United Way
Heart of Maine

FINANCIAL STATEMENTS
June 30, 2023
(With comparative totals for June 30, 2022)

Table of Contents

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heart of Maine United Way

We have audited the accompanying financial statements of Heart of Maine United Way (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart of Maine United Way as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Heart of Maine United Way and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Heart of Maine United Way's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Heart of Maine United Way's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Heart of Maine United Way's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Heart of Maine United Way's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Runyon Kersteen Ouellette

January 16, 2024
South Portland, Maine

HEART OF MAINE UNITED WAY
Statements of Financial Position
June 30, 2023
(With comparative totals for June 30, 2022)

		2023	2022
ASSETS			
Cash and cash equivalents	$	524,970	755,161
Pledges receivable, net		449,138	464,196
Other receivables		45,019	85,614
Prepaid expenses		37,222	28,597
Investments		3,950,498	3,624,630
Equipment, net		7,145	10,090
Right of use asset - financing		12,436	1,209
Right of use asset - operating		61,744	90,371
Cash surrender value of life insurance		8,394	7,526
Beneficial interest in perpetual trusts		381,983	362,281
Total assets	**$**	**5,478,549**	**5,429,675**
LIABILITIES			
Accounts payable	$	14,128	16,385
Allocations payable		361,326	355,000
Designations payable		215,867	246,612
Accrued expenses		60,508	68,627
Right of use liability - financing		12,401	1,325
Right of use liability - operating		61,744	90,371
Total liabilities		725,974	778,320
NET ASSETS			
Without donor restrictions:			
Designated for:			
Charles F. Bragg 2nd Society Fund		199,158	168,087
Stabilization reserve		700,859	641,409
Future allocations and community investments		164,249	165,233
Undesignated		45,394	79,968
Total net assets without donor restrictions		1,109,660	1,054,697
With donor restrictions:			
Campaign contributions for future periods and funds restricted for purpose		483,838	689,692
Other contributions for future periods		2,342	2,168
Charles F. Bragg 2nd Society fund unappropriated appreciation		424,131	191,896
Beneficial interests in perpetual trust funds		381,983	362,281
Charles F. Bragg 2nd Society Fund, corpus		2,350,621	2,350,621
Total net assets with donor restrictions		3,642,915	3,596,658
Total net assets		4,752,575	4,651,355
Total liabilities and net assets	**$**	**5,478,549**	**5,429,675**

See independent auditor's report and accompanying notes to financial statements.

HEART OF MAINE UNITED WAY
Statement of Activities
For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

		2023			
		Without donor restrictions	With donor restrictions	Total	2022 Totals
Public Support and revenues:					
Contributions of cash and other financial assets:					
Gross campaign results	$	-	1,498,076	1,498,076	1,871,519
Less: donor designations		-	(248,597)	(248,597)	(375,824)
Less: provision for uncollectible		-	(84,390)	(84,390)	(99,731)
Net campaign revenue		-	1,165,089	1,165,089	1,395,964
Government grants		-	2,282	2,282	3,446
Sponsorships		-	6,000	6,000	15,778
Other contributions, grants, and bequests		-	189,529	189,529	521,189
Service fees		48,196	-	48,196	47,074
Special events, net of expenses of $25,108 and $45,044 in 2023 and 2022, respectively		(4,108)	-	(4,108)	(11,887)
Contributions of nonfinancial assets		-	172,588	172,588	122,545
Total public support and revenues		44,088	1,535,488	1,579,576	2,094,109
Revenues, gains and other support:					
Perpetual trust beneficiary income		17,868	-	17,868	15,703
Endowment income distributed		127,453	-	127,453	135,292
Investment income, net		44,654	42,827	87,481	65,119
Realized and unrealized (loss) gain on investments		(78,274)	308,356	230,082	(1,065,551)
Change in value of perpetual trusts		-	19,702	19,702	(86,884)
Other income		95,572	-	95,572	843
Net assets released from restrictions		1,860,116	(1,860,116)	-	-
Total revenues, gains and other support		2,067,389	(1,489,231)	578,158	(935,478)
Total revenues		2,111,477	46,257	2,157,734	1,158,631
Expenses:					
Program services		1,466,623	-	1,466,623	1,271,908
Management and general		68,990	-	68,990	23,026
Fundraising		520,901	-	520,901	582,123
Total expenses		2,056,514	-	2,056,514	1,877,057
Changes in net assets		54,963	46,257	101,220	(718,426)
Net assets, beginning of year		1,054,697	3,596,658	4,651,355	5,369,781
Net assets, end of year	**$**	**1,109,660**	**3,642,915**	**4,752,575**	**4,651,355**

See independent auditor's report and accompanying notes to financial statements.

