

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2017

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

DAY & DAY, P.A.

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INDEPENDENT AUDITORS' REPORT

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To the Board of Directors
United Way of Lake & Sumter Counties, Inc.

We have audited the accompanying financial statements of United Way of Lake & Sumter Counties, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, 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.

Auditor's Responsibility

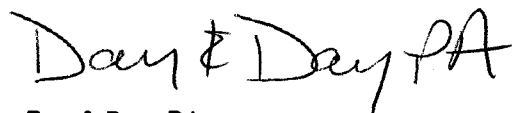
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 the United Way of Lake & Sumter Counties, Inc. as of June 30, 2017, 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.



Day & Day, PA
December 4, 2017

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2017

Assets

Current Assets

Cash and cash equivalents	\$	906,482
Prepaid expenses		4,024
Deposits		2,053
		912,559

Unconditional Promises to Give:

Net of uncollectible allowance of \$101,339		592,557
		592,557

Total Current Assets 1,505,116

Noncurrent Assets

Investments		747,673
Property and equipment, net		514,206
		1,261,879

Total Noncurrent Assets 1,261,879

TOTAL ASSETS \$ 2,766,995

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$	33,917
Designated contributions payable		41,105
Allocations payable		3,756
Current Portion of long term debt		13,960
		92,738

Total Current Liabilities 92,738

Long term debt, net of current 291,212

Total Liabilities 383,950

Net Assets

Unrestricted		1,356,778
Temporarily restricted		1,026,267
Permanently restricted		-
		2,383,045

Total Net Assets 2,383,045

TOTAL LIABILITIES AND NET ASSETS \$ 2,766,995

Read accompanying notes

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

SUPPORT AND REVENUES	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Campaign contributions, net	\$ 612,025	\$ 612,026	\$ 1,224,051
Other contributions	60,672	-	60,672
Rental income	20,750	-	20,750
Investment income	57,333	-	57,333
Net assets released from restriction	<u>517,108</u>	<u>(517,108)</u>	<u>-</u>
Total Support and Revenues	<u>1,267,888</u>	<u>94,918</u>	<u>1,362,806</u>
ALLOCATIONS AND EXPENSES			
Allocations to agencies and participating groups	427,492	-	427,492
Functional expenses			
Program services	490,923	-	490,923
Fund raising	146,892	-	146,892
Management & general	<u>208,007</u>	<u>-</u>	<u>208,007</u>
Total Functional Expenses	<u>845,822</u>	<u>-</u>	<u>845,822</u>
Total Allocations and Functional Expenses	<u>1,273,314</u>	<u>-</u>	<u>1,273,314</u>
Change in Net Assets	(5,426)	94,918	89,492
Net Assets, Beginning of Year	<u>1,362,204</u>	<u>931,349</u>	<u>2,293,553</u>
Net Assets, End of Year	<u>\$ 1,356,778</u>	<u>\$ 1,026,267</u>	<u>\$ 2,383,045</u>

Read accompanying notes

Draft

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2017

FUNCTIONAL EXPENSES	SUPPORTING SERVICES			TOTAL
	PROGRAM SERVICES	FUND RAISING	MANAGEMENT & GENERAL	
Salaries and wages	\$ 94,800	\$ 73,515	\$ 108,406	\$ 276,721
Payroll taxes	8,484	5,733	8,713	22,930
Retirement	909	614	934	2,457
Employee insurance	14,826	12,248	18,083	45,157
Advertising	3,385	7,167	-	10,552
Insurance	3,335	-	-	3,335
Professional fees	55,345	-	7,550	62,895
Supplies	20,865	-	-	20,865
Contractual services	7,730	18,050	15,382	41,162
Interest	6,275	4,136	3,851	14,262
Postage	1,374	-	-	1,374
Printing	8,226	-	3,926	12,152
Rental and maintenance	7,866	5,184	4,827	17,877
Occupancy	7,643	5,037	4,690	17,370
Telephone	2,562	1,688	1,572	5,822
Travel	23,493	1,860	18,363	43,716
Training	2,099	-	-	2,099
Other expenses	26,677	7,467	7,806	41,950
Other program expenses	188,667	-	-	188,667
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	484,561	142,699	204,103	831,363
Depreciation	6,362	4,193	3,904	14,459
TOTAL FUNCTIONAL EXPENSES	\$ 490,923	\$ 146,892	\$ 208,007	\$ 845,822

