United Way, Inc.

Consolidated Audited Financial Statements

Year Ended June 30, 2010
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, 2010, 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 2009 financial statements and, in our report dated September 30, 2009, 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, 2010, 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
October 28, 2010

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2010
(With Summarized Financial Information for June 30, 2009)

	2010	2009
ASSETS		
Cash and cash equivalents	$ 5,471,568	$ 4,468,540
Pledges receivable, net (note 2)	3,840,481	3,801,930
Other receivables	134,433	82,368
Loans and advances to agencies (note 4)	187,498	192,497
Other assets	27,438	76,864
Long-term investments (notes 3 and 13)	5,263,846	4,933,023
Beneficial interest in perpetual trust (note 5)	1,033,325	967,441
Equipment, less accumulated depreciation of $119,349 in 2010 and $242,164 in 2009	107,505	66,293
Total assets	$16,066,094	$14,588,956
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 361,454	$ 412,298
Designations payable	2,093,670	1,884,576
Other liabilities (note 6)	114,656	105,415
Total liabilities	2,569,780	2,402,289
Net assets (note 6):		
Unrestricted:		
Undesignated	2,807,016	2,468,059
Board designated – endowment	3,120,772	2,988,208
	5,927,788	5,456,267
Temporarily restricted	4,865,191	4,144,584
Permanently restricted	2,703,335	2,585,816
Total net assets	13,496,314	12,186,667
Total liabilities and net assets	$16,066,094	$14,588,956

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2010
(With Summarized Financial Information for June 30, 2009)

	2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2009
Campaign results:					
2010 campaign results	$ –	$ 405,640	$ –	$ 405,640	$ –
2009 campaign results	–	7,916,309	–	7,916,309	52,290
2008 campaign results	–	128,897	–	128,897	7,919,080
Less donor designations, net	–	(1,343,910)	–	(1,343,910)	(1,470,748)
Less provision for uncollectible pledges	–	(306,116)	–	(306,116)	(370,994)
Net campaign results	–	6,800,820	–	6,800,820	6,129,628
Revenues, gains and other support:					
Net assets released from restriction:					
2009 campaign	3,273,660	(3,273,660)	–	–	–
2008 campaign	3,091,395	(3,091,395)	–	–	–
Gifts and bequests	–	–	51,635	51,635	4,616
Grant and contract revenue	–	2,431,687	–	2,431,687	3,429,473
Service fees	258,442	52,454	–	310,896	246,318
Investment income	98,344	54,172	–	152,516	186,448
Realized gains (losses) on investments	10,001	12,360	–	22,361	(245,508)
Unrealized gains (losses) on investments	193,605	148,730	–	342,335	(938,146)
Miscellaneous	105,399	–	–	105,399	149,362
Other assets released from restriction	2,414,561	(2,414,561)	–	–	–
Gain (loss) on perpetual trust (note 5)	–	–	65,884	65,884	(248,591)
Total revenues	9,445,407	720,607	117,519	10,283,533	8,713,600
Expenses:					
Agency allocations/awards	5,315,636	–	–	5,315,636	5,537,634
Less donor designations, net	(1,411,536)	–	–	(1,411,536)	(1,352,142)
Community impact	2,072,295	–	–	2,072,295	3,426,648
Agency services	366,665	–	–	366,665	357,761
Volunteer development	163,557	–	–	163,557	160,240
211 Maine	1,277,689	–	–	1,277,689	1,210,927
Total program services	7,784,306	–	–	7,784,306	9,341,068
Supporting services – management and general and fundraising	1,189,580	–	–	1,189,580	1,193,762
Total expenses	8,973,886	–	–	8,973,886	10,534,830
Change in net assets	471,521	720,607	117,519	1,309,647	(1,821,230)
Net assets, beginning of year	5,456,267	4,144,584	2,585,816	12,186,667	14,007,897
Net assets, end of year	$ 5,927,788	$ 4,865,191	$2,703,335	$13,496,314	$12,186,667

See accompanying notes.