HEART OF MAINE UNITED WAY
Statement of Functional Expenses
For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

		2023							
		Program services				Supporting services			
		Education	Income	Health	Total Programs	Management and general	Fundraising	2023 Totals	2022 Totals
Member Agencies:									
Gross funds awarded/distributed	$	150,667	686,215	189,193	1,026,075	-	-	1,026,075	1,070,194
Less: donor designations		(41,167)	(155,737)	(51,693)	(248,597)	-	-	(248,597)	(375,824)
Net funds awarded/distributed		109,500	530,478	137,500	777,478	-	-	777,478	694,370
Other agency amounts:									
Contributed non-financial assets		-	166,094	-	166,094	-	-	166,094	115,388
Other amounts		-	43,623	-	43,623	-	-	43,623	89,923
Total other agency		-	209,717	-	209,717	-	-	209,717	205,311
General Support:									
Salaries and wages		89,610	89,610	89,610	268,830	25,433	287,258	581,521	545,848
Benefits		7,912	7,912	7,912	23,736	19,790	27,618	71,144	71,486
Payroll taxes		5,164	5,164	5,164	15,492	13,052	18,215	46,759	39,121
Total salaries and benefits		102,686	102,686	102,686	308,058	58,275	333,091	699,424	656,455
Professional fees		17,844	17,844	17,844	53,532	55	64,963	118,550	107,545
Bank and credit card fees		624	585	585	1,794	-	4,313	6,107	5,650
Office supplies		2,569	2,802	2,553	7,924	559	8,312	16,795	20,578
Telephone and internet		1,810	1,423	1,423	4,656	-	5,020	9,676	6,989
Postage		405	405	405	1,215	-	5,999	7,214	4,149
Volunteer/agency meetings		153	153	153	459	-	1,263	1,722	3,956
Staff travel		1,568	1,670	1,462	4,700	1,043	3,060	8,803	4,744
Staff training		4,562	4,563	4,563	13,688	144	7,142	20,974	10,111
Dues and subscriptions		442	442	442	1,326	261	948	2,535	3,020
Rent		5,128	5,128	5,128	15,384	-	18,089	33,473	30,370
Occupancy / utilities		4,600	4,600	4,600	13,800	675	16,226	30,701	25,776
Insurance, property and liability		962	962	962	2,886	-	4,041	6,927	6,298
Miscellaneous expense		121	121	121	363	-	426	789	320
UWW dues		3,021	3,021	3,021	9,063	-	10,658	19,721	24,342
Marketing and media		15,594	2,710	2,710	21,014	7,003	20,536	48,553	27,865
Licenses and fees		6,082	5,662	5,662	17,406	975	14,274	32,655	31,546
Depreciation		636	636	636	1,908	-	2,245	4,153	7,600
Interest		84	84	84	252	-	295	547	62
Total other expenses		66,205	52,811	52,354	171,370	10,715	187,810	369,895	320,921
Total expenses	**$**	**278,391**	**895,692**	**292,540**	**1,466,623**	**68,990**	**520,901**	**2,056,514**	**1,877,057**

See independent auditor's report and accompanying notes to financial statements.