Read accompanying notes

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 89,492
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	14,459
(Increase) decrease in operating assets	
Prepaid expenses	(906)
Other receivables	
Unconditional promises to give	(82,553)
Investments	(6,594)
Increase (decrease) in operating liabilities	
Accounts payable	(8,121)
Designated contributions payable	36,184
Allocations payable	<u>(26,244)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,717
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land and equipment	<u>(50,983)</u>
NET CASH USED BY INVESTING ACTIVITIES	(50,983)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment of long term debt	<u>(13,145)</u>
NET CASH USED BY FINANCING ACTIVITIES	(13,145)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(48,411)
BEGINNING CASH AND CASH EQUIVALENTS	<u>954,893</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 906,482</u></u>

Read accompanying notes

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

United Way of Lake and Sumter Counties, Inc. (UWLS) is a Florida not-for-profit corporation formed for the purpose of uniting local resources to help the people of Lake and Sumter Counties, Florida by assessing needs and identifying assets, fund raising, community awareness, building partnerships, and allocating resources. UWLS is an autonomous organization governed solely by a local volunteer board chosen by its contributors. UWLS pays dues to United Way Worldwide in exchange for services. The United Way's name and logo are granted annually to it by United Way Worldwide upon certification in regard to certain standards of operation.

Financial Statement Presentation

The financial statements of the organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. In accordance with relevant standards, the net assets of the organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be fulfilled either by actions of the organization and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the organization.

Principles of Consolidation

The consolidated financial statements of the United Way of Lake and Sumter Counties, Inc. include Blossom Lane, LLC. Both entities have common directors and control, thus the statements are consolidated. All significant inter-organization balances and transactions have been eliminated in consolidation.

Recognition of Donor Restricted Contributions

In accordance with relevant standards, all contributions received or contributions pledged under an unconditional promise to give are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in six accounts, one of which is interest bearing. The organization considers cash in banks, cash on hand, and other highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. All accounts are unprotected beyond the FDIC and SIPC limitations.

Contributions and Pledges Receivable

Pledges less an allowance for uncollectible amounts, based on actual experience rates, are recorded as support for the year made. Contributions received in future years are recorded as temporarily restricted net assets. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Pledges are normally collected within seven months of year end.

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Investments

In conformity with relevant standards, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change of net assets.

Furniture, Equipment, and Improvements

Property and Equipment are recorded at cost. Depreciation is computed under the straight-line method at rates based on an estimated useful life of five years for equipment and furniture and fixtures, forty years for buildings, twenty five years for building improvements and fifteen years for leasehold and land improvements. It is the Organization's policy to capitalize property and equipment costing over \$200.

Expense Allocation

Expenses are reported as direct program services and support services. Support services include fund raising and management and general. Each group is reported by functional expense category for their incurred or allocated expenses.

Income Taxes

UWLS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida laws. UWLS has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and donors may deduct contributions as provided in Section 170 of the Code.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management believes that no such required disclosures exist.

The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2014. The Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services and Materials

A substantial amount of services are contributed to the organization to help carry out its activities. The value of services donated by volunteers in the form of labor hours is not recorded in the accompanying financial statements since they do not meet the requirements for recognition.

Concentration of Credit Risk

UWLS maintains its cash in bank deposit accounts at financial institutions. The balance, at times, may exceed federally insured limits which are \$250,000 for each financial institution. At June 30, 2017 these limits were exceeded by \$454,443. The organization conducts its operations in North Central Florida and is solely dependent on the region's economy for its revenues.

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Subsequent Events

The organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 4, 2017, the date the financial statements were available to be issued.

Note 2 - Investments

Investments are stated at fair value. Fair values at June 30, 2017 are summarized as follows:

Certificates of deposit	\$	338,383
Index and mutual funds		409,290
Total investments	\$	<u>747,673</u>

The investments in the index and mutual funds are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could affect the amounts reported in the financial statements of the Organization.