UNITED WAY, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2010
(With Summarized Financial Information for June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Change in net assets	$ 1,309,647	$ (1,821,230)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	37,694	25,383
Net realized and unrealized (gains) losses on investments	(364,696)	1,183,654
(Gain) loss on perpetual trust	(65,884)	248,591
Endowment gifts	(51,635)	(4,291)
Increase in pledges receivable	(34,944)	(60,701)
(Decrease) increase in the allowance for pledges receivable	(3,607)	146,001
(Increase) decrease in other receivables	(52,065)	75,260
Decrease in loans and advances to agencies	4,999	5,624
Decrease in other assets	49,426	25,533
Decrease in accounts payable and accrued expenses	(63,653)	(143,286)
Increase in designations payable	209,094	172,603
Increase (decrease) in other liabilities	9,241	(23,891)
Net cash provided (used) by operating activities	983,617	(170,750)
Cash flows from investing activities:		
Purchase of equipment	(66,097)	(6,592)
Purchase of investments	(1,144,443)	(1,392,406)
Proceeds from sales and maturities of investments	1,178,316	1,471,687
Net cash (used) provided by investing activities	(32,224)	72,689
Cash flows from financing activities:		
Endowment gifts	51,635	4,291
Net cash provided by financing activities	51,635	4,291
Net increase (decrease) in cash and equivalents	1,003,028	(93,770)
Cash and cash equivalents at beginning of year	4,468,540	4,562,310
Cash and cash equivalents at end of year	$ 5,471,568	$ 4,468,540
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, 2010
(With Summarized Financial Information for June 30, 2009)

	2010			
	Program Services			
	Essential Programs and Services	Community Impact	Agency Services	Volunteer Development
Gross allocations/awards/contracts	$ 5,315,636	$ 791,768	$ –	$ –
Less donor designations, net	(1,411,536)	–	–	–
Net allocations/awards	3,904,100	791,768	–	–
Salaries	–	492,343	249,313	102,860
Employees' health and retirement benefits	–	85,828	28,521	11,844
Payroll taxes	–	46,948	17,173	7,084
Professional fees and contract services	–	349,009	7,495	3,137
Supplies	–	15,380	3,388	2,073
Telephone	–	3,143	1,088	456
Postage and shipping	–	5,189	2,108	883
Occupancy	–	62,005	24,411	10,232
Marketing and communications materials	–	115,613	4,080	2,221
Publications and subscription	–	909	237	313
Travel	–	15,639	1,937	2,725
Conferences, conventions and meetings	–	27,059	2,717	2,760
National agency support	–	27,994	11,519	4,822
Equipment, rental and maintenance	–	13,091	4,803	8,511
Insurance	–	3,647	1,501	628
Miscellaneous	–	3,665	998	758
Depreciation	–	13,065	5,376	2,250
Total operations	–	1,280,527	366,665	163,557
Total expense	$ 3,904,100	$2,072,295	$366,665	$163,557

See accompanying notes.

211 Maine	Total	Supporting Services: Management and General	Supporting Services: Fund Raising	Supporting Services: Total	Total 2010	Total 2009
$ 1,211,330	$ 7,318,734	$ –	$ –	$ –	$ 7,318,734	$ 8,750,585
–	(1,411,536)	–	–	–	(1,411,536)	(1,352,142)
1,211,330	5,907,198	–	–	–	5,907,198	7,398,443
27,835	872,351	292,301	452,087	744,388	1,616,739	1,643,235
4,402	130,595	30,642	56,776	87,418	218,013	225,553
629	71,834	20,181	31,058	51,239	123,073	120,274
5,122	364,763	31,239	19,246	50,485	415,248	322,188
64	20,905	3,231	10,005	13,236	34,141	27,463
–	4,687	1,038	3,148	4,186	8,873	16,249
56	8,236	2,010	5,176	7,186	15,422	18,132
384	97,032	23,276	54,042	77,318	174,350	183,018
24,603	146,517	3,890	50,076	53,966	200,483	307,716
–	1,459	226	568	794	2,253	1,910
281	20,582	1,847	7,461	9,308	29,890	45,147
1,158	33,694	2,591	10,867	13,458	47,152	43,624
–	44,335	10,983	25,449	36,432	80,767	80,721
20	26,425	4,580	10,612	15,192	41,617	57,441
1,705	7,481	1,431	3,315	4,746	12,227	8,772
100	5,521	952	2,273	3,225	8,746	9,561
–	20,691	5,126	11,877	17,003	37,694	25,383
66,359	1,877,108	435,544	754,036	1,189,580	3,066,688	3,136,387
$ 1,277,689	$ 7,784,306	$435,544	$754,036	$1,189,580	$ 8,973,886	$10,534,830

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 year's campaign results are released from restrictions in the current years' 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 has announced that it plans to discontinue the program in 2011. Such grants totaled approximately $600,000 in fiscal 2010.

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, 2010 and 2009, the Organization has cash and cash equivalents of approximately $5,271,000 and $4,363,000, 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 Trustees 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 Management of Institutional Funds Act (UMIFA) 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 2009 information has been reclassified to conform to 2010 presentation.