HEART OF MAINE UNITED WAY
Statements of Cash Flows
For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	101,220	(718,426)
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:			
Depreciation		4,153	7,600
Change in allowance for pledges receivable		(15,388)	14,826
Net realized and unrealized loss (gain) on investments		(230,082)	1,065,551
Change in value of perpetual trusts		(19,702)	86,884
Change in cash surrender value of life insurance		(868)	(102)
Decrease (increase) in assets:			
Accounts receivable		40,595	(32,188)
Pledges receivable		30,446	(24,418)
Prepaid expenses		(8,625)	(2,387)
Right of use asset - Operating		28,627	-
Increase (decrease) in liabilities:			
Accounts payable		(2,257)	(7,521)
Allocations payable		6,326	16,231
Designations payable		(30,745)	12,284
Accrued expenses		(8,119)	34,015
Right of use liability - Operating		(28,627)	-
Net cash and cash equivalents (used in) provided by operating activities		(133,046)	452,349
Cash flows from investing activities:			
Purchase of property and equipment		-	(8,260)
Purchase of investments		(298,056)	(268,278)
Proceeds from sale of investments		202,236	205,652
Net cash and cash equivalents used in investing activities		(95,820)	(70,886)
Cash flows from financing activities:			
Payments on right of use liability - financing		(1,325)	(3,093)
Net cash and cash equivalents used in financing activities		(1,325)	(3,093)
Net change in cash and cash equivalents		(230,191)	378,370
Cash and cash equivalents at beginning of year		755,161	376,791
Cash and cash equivalents at end of year	**$**	**524,970**	**755,161**
Supplemental disclosure of cash flow activity:			
Cash paid for interest	**$**	**546**	**62**
Simultaneous investing and financing activities:			
Acquisition of fixed assets with issuance of finance lease	**$**	**13,792**	**-**

See independent auditor's report and accompanying notes to financial statements.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Heart of Maine United Way (the Organization) is a not-for-profit organization that was founded in 1937, and is governed by a volunteer Board of Directors. The purposes of the Organization are:

1. To improve our community through education, income (financial stability), and health. Through these three building blocks, we see families and individuals tackle crises, turn challenges around, become self-sufficient, strive to be better citizens and foster a safe and healthy home for everyone.

2. In 2018, the Board of Directors adopted Opportunity 2028 to more specifically advance education, income, and health, through a series of bold goals and a 10-year plan for community change. The Organization's work in each of the three areas is focused in the following ways: early childhood development (education), basic needs (income), and reducing substance use disorder (health).

3. To serve as a catalyst for helping solve community health and human care problems through periodically assessing the need for various services, assisting in the development of human service programs, prompting preventive activities, fostering cooperation among agencies serving the community, and other similar programs and activities as may be determined by the Board of Directors.

4. To encourage collaboration and deploy financial support and volunteer resources to maximize the effectiveness of health and human service agencies and to support the Organization's work to build stronger and healthier communities.

5. To conduct a single, community-wide, fundraising campaign annually and develop as fully as possible the financial resources needed to meet the human care needs of the community.

6. To mobilize a systematic communications program that promotes community support for and commitment to the entire United Way program and which both speaks and listens to the citizens, agencies, and donors.

7. To receive by gift, grant, devise, bequest or otherwise, and from any private or public sources, personal or real property, and to hold, administer, sell, invest, reinvest, manage, use, disburse and distribute, and apply the income and/or principal of the same in accordance with the directions and intent of the donor or donors of such property, or in the absence of such directions, as the Organization may deem best from time to time, for the promotion of any or all of the foregoing purposes and objectives.

8. To engage in any other lawful activity, either alone or in cooperation with other organizations or institutions, which it may deem necessary or proper in order to carry out any or all of the foregoing objectives or purposes.

During the year ended June 30, 2022, the Organization changed its name from United Way of Eastern Maine to Heart of Maine United Way.

Basis of Accounting - The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues and gains are reported when earned and expenses and losses are recorded when incurred.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use placed by its donors: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are resources available to support operations and are not subject to donor imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents, and its application for tax-exempt status. The governing board has designated a portion of net assets without donor restrictions as net assets for long-term investment.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limits their use. Contributions of property and equipment or cash restricted to the acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers highly liquid debt instruments, other than those classified as investments, purchased with a maturity of three months or less, to be cash equivalents.

Investments - Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Investments in securities traded on a national securities exchange are stated at the closing price on the day of valuation.