The net investment income at June 30, 2017 consist of the following:

Interest and dividends	\$	39,166
Realized loss on investments		(13,088)
Unrealized gain on investment		31,255
Total investment income	\$	<u>57,333</u>

Note 3 - Property and Equipment

Property and equipment consists of the following as of June 30, 2017:

Land	\$	83,870
Building		380,100
Building improvements		92,535
Leasehold improvements		1,923
Land improvements		13,300
Equipment		31,425
Furniture and fixtures		5,382
		<u>608,535</u>
Less: Accumulated depreciation		(94,329)
Property and equipment, net	\$	<u>514,206</u>

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Note 4 – Fair value of Financial Instruments

Fair value of assets measured on a recurring basis at June 30, 2017 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments - certificates of deposit funds	\$ 338,383	\$ 338,383	\$ -	\$ -
Investments - fixed income and mutual funds	<u>409,290</u>	<u>409,290</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 747,673</u>	<u>\$ 747,673</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value accounting literature established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 consist of unobservable inputs and have the lowest priority.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Note 5 – Long Term Debt

The Organization's long term debt as of June 30, 2017 consists of the following:

Motgage payable to United Southern Bank, due in monthly installments of \$2,284, including interest at 4.5% for the first 5 years, then adjusted to the 5 year treasury rate plus 3.25%, secured by property, matures January 2033.	\$ 305,172
Less: Current Portion	<u>(13,960)</u>
	<u>\$ 291,212</u>

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Note 5 – Long term Debt (continued)

Future scheduled maturities of mortgage note payable are as follows:

Year ending June 30,:		
2018	\$	13,960
2019		14,601
2020		15,272
2021		15,974
2022		16,707
	\$	<u>76,514</u>

Note 6 –Temporarily Restricted Net Assets

The temporarily restricted net assets of the Organization are contributions with donor imposed stipulations. These stipulations are removed with the passage of time for current campaign contributions, which are contributions raised for the next calendar year or by expending the donated funds for the purpose specified. Temporarily restricted net assets consisted of the following:

Unconditional promise to give-current	\$	592,556
Disaster program special situations		5,479
Investments		428,232
Total	\$	<u>1,026,267</u>

Note 7 – Related Parties

Blossom Lane, LLC is a separate not-for-profit organization with a board of directors composed of members from the United Way of Lake & Sumter Counties, Inc. board.

A summary of assets and liabilities of Blossom Lane, LLC as of June 30, 2017 is as follows:

<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$	3,567
Prepaid expenses		1,512
Deposits		2,053
Total Current Assets		<u>7,132</u>
Noncurrent Assets		
Property and equipment, net		461,127
Total Noncurrent Assets		<u>461,127</u>
Total Assets	\$	<u>468,259</u>

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Note 7 – Related Parties (continued)

Liabilities and Net Assets

Current Liabilities	
Due to affiliate	\$ 28,573
Current portion of long term debt	13,960
	42,533
Long term debt, net of current portion	291,212
Total Liabilities	333,745
Net Assets	
Unrestricted	134,514
	134,514
Total Liabilities and Net Assets	\$ 468,259

A condensed summary of operations for the year ended June 30, 2017 is as follows:

Rental income	\$ 40,900
Expenditures	(57,463)
Change in net assets	(16,563)
Net Assets, June 30, 2016	151,077
Net assets, June 30, 2017	\$ 134,514

Note 8 – Income Concentration

The Organization received a substantial amount of support from one corporation and its employees. This corporation and its employees contributed 73% of total revenue and support and accounts for 64% of total unconditional promises to give. A significant reduction in the level of support, if this were to occur, may have an effect on the Organization's programs and activities.

Note 9 – Pension Plan

The Organization established a tax deferred group annuity contract or a 403(b) Thrift plan with Mutual of America Life Insurance Company. Participants can defer amounts under the law through this contract. At June 30, 2017, one employee participated in this contract.

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2017

Note 10 - Supplemental Cash Flow Information

The Organization paid the following amounts for interest and income taxes for the year ended June 30, 2017:

Interest	\$ <u>14,262</u>
Income taxes	\$ <u>-</u>