

**MAINESHARE
AUGUSTA, MAINE**

FINANCIAL AUDIT REPORT

DECEMBER 31, 2016

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DECEMBER 31, 2016

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
MAINESHARE
South Portland, Maine

We have audited the accompanying financial statements of MaineShare (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MaineShare as of December 31, 2016, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses and of payments to member organizations and per fiscal agency agreement are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Financial Statements

The financial statements of MaineShare as of and for the year ended December 31, 2015 were audited by a predecessor auditor, whose audit report, dated July 12, 2016, expressed an unmodified opinion on those financial statements.

Smith & Associates

SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
October 10, 2017

EXHIBIT A**MAINESHARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
Assets		
Current Assets		
Cash and Cash Equivalents – Unrestricted	\$ 22,645	\$ 21,144
Cash and Cash Equivalents – Restricted	<u>243,677</u>	<u>266,322</u>
Total Cash and Cash Equivalents	<u>\$ 266,322</u>	<u>\$ 287,466</u>
Pledges Receivable	\$ 321,120	\$ 496,135
Less: Allowance for Uncollectible Pledges	<u>(35,517)</u>	<u>(23,841)</u>
Net Pledges Receivable	<u>\$ 285,603</u>	<u>\$ 472,294</u>
Total Current Assets	<u>\$ 551,925</u>	<u>\$ 759,760</u>
Equipment		
Equipment	\$ 12,355	\$ 12,355
Less: Accumulated Depreciation	<u>(11,207)</u>	<u>(10,633)</u>
Total Property and Equipment, Net	<u>\$ 1,148</u>	<u>\$ 1,722</u>
Total Assets	<u>\$ 553,073</u>	<u>\$ 761,482</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 8,296	\$ 17,397
Accrued Expenses	10,707	7,116
Line of Credit	8,394	30,210
Deferred Revenues	26,471	28,907
Due to Designated Charities	529,280	738,616
Current Portion, Long-Term Debt	<u>9,219</u>	<u>0</u>
Total Current Liabilities	<u>\$ 592,367</u>	<u>\$ 822,246</u>
Long-Term Debt, Net of Current Portion	<u>\$ 33,287</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 625,654</u>	<u>\$ 822,246</u>
Net Assets		
Unrestricted Net Assets (Deficit)	<u>\$ (72,581)</u>	<u>\$ (60,764)</u>
Total Liabilities and Net Assets	<u>\$ 553,073</u>	<u>\$ 761,482</u>

See Notes to Financial Statements.

EXHIBIT B**MAINESHARE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016		2015	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Unrestricted Revenues and Support				
Administrative Fees	\$ 46,971	27.6%	\$ 45,046	25.7%
MSECCA Fee	30,006	17.7%	29,934	17.1%
Contributions	56,313	33.1%	54,217	30.9%
Membership Dues	25,330	14.9%	26,695	15.2%
Grant Income	2,000	1.2%	2,000	1.1%
Hike and Bike	8,058	4.7%	5,509	3.1%
Interest Income	108	0.1%	95	0.1%
MaineShare Fair	0	0.0%	11,087	6.3%
Other Income	<u>1,197</u>	<u>0.7%</u>	<u>868</u>	<u>0.5%</u>
Total Unrestricted Revenues and Support	\$ 169,983	100.0%	\$ 175,451	100.0%
Expenses				
Campaign and Administrative Expenses	\$ 169,934	100.0%	\$ 183,557	104.7%
MSECCA Direct Expenses	<u>11,866</u>	<u>7.0%</u>	<u>11,461</u>	<u>6.5%</u>
Total Expenses	\$ 181,800	107.0%	\$ 195,018	111.2%
Change in Net Assets	\$ (11,817)	<u>(7.0%)</u>	\$ (19,567)	<u>(11.2%)</u>
Net Assets at Beginning of Year	<u>(60,764)</u>		<u>(41,197)</u>	
Net Assets at End of Year	<u>\$ (72,581)</u>		<u>\$ (60,764)</u>	

See Notes to Financial Statements.

**MAINESHARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets (Deficit)	\$ (11,817)	\$ (19,567)
Adjustments to Reconcile Increase (Decrease) in Net Assets To Net Cash Provided by (Used In) Operating Activities		
Depreciation Expense	\$ 573	\$ 573
Net (Increase) Decrease in Net Assets:		
Pledges Receivable, Net	186,691	80,259
Net Increase (Decrease) in Liabilities:		
Accounts Payable	(9,101)	7,728
Accrued Expenses	3,591	307
Deferred Revenues	(2,436)	896
Due to Designated Charities	<u>(209,336)</u>	<u>(64,301)</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (41,835)</u>	<u>\$ 5,895</u>
Cash Flows Provided by (Used In) Investing Activities		
Net Borrowings (Repayments) On Line of Credit	\$ (21,815)	\$ 17,445
Proceeds from Long-Term Debt	50,000	0
Repayments of Long-Term Debt	<u>(7,494)</u>	<u>0</u>
Net Cash Provided by (Used In) Financing Activities	<u>\$ 20,691</u>	<u>\$ 17,445</u>
Net Increase in Cash and Cash Equivalents	\$ (21,144)	\$ 23,340
Cash and Cash Equivalents at Beginning of Year	<u>287,466</u>	<u>264,126</u>
Cash and Cash Equivalents at End of Year	<u>\$ 266,322</u>	<u>\$ 287,466</u>
Supplemental Disclosure		
Cash Paid During the Year for Interest	<u>\$ 5,863</u>	<u>\$ 2,391</u>

See Notes to Financial Statements.

MAINESHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

MaineShare (the Organization) is a nonprofit corporation organized under the laws of the State of Maine and is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. The Organization is not classified as a private foundation.

MaineShare's mission is to provide significant support to organizations doing progressive social justice and root cause work in Maine and to raise public awareness of their work.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

C. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

D. Contract Revenue and Administrative Fees

MaineShare has a contract with the Maine State Employees Combined Charitable Appeal program (MSECCA) to administer the donated funds for various designated charities. MSECCA reimburses MaineShare for the costs incurred to manage the funds. The Organization reports the payment as a fee for service revenue. This fee varies from year to year, based on the costs incurred by MaineShare to manage the funds.

MaineShare charges an administrative fee of 15% on all other workplace donations (excluding MSECCA) that the Organization manages. The fee is earned as the donations are distributed to the designated charities.

Funds received under the MSECCA agreement and 85% of the funds received from all other workplace participant organizations are distributed to member organizations according to the directives of the individuals making the donations. These funds are held in an agency capacity and therefore are not included in the Organization's revenues or net assets, but rather are presented as assets and liabilities.

MAINESHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

F. Pledges Receivable

MaineShare generally conducts workplace giving campaigns from Labor Day through Thanksgiving. Pledges receivable from these campaigns are collected in the following year and are recorded as a liability due to designated charities at their net realizable value based on amounts expected to be collected from donors. An allowance is used to adjust the pledges annually to the net realizable values based on collection history.

Through December 31, 2015 the Organization's practice was to record pledges receivable offset by corresponding amounts due to designated charities (pledges payable) for both its own campaigns as well as for the MSECCA campaign. During the year ended December 31, 2016 it was determined that a more appropriate treatment was to record such pledges receivable and offsetting liabilities for the Organization's own campaigns, but not for those administered for MSECCA, as the underlying commitments made by the MSECCA donors were to MSECCA, and not to MaineShare. Accordingly, for 2016, pledges receivables as reported relate only to the Organization's own campaigns.

G. Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at estimated fair value at the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from five to ten years. Costs of repairs and maintenance are charged to operating expenses as incurred. Depreciation expense amounted to \$573 for both 2016 and 2015.