Equipment - Equipment is carried at cost if purchased, or fair market value at the date of gift if donated. The Organization's policy is to capitalize costs for major improvements over $2,500 and charge repairs and maintenance currently for costs that do not extend the lives of the related asset. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years. Depreciation expense for the years ended June 30, 2023 and 2022 totaled $4,154 and $7,600, respectively.

Allocations Payable - Organizations receive funding based on a June year-end, and the amount committed for the next 6 months is reflected as an allocation payable to them since it is deemed to result from the current campaign. The balance of the annual award is deemed to result from the next campaign year.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributed Revenue, Support and Expenses - Contributions and pledges received are recorded as revenues with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donations of marketable securities or other non-cash assets are recorded at fair value as of the date the item is received. Contributions of cash that must be used to acquire equipment are reported as revenues with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the acquired asset is placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Pass-through Revenues Designated - The financial statements have excluded amounts that were raised for organizations specifically designated by the donors from the revenue campaign. The same amount is also excluded from program service expenses. Amounts received but not yet distributed are reflected as designations payable in the financial statements.

Contributions of Nonfinancial Assets - Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as contributed nonfinancial support are offset by like amounts included in expenses.

Additionally, a number of volunteers have donated their time to the Organization's activities, but these services do not meet the two recognition criteria described above. Accordingly, the value of this contribution for the years ended June 30, 2023 and 2022 has not been reflected in the accompanying financial statements. Total volunteer hours for the years ended June 30, 2023 and 2022 amounted to 6,002 and 4,683, respectively.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on internal accounting data and estimates made by management.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes - The Organization qualifies as an exempt charitable organization under Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income or excise taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1) of the Code.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state taxing authorities. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements - During the year ended June 30, 2023, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-02 *Leases (Topic 842).* Under ASU 2016-02, at the commencement of a long-term lease (greater than 12 months), the lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. Application of this standard must be applied using a modified retrospective transition approach for leases existing at the earliest comparative period presented in the financial statements.

CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances at a local financial institution located in Maine. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2023 and 2022, the Organization's cash and cash equivalents exceeded federally insured limits by $129,434 and $568,394, respectively. The Organization has not experienced any losses in these accounts and believes that it is not exposed to any significant risk with regard to its cash or cash equivalents.

PLEDGES RECEIVABLE

Pledges receivable are presented net of an allowance for uncollectible pledges, calculated based on a three-year historical average of gross campaign results adjusted by management estimates of current economic factors. Substantially all pledges are expected to be received in one year or less. The following schedule summarizes net pledges receivable at June 30:

	2023	2022
Pledges receivable	$ 546,913	578,472
Less: allowance for uncollectible pledges	(97,775)	(114,276)
Pledges receivable, net	**$ 449,138**	**464,196**

The following schedule summarizes the results of the annual campaigns for the fiscal years ended June 30:

	2023	2022
2022 Campaign	$ 1,498,076	-
2021 Campaign	-	1,871,519
Total campaign results	1,498,076	1,871,519
Less: designations	(248,597)	(375,824)
Less: uncollectible pledges	(84,390)	(99,731)
Net campaign results	**$ 1,165,089**	**1,395,964**

INVESTMENTS

Investments are separated into short-term and long-term categories. The Organization records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investments, at fair value, are classified in the statement of financial position as follows at June 30:

	2023	2022
Cash and money market funds	$ 35,263	7,598
Intermediate-term bonds	31,410	31,705
Government bonds	24,821	-
Corporate equities	1,530,618	1,476,802
Exchange traded funds	1,158,929	916,005
Mutual funds	1,169,457	1,192,520
Total investments	**$ 3,950,498**	**3,624,630**

BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Organization is a beneficiary of three perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Organization has legally enforceable rights and claims relating to such assets, including the sole right to income earned on the trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a contribution with donor restrictions at the date the trust is established. The Organization's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from the trustees. Net realized and unrealized gains (losses) and undistributed investment income, net of trust management fees related to the beneficial interests, are reported as changes in net assets with donor restrictions that are permanent in nature based on explicit donor stipulations. Distributions received during the year from the various trusts are recorded as increases in net assets without donor restrictions based on donor stipulations. The fair values of the beneficial interests in perpetual trusts amounted to $381,983 and $362,281 at June 30, 2023 and 2022, respectively. Total distributions received from these trusts amounted to $17,868 and $15,703 during the years ended June 30, 2023 and 2022, respectively.

