$ –	$ 214,304	$ –
2010 campaign results	–	7,437,085	–	7,437,085	405,640
2009 campaign results	–	66,828	–	66,828	7,916,309
2008 campaign results	–	–	–	–	128,897
Less donor designations, net	–	(1,352,054)	–	(1,352,054)	(1,343,910)
Less provision for uncollectible pledges	–	(192,380)	–	(192,380)	(306,116)
Net campaign results	–	6,173,783	–	6,173,783	6,800,820
Revenues, gains and other support:					
Net assets released from restriction:					
2010 campaign	2,830,956	(2,830,956)	–	–	–
2009 campaign	3,527,160	(3,527,160)	–	–	–
Gifts and bequests	9,515	–	29,429	38,944	51,635
Grant and contract revenue	–	2,394,862	–	2,394,862	2,431,687
Service fees	308,014	59,542	–	367,556	310,896
Investment income	104,685	63,825	–	168,510	152,516
Realized gains on investments	171,868	144,576	–	316,444	22,361
Unrealized gains on investments	349,349	290,626	–	639,975	342,335
Miscellaneous	126,983	–	–	126,983	105,399
Other assets released from restriction	2,436,869	(2,436,869)	–	–	–
Gain on perpetual trust (note 5)	–	–	194,983	194,983	65,884
Total revenues	9,865,399	332,229	224,412	10,422,040	10,283,533
Expenses:					
Agency allocations/awards	5,270,717	–	–	5,270,717	5,315,636
Less donor designations, net	(1,333,445)	–	–	(1,333,445)	(1,411,536)
Community impact	2,114,854	–	–	2,114,854	2,072,295
Agency services	381,428	–	–	381,428	366,665
Volunteer development	175,288	–	–	175,288	163,557
211 Maine	1,199,885	–	–	1,199,885	1,277,689
Total program services	7,808,727	–	–	7,808,727	7,784,306
Supporting services – management and general and fundraising	1,113,237	–	–	1,113,237	1,189,580
Total expenses	8,921,964	–	–	8,921,964	8,973,886
Change in net assets	943,435	332,229	224,412	1,500,076	1,309,647
Net assets, beginning of year	5,927,788	4,865,191	2,703,335	13,496,314	12,186,667
Net assets, end of year	$ 6,871,223	$ 5,197,420	$2,927,747	$14,996,390	$13,496,314

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2011
(With Summarized Financial Information for June 30, 2010)

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 1,500,076	$ 1,309,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,141	37,694
Net realized and unrealized gains on investments	(956,419)	(364,696)
Gain on perpetual trust	(194,983)	(65,884)
Endowment gifts	(29,429)	(51,635)
Increase in pledges receivable	(296,652)	(34,944)
Decrease in the allowance for pledges receivable	(48,282)	(3,607)
Increase in other receivables	(6,948)	(52,065)
Decrease in loans and advances to agencies	9,940	4,999
(Increase) decrease in other assets	(476)	49,426
Increase (decrease) in accounts payable and accrued expenses	16,934	(63,653)
Increase in designations payable	344,122	209,094
Increase in other liabilities	19,659	9,241
Net cash provided by operating activities	398,683	983,617
Cash flows from investing activities:		
Purchase of equipment	(168,310)	(66,097)
Purchase of investments	(2,518,884)	(1,144,443)
Proceeds from sales and maturities of investments	2,534,615	1,178,316
Net cash used by investing activities	(152,579)	(32,224)
Cash flows from financing activities:		
Endowment gifts	29,429	51,635
Net cash provided by financing activities	29,429	51,635
Net increase in cash and equivalents	275,533	1,003,028
Cash and cash equivalents at beginning of year	5,471,568	4,468,540
Cash and cash equivalents at end of year	$ 5,747,101	$ 5,471,568
Supplemental disclosure of noncash investing activities:		
Equipment expenditures in accounts payable	$ –	$ 12,809

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011
(With Summarized Financial Information for June 30, 2010)

	2011			
	Program Services			
	Essential Programs and Services	Community Impact	Agency Services	Volunteer Development
Gross allocations/awards/contracts	$ 5,270,717	$ 816,980	$ –	$ –
Less donor designations, net	(1,333,445)	–	–	–
Net allocations/awards	3,937,272	816,980	–	–
Salaries	–	439,456	241,267	101,588
Employees' health and retirement benefits	–	56,829	31,722	13,570
Payroll taxes	–	31,781	18,416	7,754
Professional fees and contract services	–	515,785	11,122	4,818
Supplies	–	8,458	4,291	1,883
Telephone	–	3,799	1,374	706
Postage and shipping	–	3,566	1,828	792
Occupancy	–	68,953	28,562	12,912
Marketing and communications materials	–	82,204	8,994	3,920
Publications and subscription	–	1,400	417	376
Travel	–	13,221	2,038	3,425
Conferences, conventions and meetings	–	15,611	3,000	3,917
National agency support	–	24,455	13,262	5,745
Equipment, rental and maintenance	–	12,320	5,265	9,381
Insurance	–	3,414	1,851	802
Miscellaneous	–	3,957	1,151	724
Depreciation	–	12,665	6,868	2,975
Total operations	–	1,297,874	381,428	175,288
Total expense	$ 3,937,272	$2,114,854	$381,428	$175,288

See accompanying notes.