H. Contribution Revenue

Any contributions recognized as revenue by MaineShare are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

MAINESHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Contributed Services

The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No such recognizable services were received in 2016 or 2015. Volunteers also provided their time to perform a variety of tasks that assisted the Organization with specific programs, fundraising events, and various other assignments throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

J. Income Taxes

The Organization is a nonprofit organization exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Contributions made to the Organization qualify for charitable deductions. It is the opinion of management that there is no unrelated business income.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. It is the opinion of management that the Organization had no uncertain positions that qualify for recognition or disclosure in the financial statements. The Organization is subject to examinations by tax authorities for three years following the filing of the return.

K. Advertising Costs

The Organization expenses advertising as incurred. Advertising expense was \$5 and \$640 for 2016 and 2015, respectively.

L. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2016 or 2015. Cash held in separate bank accounts under agency relationships is presented as restricted cash.

M. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis within the notes to the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a direct assignment of expenses depending on the nature of the underlying costs.

MAINESHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2- CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit accounts at various financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk in this regard.

NOTE 3 – LINE OF CREDIT

The Organization has available a \$25,000 bank line of credit for the purpose of providing short term working capital. The line of credit is unsecured and interest is due monthly at the U.S. prime rate which was 3.75% at December 31, 2016. The outstanding balance on this line was \$8,394 and \$30,210 at December 31, 2016 and 2015, respectively. Total interest paid on the line of credit during each such year was \$324 and \$732, respectively.

NOTE 4 – LONG-TERM DEBT

At December 31, 2016 long-term debt consisted of the following:

Note payable to a not-for-profit lender, secured by second security interest in all business assets of the Organization, interest accruing monthly at 7% on unpaid balance, payable in monthly installments of principal and interest amounting to \$994, amortized over 60 months, due in full March 2021.	<u>\$ 42,506</u>
Total Long-Term Debt	42,506
Less Current Portion	<u>(9,219)</u>
Total Long-Term Debt, Net of Current Portion	<u>\$ 33,287</u>

Future principal maturities of long-term debt are as follows:

2017	\$ 9,219
2018	9,886
2019	10,600
2020	11,366
2021	<u>1,435</u>
Total	<u>\$ 42,506</u>

NOTE 5 – OPERATING LEASE

The Organization has a renewable yearly operating lease for its office space in Augusta, Maine. The lease calls for payments of \$352 per month plus \$10 per month for internet access. Total rent paid for the years ending December 31, 2016 and 2015 was \$4,221 for each such year.

MAINESHARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 6 – FUNCTIONAL CLASSIFICATION OF EXPENSES

The Organization provides a means for statewide nonprofits to participate in efficient workplace payroll-giving campaigns. Functional expenses related to providing this service were as follows:

	<u>2016</u>	<u>2015</u>
Direct program services	\$ 147,574	\$ 158,394
General and administrative	11,775	12,638
Fundraising	21,878	23,482
Depreciation	<u>573</u>	<u>504</u>
Totals	<u>\$ 181,800</u>	<u>\$ 195,018</u>

NOTE 7 – DATE OF MANAGEMENT REVIEW AND SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 10, 2017 the date on which the financial statements were available to be issued.

Subsequent to December 31, 2016, the Organization formalized its intent to no longer serve as the administrator for the MSECCA campaign, effective with the fall, 2017 campaign. The Organization is currently in the process of winding up its duties with respect to the fall, 2016 MSECCA campaign.

Subsequent to December 31, 2016 the Organization launched its Momentum 2017 campaign. This fundraising initiative is aimed at significantly growing participation in its annual workplace giving campaigns with the objective of raising an additional \$1,000,000 over the next five years while adding 50 new workplace partners to its team. Additional efforts are aimed at generating increased financial support for its member organizations as well as providing greater financial stability and capacity for MaineShare as it continues its mission of channeling financial resources to further social justice, environmental protection, economic opportunity, health, safety, education and cultural diversity.