ENDOWMENT

At June 30, 2023 and 2022, the Organization held donor-restricted endowments of $2,774,752 and $2,542,517 and Board-designated endowments of $199,158 and $168,087, respectively. The purpose of these endowment funds is to provide investment income and gains to further various activities of the Organization's programs. The Organization follows the provisions of FASB ASC 958-205-50-1A *Reporting Endowment Funds.* Under this guidance, the Organization is required to classify and report net assets associated with endowment funds, including those designated by the Board of Directors to function as endowments, based on the existence or absence of donor-imposed restrictions. The Organization is also required to provide the following disclosures relating to its endowment activities.

ENDOWMENT, CONTINUED

Interpretation of Relevant Law - Heart of Maine United Way conducts its activities in Bangor, Maine, and accordingly, considers itself bound by the version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") adopted by the State of Maine's legislature. In accordance with that statute, the Organization has interpreted State law to require all net investment income on investments with donor-imposed restrictions that are perpetual in nature to be restricted until appropriated by the Board of Directors. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all of investment return, net return on investment of endowment funds with donor-imposed restrictions that are perpetual in nature, is available for appropriation and is reported as increases (decreases) in net assets with donor restrictions, in accordance with the donor's stipulations, if any, concerning the purposes for which ordinary income may be used.

Absent explicit donor stipulations to the contrary, the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) possible effects of inflation and deflation, (5) expected total return from income and the appreciation of investments, (6) other resources of the Organization, (7) the Organization’s investment policies.

Endowment Spending Policy - The Organization has a policy of appropriating for distribution each year no more than 4% of the endowment funds’ average fair value over the prior 12 calendar quarters. Over the long term, the Organization expects its current spending policy to allow its endowments to grow.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). For endowed funds that are below their historic gift value, spending is reduced to 2.5% to allow the funds to recover the amount below the historic gift value.

Endowment Investment Policy - The Organization’s investment policies for endowment assets attempt to provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. The Organization invests the endowment assets to provide a reasonable, prudent balance between risk and return. The Organization expects its endowment funds, over time, to produce an average rate of more than 5% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis upon equity-based investments to achieve its long-term objectives within prudent risk constraints.

ENDOWMENT, CONTINUED

The Organization's endowment balances were comprised of the following at June 30, 2023:

	Without donor restrictions	With donor restrictions	Totals
Board-designated	$ 199,158	-	199,158
Donor-restricted endowments:			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	2,350,621	2,350,621
Accumulated investment gains	-	424,131	424,131
Totals	**$ 199,158**	**2,774,752**	**2,973,910**

The changes in the Organization's endowment balances for the year ended June 30, 2023 were as follows:

	Without donor restrictions	With donor restrictions	Totals
Endowment net assets, beginning of year	$ 168,087	2,542,517	2,710,604
Contributions	10,000	500	10,500
Investment return, net	29,076	351,183	380,259
Amounts appropriated for expenditure	(8,005)	(119,448)	(127,453)
Endowment net assets, end of year	**$ 199,158**	**2,774,752**	**2,973,910**

The Organization's endowment balances were comprised of the following at June 30, 2022:

	Without donor restrictions	With donor restrictions	Totals
Board-designated	$ 168,087	-	168,087
Donor-restricted endowments:			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	2,350,621	2,350,621
Accumulated investment gains	-	191,896	191,896
Totals	**$ 168,087**	**2,542,517**	**2,710,604**

ENDOWMENT, CONTINUED

The changes in the Organization's endowment balances for the year ended June 30, 2022 were as follows:

	Without donor restrictions	With donor restrictions	Totals
Endowment net assets, beginning of year	$ 225,123	3,376,318	3,601,441
Contributions	10,000	2,542	12,542
Investment return, net	(56,577)	(711,509)	(768,086)
Amounts appropriated for expenditure	(10,459)	(124,834)	(135,293)
Endowment net assets, end of year	**$ 168,087**	**2,542,517**	**2,710,604**

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

In accordance with FASB ASC 820-10 Fair Value Measurements, the Organization is required to disclose for its assets and liabilities measured at fair value on a recurring basis the inputs used to determine those fair value measurements. The guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

- *Level 1*: Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.
- *Level 2*: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.
- *Level 3*: Level 3 inputs are unobservable inputs for the asset or liability in which little or no market activity is available for the asset or liability at the measurement date.