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

Subsequent Events

Events occurring after the balance sheet 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 28, 2010, 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, 2010 and 2009, the balance of pledges receivable, less allowance for uncollectible pledges by campaign year is as follows:

	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

	2009		
Campaign Year	Gross Pledges Receivable	Allowance	Net Pledges Receivable
2009	$ 10,723	$ –	$ 10,723
2008	4,406,353	615,146	3,791,207
2007	292,879	292,879	–
2006	256,546	256,546	–
	$4,966,501	$1,164,571	$3,801,930

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 8% 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 $173,000 and $159,000 in fiscal 2010 and 2009, respectively.

A summary of investments at June 30, 2010 and 2009 are as follows:

	2010	2009
Marketable equity securities	$3,186,885	$2,891,458
U.S. Treasury notes and obligations of government agencies	319,570	320,703
Mutual funds	775,809	527,816
Money market accounts	278,010	312,991
Corporate bonds	687,560	865,070
Other	16,012	14,985
	$5,263,846	$4,933,023

Such investments are allocated as follows:

	2010	2009
United Way endowments:		
Board-designated net assets	$2,794,797	$2,662,232
Temporarily restricted net assets	667,151	523,091
Permanently restricted net assets	1,669,400	1,626,082
	5,131,348	4,811,405
Agency endowments (note 6)	116,486	106,633
Other	16,012	14,985
	$5,263,846	$4,933,023

3. Investments (Continued)

The changes in United Way endowment funds by net asset category for the years ended June 30, 2010 and 2009 are as follows:

	Board-designated	Temporarily Restricted	Permanently Restricted	Total
2010				
Balances, June 30, 2009	$2,662,232	$ 523,091	$1,626,082	$ 4,811,405
Investment income	46,820	38,012	–	84,832
Net appreciation in fair value	203,606	161,090	–	364,696
Additions	–	–	43,318	43,318
Appropriation for expenditure	(117,861)	(55,042)	–	(172,903)
Balances, June 30, 2010	$2,794,797	$ 667,151	$1,669,400	$ 5,131,348
2009				
Balances, June 30, 2008	$3,374,427	$1,058,928	$1,618,375	$ 6,051,730
Investment income	53,132	42,253	–	95,385
Net depreciation in fair value	(660,196)	(523,458)	–	(1,183,654)
Additions	–	–	7,707	7,707
Appropriation for expenditure	(105,131)	(54,632)	–	(159,763)
Balances, June 30, 2009	$2,662,232	$ 523,091	$1,626,082	$ 4,811,405

Amounts of securities with unrealized losses at June 30, 2010 and 2009 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
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
2009						
Mutual funds	$ 64,460	$ 315	$ –	$ –	$ 64,460	$ 315
Equity securities	1,010,119	235,497	420,543	198,148	1,430,662	433,645
	$1,074,579	$235,812	$420,543	$198,148	$1,495,122	$433,960

At June 30, 2010, unrealized losses consist of one mutual fund and forty-two equity securities, twenty-one 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, 2010, within the marketable equity securities and mutual funds are due to temporary market fluctuations. 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, 2010, aggregate principal maturities are as follows:

2011	$184,374
2012	3,124
	$187,498

Included above is a $180,000 note secured by agency real estate.

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, 2010 and 2009, the Organization's beneficial interest in perpetual trust is $1,033,325 and $967,441, respectively.

6. Net Assets

Unrestricted net assets at June 30, 2010 and 2009 are as follows:

	2010	2009
Undesignated	$2,807,016	$2,468,059
Board designated – endowment	3,120,772	2,988,208
	$5,927,788	$5,456,267

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 endowments. The income earned on these investments will be used for charitable purposes and special initiatives.

Temporarily restricted net assets are available for the following purposes at June 30, 2010 and 2009:

	2010	2009
Campaign contributions	$3,527,160	$3,091,395
Higgins Fund	252,746	244,496
Woodard Fund	7,284	(345)
Net realized and unrealized gains on endowment funds – PBS	278,527	259,644
Net realized and unrealized gains on endowment funds – General	82,264	–
Community Chest	18,687	18,687
Gorman Fund	15,140	–
Drummond	1,643	–
How Fund	36,563	47,073
LANA project	66,705	117,890
Let's Go! Program	143,336	84,757
Keep Maine Warm Program	118,004	173,806
Fighting Hunger Program	17,807	–
211 Maine	274,325	107,181
Other	25,000	–
	$4,865,191	$4,144,584