		Supporting Services				
211 Maine	Total	Management and General	Fund Raising	Total	Total 2011	Total 2010
$ 1,137,067	$ 7,224,764	$ –	$ –	$ –	$ 7,224,764	$ 7,318,734
–	(1,333,445)	–	–	–	(1,333,445)	(1,411,536)
1,137,067	5,891,319	–	–	–	5,891,319	5,907,198
20,624	802,935	253,114	398,579	651,693	1,454,628	1,616,739
2,262	104,383	30,933	54,959	85,892	190,275	218,013
1,578	59,529	19,320	30,423	49,743	109,272	123,073
14,188	545,913	30,061	30,199	60,260	606,173	415,248
672	15,304	3,930	8,010	11,940	27,244	34,141
–	5,879	1,259	2,888	4,147	10,026	8,873
28	6,214	1,674	4,001	5,675	11,889	15,422
4,174	114,601	26,159	56,681	82,840	197,441	174,350
15,545	110,663	8,237	54,291	62,528	173,191	200,483
82	2,275	382	1,069	1,451	3,726	2,253
653	19,337	1,866	6,597	8,463	27,800	29,890
972	23,500	2,747	8,819	11,566	35,066	47,152
–	43,462	12,146	23,832	35,978	79,440	80,767
327	27,293	4,822	9,461	14,283	41,576	41,617
1,713	7,780	1,696	3,327	5,023	12,803	12,227
–	5,832	1,054	2,068	3,122	8,954	8,746
–	22,508	6,291	12,342	18,633	41,141	37,694
62,818	1,917,408	405,691	707,546	1,113,237	3,030,645	3,066,688
$ 1,199,885	$ 7,808,727	$405,691	$707,546	$1,113,237	$ 8,921,964	$ 8,973,886

UNITED WAY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011
(With Summarized Financial Information for June 30, 2010)

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.

In fiscal 2006, the Organization became 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. Due to the Organization gaining control, 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. Campaign contributions are used to support local health and human service programs of partner and non-partner agencies and to pay the Organization's operating expenses. Donors may designate their pledges among several care programs. Community Care and Targeted Care pledges are pooled and allocated to partner agency health and human services programs. Specific Care donors designate their pledges to a partner agency, a non-partner agency that provides human services within the State of Maine or another 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, the Organization receives a grant 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 is included in grant revenue and community impact expense in the Statement of Activities. Libra discontinued the program in fiscal 2011. Such grants totaled approximately $526,000 and $600,000 in fiscal 2011 and 2010, respectively.

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, 2011 and 2010, the Organization has cash and cash equivalents of approximately $5,937,000 and $5,271,000, 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.

Financial Accounting Standards Board (FASB) Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds* (FAS 117-1), became effective for the Organization in fiscal 2009. The State of Maine enacted UPMIFA effective July 1, 2009. The new pronouncement and state law did not have a significant impact on the Organization's endowment fund management or financial reporting.

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 2010 information has been reclassified to conform to 2011 presentation.

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

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 30, 2011, 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, 2011 and 2010, the balance of pledges receivable, less allowance for uncollectible pledges by campaign year is as follows:

2011			
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2011	$ 163,151	$ –	$ 163,151
2010	4,524,323	502,059	4,022,264
2009	290,120	290,120	–
2008	320,503	320,503	–
	$5,298,097	$1,112,682	$4,185,415

2010			
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2010	$ 17,024	$ –	$ 17,024
2009	4,333,805	558,093	3,775,712
2008	378,772	331,027	47,745
2007	271,844	271,844	–
	$5,001,445	$1,160,964	$3,840,481

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 $178,000 and $173,000 in fiscal 2011 and 2010, respectively.

A summary of investments at June 30, 2011 and 2010 are as follows:

	2011	2010
Marketable equity securities	$3,634,027	$3,186,885
U.S. Treasury notes and obligations of government agencies	833,932	319,570
Mutual funds	878,401	775,809
Money market accounts	162,028	278,010
Corporate bonds	679,471	687,560
Other	16,675	16,012
	$6,204,534	$5,263,846

Such investments are allocated as follows:

	2011	2010
United Way endowments:		
Board-designated net assets	$3,317,163	$2,813,964
Temporarily restricted net assets	1,036,936	647,374
Permanently restricted net assets	1,699,439	1,670,010
	6,053,538	5,131,348
Agency endowments (note 6)	134,321	116,486
Other	16,675	16,012
	$6,204,534	$5,263,846