The following is a description of the valuation methodologies used for level 2 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- *Beneficial Interests in trusts:* Valued using readily available quoted market prices of the asset's underlying investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS, CONTINUED

Fair value measurements at June 30, 2023 using:

	Total	Level 1	Level 2
Cash and equivalents	$ 35,263	35,263	-
Intermediate-term bonds	31,410	31,410	-
Government bonds	24,821	24,821	-
Corporate equities:			
Healthcare	154,983	154,983	-
Technology	392,674	392,674	-
Communications	301,854	301,854	-
Financial services	279,974	279,974	-
Energy	76,313	76,313	-
Consumer defensive	103,779	103,779	-
Consumer cyclical	168,753	168,753	-
Utilities	14,646	14,646	-
Real estate	37,642	37,642	-
Total corporate equities	1,530,618	1,530,618	-
Mutual funds and ETF’s:			
Treasury bond fund	19,438	19,438	-
Agency bond fund	33,448	33,448	-
Short-term Treasury bond fund	82,387	82,387	-
S&P biotech ETF	71,723	71,723	-
Emerging markets	109,251	109,251	-
Medical device ETF	180,849	180,849	-
Mega cap growth ETF	192,700	192,700	-
Growth ETF	147,837	147,837	-
Biotechnology	71,398	71,398	-
Mega cap value fund	15,499	15,499	-
Large blend fund	75,100	75,100	-
Mid-cap blend fund	159,299	159,299	-
Multi-sector bond fund	222,528	222,528	-
Core plus bond fund	215,548	215,548	-
Hedged equity class	34,356	34,356	-
Institutional fund	455,121	455,121	-
Core bond class	231,744	231,744	-
Real estate	10,160	10,160	-
Total mutual funds and ETF’s	2,328,386	2,328,386	-
Beneficial interest in trusts	381,983	-	381,983
Totals	**$ 4,332,481**	**3,950,498**	**381,983**

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS, CONTINUED

Fair value measurements at June 30, 2022 using:

	Total	Level 1	Level 2
Cash and equivalents	$ 7,598	7,598	-
Intermediate-term bonds	31,705	31,705	-
Corporate equities:			
Healthcare	163,341	163,341	-
Technology	343,745	343,745	-
Communications	258,032	258,032	-
Financial services	289,452	289,452	-
Industrial	48,412	48,412	-
Energy	63,028	63,028	-
Consumer defensive	93,886	93,886	-
Consumer cyclical	157,276	157,276	-
Utilities	14,661	14,661	-
Real estate	44,969	44,969	-
Total corporate equities	1,476,802	1,476,802	-
Mutual funds and ETF's:			
Treasury bond fund	19,428	19,428	-
Agency bond fund	33,586	33,586	-
Short-term Treasury bond fund	79,668	79,668	-
Prime mobile pay ETF	62,960	62,960	-
S&P biotech ETF	64,023	64,023	-
Emerging markets	92,806	92,806	-
Medical device ETF	161,936	161,936	-
Mega cap growth ETF	174,432	174,432	-
Growth ETF	127,246	127,246	-
Biotechnology	82,547	82,547	-
Mega cap value	17,372	17,372	-
Short-term asset fund	13,009	13,009	-
Multi-sector bond fund	210,636	210,636	-
Core plus bond fund	179,354	179,354	-
Dollar-hedged institutional	204,454	204,454	-
Hedged equity class	29,827	29,827	-
Mid-cap growth fund	145,724	145,724	-
Institutional fund	225,735	225,735	-
Mortgage-backed securities	183,782	183,782	-
Total mutual funds and ETF's	2,108,525	2,108,525	-
Beneficial interest in trusts	362,281	-	362,281
Totals	**$ 3,986,911**	**3,624,630**	**362,281**

There were no transfers between levels during either of the years ended June 30, 2023 or 2022.