Permanently restricted net assets at June 30, 2010 and 2009 are as follows:

	2010	2009
Beneficial interest in perpetual trust – How (note 5)	$1,033,325	$ 967,441
Investments to be held in perpetuity:		
Portland Benevolent Society Fund	175,902	175,902
General Endowment Fund	1,193,346	1,142,511
Gorman Fund	173,830	173,030
Woodard Fund	100,000	100,000
Drummond Fund	26,932	26,932
	1,670,010	1,618,375
	$2,703,335	$2,585,816

6. Net Assets (Continued)

The following is a description of the nature of the funds comprising temporarily and permanently restricted assets:

Higgins Fund

Principal, not to exceed 2% per calendar year, and income are to be used for the education of needy or deserving children from the Greater Portland area.

How Fund

The fund is to be used exclusively for the benefit of indigent seamen, including organizations which are operated exclusively for the benefit of indigent seamen.

Woodard and Drummond Funds

The principal must be maintained in perpetuity. The income is to be used to support partner agencies as determined by the governing body of the Organization.

Gorman Fund

The principal must be maintained in perpetuity. The income is to be used to provide opportunities for minority youth to attend summer camp.

Community Chest

This is a contingency fund transferred from the Portland Community Chest, which has been dissolved. It is available for United Way agencies which were members of the Community Chest as of January 1, 1956. The principal from the fund is available for emergency needs.

Portland Benevolent Society Fund (PBS)

The principal must be maintained in perpetuity. The income is to be used to provide relief to the indigent where such relief is not provided by law.

General Endowment Funds

The principal must be maintained in perpetuity. The income is to be used for charitable purposes as determined by the governing body of the Organization.

Other

LANA, Let's Go!, Keep Maine Warm, Fighting Hunger and 211 Maine represent specific targeted programs initiated by the Organization subject to specific fundraising activities.

6. Net Assets (Continued)

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 $114,656 at June 30, 2010 and $105,415 at June 30, 2009.

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 2010 and 2009) 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 2010 and 2009 was $82,952 and $76,515, respectively.

8. Calculation of Operating Expense Ratio

	2010	2009
Supporting services:		
Fund raising	$ 754,036	$ 802,890
Management and general	435,544	390,872
Total supporting services	$ 1,189,580	$ 1,193,762
Revenue:		
Campaign results, net	$ 8,144,730	$ 7,600,376
Gifts and bequests	51,635	4,616
Grant and other revenue	1,653,149	2,844,949
Investment income	152,516	186,448
Realized gains (losses) on investments	22,361	(245,508)
Total revenue	$10,024,391	$10,390,881
Operating expense ratio	11.9%	11.5%

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

The Organization is lessee under several operating lease agreements relating to building occupancy and rental of equipment. Total rent expense amounted to $144,962 and $145,676 for the years ended June 30, 2010 and 2009, respectively.

In fiscal 2010, the Organization entered into a new lease agreement for office space to commence in fiscal 2011. The agreement carries an initial ten-year term and two five-year options. The monthly base rental amount is $15,816 and will increase annually based on the consumer price index.

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

2011	$ 150,072
2012	189,804
2013	189,804
2014	189,804
2015	189,804
Thereafter	949,520
	$1,858,808

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 $1,171,075 and $1,148,601 in fiscal 2010 and 2009, respectively. At June 30, 2010, 211 Maine had a payable to Youth Alternatives Ingraham of $67,743. At June 30, 2009, 211 Maine had a receivable from Youth Alternatives Ingraham of $26,399.

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, 2010 and 2009.

In fiscal 2009, the Organization adopted a framework for measuring fair value under generally accepted accounting principles for all financial instruments that are being measured and reported on a fair value basis.

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, 2010 and 2009:

	Total	Level 1	Level 2	Level 3
2010				
Marketable equity securities	$3,186,885	$3,186,885	$ –	$ –
U.S. Treasury notes and obligations of government agencies	319,570	–	319,570	–
Mutual funds	775,809	775,809	–	–
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	$ –
2009				
Marketable equity securities	$2,891,458	$2,891,458	$ –	$ –
U.S. Treasury notes and obligations of government agencies	320,703	–	320,703	–
Mutual funds	527,816	527,816	–	–
Money market accounts	312,991	312,991	–	–
Corporate bonds	865,070	–	865,070	–
Other	14,985	–	14,985	–
	$4,933,023	$3,732,265	$1,200,758	$ –