3. Investments (Continued)

The changes in United Way endowment funds by net asset category for the years ended June 30, 2011 and 2010 are as follows:

	Board-designated	Temporarily Restricted	Permanently Restricted	Total
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
2010				
Balances, June 30, 2009	$2,988,208	$ 522,484	$1,618,375	$5,129,067
Investment income	46,820	18,842	–	65,662
Net appreciation in fair value	203,605	161,090	–	364,695
Additions	–	–	51,635	51,635
Appropriation for expenditure	(117,861)	(55,042)	–	(172,903)
Balances, June 30, 2010	$3,120,772	$ 647,374	$1,670,010	$5,438,156

Amounts of securities with unrealized losses at June 30, 2011 and 2010 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
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
2010						
Mutual funds	$ –	$ –	$ 24,005	$ 1,145	$ 24,005	$ 1,145
Equity securities	713,812	141,305	727,551	236,516	1,441,363	377,821
	$713,812	$141,305	$751,556	$237,661	$1,465,368	$378,966

At June 30, 2011, unrealized losses consist of one mutual fund, four U.S. Treasury notes and twenty equity securities, eleven of which have had continuous losses for more than one year.

3. Investments (Continued)

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, 2011, 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 has loans receivable from various agencies. Such loans have various terms and interest rates (ranging from 0% to 5%). At June 30, 2011, aggregate principal maturities are due in 2012. The loans receivable includes a $175,000 note secured by agency real estate which was repaid in August 2011.

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, 2011 and 2010, the Organization's beneficial interest in perpetual trust is $1,228,308 and $1,033,325, respectively.

6. Net Assets

Unrestricted net assets at June 30, 2011 and 2010 are as follows:

	2011	2010
Undesignated	$3,283,708	$2,807,016
Board designated – endowment	3,587,515	3,120,772
	$6,871,223	$5,927,788

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.

6. Net Assets (Continued)

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010:

	2011	2010
Campaign contributions	$3,342,826	$3,527,160
Endowment Funds (including unrealized gains)	1,036,936	647,374
Grant Funds	277,565	370,852
211 Maine	511,112	274,325
How fund	28,981	45,480
	$5,197,420	$4,865,191

Permanently restricted net assets at June 30, 2011 and 2010 are as follows:

	2011	2010
Beneficial interest in perpetual trust – How (note 5)	$1,228,308	$1,033,325
Endowment Funds	1,699,439	1,670,010
	$2,927,747	$2,703,335

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 $134,315 at June 30, 2011 and $114,656 at June 30, 2010.

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 2011 and 2010) 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 2011 and 2010 was $54,931 and $82,952, respectively.

8. Calculation of Operating Expense Ratio

	2011	2010
Supporting services:		
Fund raising	$ 707,546	$ 754,036
Management and general	405,691	435,544
Total supporting services	$1,113,237	$ 1,189,580
Revenue:		
Campaign results, net	$7,525,837	$ 8,144,730
Gifts and bequests	38,944	51,635
Grant and other revenue	1,702,732	1,653,149
Investment income	168,510	152,516
Realized gains on investments	316,444	22,361
Total revenue	$9,752,467	$10,024,391
Operating expense ratio	11.4%	11.9%

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 $149,876 and $125,737 for the years ended June 30, 2011 and 2010, respectively.

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

2012	$ 194,544
2013	194,544
2014	194,544
2015	194,544
2016	194,544
Thereafter	778,176
	$1,750,896

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.

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 Youth Alternatives Ingraham, a nonprofit corporation, through June 30, 2011 with renewal terms under review. Youth Alternatives Ingraham provides call center services and other administrative services for 211 Maine. Expenses for these services totaled $1,137,067 and $1,171,075 in fiscal 2011 and 2010, respectively. At June 30, 2011 and 2010, 211 Maine had a payable to Youth Alternatives Ingraham of $95,389 and $67,743, 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, 2011 and 2010.

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.

13. Financial Instruments (Continued)

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.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2011 and 2010:

	Total	Level 1	Level 2	Level 3
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	$ –

13. Financial Instruments (Continued)

	Total	Level 1	Level 2	Level 3
2010				
Marketable equity securities:				
Basic industry	$ 214,495	$ 214,495	$ –	$ –
Capital goods	470,378	470,378	–	–
Consumer products	1,151,630	1,151,630	–	–
Energy	299,333	299,333	–	–
Financial institutions	402,608	402,608	–	–
Technology	648,441	648,441	–	–
U.S. Treasury notes and obligations of government agencies	319,570	–	319,570	–
Mutual funds:				
Foreign equity funds	132,457	132,457	–	–
Domestic equity funds	541,467	541,467	–	–
Fixed income funds	101,885	101,885	–	–
Money market accounts	278,010	278,010	–	–
Corporate bonds	687,560	–	687,560	–
Other	16,012	–	16,012	–
	$5,263,846	$4,240,704	$1,023,142	$ –