EQUIPMENT, NET

Equipment consisted of the following at June 30:

	2023	2022
Office furniture and equipment	$ 124,848	124,848
Less: accumulated depreciation	(117,703)	(114,758)
Total equipment, net	**$ 7,145**	**10,090**

RIGHT OF USE OBLIGATION - FINANCING LEASE

During 2018, the Organization secured certain right of use assets under the terms of a financing lease. The cost basis of assets thus capitalized amounted to $14,512, with accumulated depreciation amounting to $13,303 at June 30, 2022. This lease ended during the year ended June 30, 2023.

During 2023, the Organization obtained certain right of use assets under the terms of a financing lease. The cost basis of assets capitalized amounted to $13,792, with accumulated depreciation amounting to $1,356 at June 30, 2023. Future minimum required payments under this lease are as follows at June 30:

Year ending	Total
2024	$ 3,152
2025	3,152
2026	3,152
2027	3,152
2028	2,102
Subtotal	14,711
Less: Amounts representing interest	(2,310)
Total	**$ 12,401**

RIGHT OF USE OBLIGATION - OPERATING LEASE

In 2015, the Organization entered into a right of use asset obligation under a five year operating lease effective July 2015 for its main corporate office in Bangor. The lease called for monthly payments of $2,417, for the term of the lease, plus a portion of the annual property taxes. Upon expiration of the original lease term on July 1, 2020, the Organization exercised its option to extend the lease for an additional five-year term, including monthly payments starting at $2,534 with slight increases each year thereafter. Total lease expense for the years ended June 30, 2023 and 2022 amounted to $33,473 and $30,370, respectively.

In accordance with the provisions of ASU No. 2016-02 *Leases (Topic 842)*, which calls for modified retrospective transition approach for leases existing at the earliest comparative period presented in the financial statements, a right of use asset under an operating lease in the amount of $155,046, net of accumulated amortization of $93,302 and $64,675, respectively, is presented on the statements of financial position at June 30, 2023 and 2022.

RIGHT OF USE OBLIGATION - OPERATING LEASE, CONTINUED

The Organization elected the following practical expedients as part of its adoption of ASU No. 2016-02 *Leases (Topic 842):*

- The Organization elected not to reassess whether any expired or existing contracts are, or contain leases.
- The Organization elected not to reassess the lease classification for any expired or existing leases.
- The Organization elected not to reassess initial direct costs on any existing leases.

Future minimum required payments under this lease are as follows at June 30:

Year ending	Total
2024	$ 31,321
2025	31,640
Thereafter	-
Subtotal	62,961
Less: Discount to present value at 4%	(1,217)
Total	**$ 61,744**

LINE OF CREDIT

The Organization has an available $75,000 bank line of credit. The agreement is renewed annually. There was no outstanding balance on the line of credit at either June 30, 2023 or 2022.

RETIREMENT PLAN

The Organization offers a Tax Deferred Annuity Plan under section 403(b) of the Internal Revenue Code. Employees may elect to defer a portion of their compensation, and the Organization will make matching contributions equal to 50% of the salary reduction amount the employee is contributing during the plan year, up to a max of 8% of the employees' compensation received during the plan year. In addition, the Plan provides for discretionary contributions by the Organization. This plan is available to all employees who have been employed for a year or more. There is a three year vesting period before benefits become non-forfeitable. The Organization's contribution to the Plan for the years ended June 30, 2023 and 2022 was $13,261 and $18,068, respectively.

COMMITMENT

In June 2023, the Organization made a three-year commitment to fund certain programs of its member agencies. Amounts committed for the period of July 1, 2023 through December 31, 2023 were based on the 2022 campaign results and have been recorded as a liability of $361,326 in these financial statements. Future allocations are contingent upon the future campaign results, members' compliance with the United Way guidelines, and continued success of the community agencies' programs.

RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES

Net assets with donor restrictions consisted of the following at June 30:

To be held in perpetuity:

	2023	2022
Endowment funds held in perpetuity	$ 2,350,621	2,350,621
Beneficial interest in perpetual trusts	381,983	362,281
Totals	**$ 2,732,604**	**2,712,902**

Subject to appropriation and expenditure when a specified event or time occurs:

	2023	2022
Cumulative endowment earnings	$ 424,131	191,896
Contributions restricted for future program purposes	486,180	691,860
Totals	**$ 910,311**	**883,756**
Total net assets with donor restrictions	**$ 3,642,915**	**3,596,658**

NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restriction consisted of the following at June 30:

	2023	2022
Campaign time restriction	$ 1,407,176	1,430,997
Satisfaction of purpose restrictions	452,940	536,616
Total net assets released from restrictions	**$ 1,860,116**	**1,967,613**

LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization had the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure at June 30:

	2023	2022
Cash and cash equivalents	$ 524,970	755,161
Accounts receivable, net	45,019	85,614
Stabilization reserve investments	700,859	641,409
Total	**$ 1,270,848**	**1,482,184**

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Although stabilization reserve investments are Board-designated, they could be undesignated and made available for operating costs should the need arise.

LIQUIDITY AND AVAILABILITY OF RESOURCES, CONTINUED

The Organization's endowment funds consist of donor-restricted endowments and Board-designated quasi-endowment. As described in the "Endowment" footnote, the Organization has a policy of appropriating for distribution each year, no more than 4% of the endowment funds' average fair value over the prior 12 calendar quarters.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in the "Line of Credit" note, the Organization has one committed line of credit in the amount of $75,000 which it could draw upon in the event of an unanticipated liquidity need. Additionally, although the Organization does not intend to spend from its Board-designated investment funds other than amounts appropriated for general expenditure as part of its annual distribution, amounts from these funds could be made available through approval of the Board of Directors.

CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statements of activities consisted of the following for the years ended June 30:

	2023	2022
Food	$ 86,165	70,525
School supplies	28,500	27,500
Household items	33,286	7,148
Software and hardware	4,300	150
Services	6,494	7,157
Socks	13,843	10,065
Total	**$ 172,588**	**122,545**

The Organization recognized contributed nonfinancial assets within revenue, including food, supplies, household items, software, COVID-19 supplies, services and clothing. Unless otherwise noted, all contributed nonfinancial assets are donor-restricted for program related use.

Contributed food, school supplies, household items, baby supplies, COVID-19 supplies, and socks were all utilized in the basic needs program of the Organization. In valuing these items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the area. Software and services recognized consist of professional services donated to a special event put on by the Organization. They were valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

REVENUE RECOGNITION

During the years ended June 30, 2023 and 2022, the Organization had contract revenue totaling $6,000 and $15,778, respectively, all of which pertained to sponsorships. There were no contract assets or liabilities outstanding at June 30, 2023 or 2022. For each of the years ended June 30, 2023 and 2022, goods and services provided to customers consisted of advertising at various Organizational events.

To best match the timing of the transfer of goods or services, the Organization recognizes revenue from contracts with customers when performance obligations are satisfied, which is at the time a sponsored event occurs. All prices are fixed and there are no financing terms available. There are no significant warranties of return, refund, or discount obligations related to any contracts with customers. For each of the years ended June 30, 2023 and 2022, the greatest economic factor effecting contract revenue has been the economy and related inflation.

Contract transaction prices include management's judgment of variable consideration, which includes incentives, and rebates. Based on available information, management must include an estimate of any variable consideration, if applicable, when determining the contract transaction price. There were no such variable considerations in determining contract transaction prices.

METHOD USED FOR ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include administrative salaries and wages, employee benefits and payroll taxes, and indirect operating expenses. Each month the total administrative costs is allocated based on a percentage of employee time for each program or supporting functions versus the overall time for all employees.

SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 *Subsequent Events,* management has evaluated subsequent events for possible recognition or disclosure through January 16, 2024, which is the date these financial statements were available to be issued.