EXHIBIT D**MAINESHARE
SCHEDULES OF CAMPAIGN AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016		2015	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Campaign and Administrative Expenses				
Wages	\$ 115,365	67.9%	\$ 113,606	64.6%
Accounting	8,800	5.2%	7,200	4.1%
Advertising and Marketing	428	0.3%	640	0.4%
Bookkeeping	2,803	1.6%	2,951	1.7%
Depreciation	573	0.3%	573	0.3%
Dues and Subscriptions	1,203	0.7%	724	0.4%
Information Technology	3,965	2.3%	9,165	5.2%
Insurance – Other	2,530	1.5%	2,219	1.3%
Interest Expense	5,863	3.4%	2,391	1.4%
Office Supplies and Expenses	1,798	1.1%	1,171	0.7%
Payroll Processing Fees	1,248	0.7%	1,135	0.6%
Postage	1,371	0.8%	1,733	1.0%
Printing and Publication	5,452	3.2%	8,032	4.6%
Professional Development	135	0.1%	185	0.1%
Rent	4,221	2.5%	4,221	2.4%
Taxes - Payroll	9,093	5.3%	8,644	4.9%
Telephone	1,927	1.1%	1,715	1.0%
Travel and Meetings	3,159	1.9%	3,101	1.8%
MaineShare Fair Expenses	<u>0</u>	<u>0.0%</u>	<u>14,451</u>	<u>8.2%</u>
Total	<u>\$ 169,934</u>	<u>100.0%</u>	<u>\$ 183,557</u>	<u>104.6%</u>

**MAINESHARE
SCHEDULE OF PAYMENTS TO MEMBERS AND
PER FISCAL AGENCY AGREEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
Member Organizations	
American Civil Liberties Union	\$ 7,111
Bicycle Coalition of Maine	9,285
Chewonki Foundation	5,061
Coastal Enterprises, Inc.	4,734
Community Financial Literacy	4,635
Consumers for Affordable Health Care	4,199
Disability Rights Center	7,523
Environmental Health Strategy Center	4,207
Equality Maine Foundation	7,684
Friends of Casco Bay	9,964
Genesis Community Loan Fund	3,979
GLSEN	4,024
Hardy Girls Healthy Women	7,588
Holocaust Human Rights Center of Maine	4,237
Maine Access Immigrant Network	2,424
Maine Alliance for Arts Education	5,672
Maine Animal Coalition	12,304
Maine Audubon Society	10,572
Maine Center for Economic Policy	4,901
Maine Citizens for Clean Elections	4,594
Maine Coalition Against Sexual Assault	6,964
Maine Coalition to End Domestic Violence	10,775
Maine Council of Churches	3,406
Maine Equal Justice Partners	6,374
Maine Farmland Trust	2,844
Maine Federation of Humane Societies	7,236
Maine Hospice Council	11,413
Maine Initiatives	3,630
Maine Labor Group on Health	3,611
Maine Organic Farmers & Gardners' Association	11,561
Maine Peace Fund	3,814
Maine People's Resource Center	4,232
Maine Public Broadcasting Network	2,522
Maine Resource Recovery Association	1,591
Maine Veterans for Peace	6,223
Maine Women's Fund	11,869
Maine Women's Policy Center	4,948
MaineShare Development Fund	3,300
Mano en Mano	4,402
Natural Resources Council of Maine	8,019
New Ventures Maine	5,969
Resources for Organizing & Social Change	4,196

EXHIBIT E
(CONTINUED)

MAINESHARE
SCHEDULE OF PAYMENTS TO MEMBERS AND
PER FISCAL AGENCY AGREEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016
Member Organizations (Continued)	
Sierra Club Foundation, Maine Chapter	\$ 4,293
Southern Maine Workers Center	1,569
Viles Arboretum	4,465
WERU Community Radio	<u>1,648</u>
Subtotal	\$265,572
Fiscal Agency Payments	
MSECCA Donations in Accordance with Donor Request	<u>262,752</u>
Total Payments	<u>\$ 528,324</u>