

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2016

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DAY & DAY, P.A.

Certified Public Accountants

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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, 2016, 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, 2016, 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
January 14, 2017

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2016

Assets

Current Assets

Cash and cash equivalents	\$ 954,893
Prepaid expenses	3,118
Deposits	2,053
	960,064

Unconditional Promises to Give:

Net of uncollectible allowance of \$105,712	510,004
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Total Current Assets 1,470,068

Noncurrent Assets

Investments	741,079
Property and equipment, net	477,682

Total Noncurrent Assets 1,218,761

TOTAL ASSETS \$ 2,688,829

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 42,038
Designated contributions payable	4,921
Allocations payable	30,000
Current Portion of long term debt	13,356

Total Current Liabilities 90,315

Long term debt, net of current 304,961

Total Liabilities 395,276

Net Assets

Unrestricted	1,362,204
Temporarily restricted	931,349
Permanently restricted	-

Total Net Assets 2,293,553

TOTAL LIABILITIES AND NET ASSETS \$ 2,688,829

Read accompanying notes

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		FUND RAISING	MANAGEMENT & GENERAL	
FUNCTIONAL EXPENSES				
Salaries and wages	\$ 93,701	\$ 75,974	\$ 83,571	\$ 253,246
Payroll taxes	7,494	6,076	6,684	20,254
Retirement	1,047	849	934	2,830
Employee insurance	9,153	7,422	8,164	24,739
Advertising	13,330	21,913	-	35,243
Insurance	2,475	1,631	1,519	5,625
Professional fees	42,451	27,979	26,049	96,479
Supplies	14,607	-	-	14,607
Contractual services	5,832	4,729	5,202	15,763
Interest	6,531	4,304	4,007	14,842
Postage	487	-	-	487
Printing	890	3,278	2,506	6,674
Rental and maintenance	4,882	3,218	2,996	11,096
Occupancy	7,777	5,125	4,772	17,674
Telephone	2,713	1,788	1,665	6,166
Travel	5,605	4,544	4,999	15,148
Sponsorship expenses	1,235	-	-	1,235
Training	499	-	-	499
Other expenses	5,407	3,797	22,001	31,205
Other program expenses	68,587	-	-	68,587
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	294,703	172,627	175,069	642,399
Depreciation	7,683	5,064	4,714	17,461
TOTAL FUNCTIONAL EXPENSES	\$ 302,386	\$ 177,691	\$ 179,783	\$ 659,860

Read accompanying notes

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

SUPPORT AND REVENUES	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Campaign contributions, net	\$ 578,478	\$ 578,659	\$ 1,157,137
Other contributions	39,966	-	39,966
Grant income	41,590	-	41,590
Rental income	22,707	-	22,707
Investment income	11,804	-	11,804
Other income	18,460	-	18,460
Net assets released from restriction	<u>592,515</u>	<u>(592,515)</u>	<u>-</u>
Total Support and Revenues	<u>1,305,520</u>	<u>(13,856)</u>	<u>1,291,664</u>
ALLOCATIONS AND EXPENSES			
Allocations to agencies and participating groups	697,251	-	697,251
Functional expenses			
Program services	302,386	-	302,386
Fund raising	177,691	-	177,691
Management & general	<u>179,783</u>	<u>-</u>	<u>179,783</u>
Total Functional Expenses	<u>659,860</u>	<u>-</u>	<u>659,860</u>
Total Allocations and Functional Expenses	<u>1,357,111</u>	<u>-</u>	<u>1,357,111</u>
Change in Net Assets	(51,591)	(13,856)	(65,447)
Net Assets, Beginning of Year	<u>1,413,795</u>	<u>945,205</u>	<u>2,359,000</u>
Net Assets, End of Year	<u>\$ 1,362,204</u>	<u>\$ 931,349</u>	<u>\$ 2,293,553</u>

Read accompanying notes

UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (65,447)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	17,461
(Increase) decrease in operating assets	
Prepaid expenses	(1,482)
Deposits	400
Other receivables	500
Unconditional promises to give	(25,608)
Investments	48,981
Increase (decrease) in operating liabilities	
Accounts payable	15,273
Designated contributions payable	(31,683)
Accrued expenses	<u>11,100</u>
NET CASH USED BY OPERATING ACTIVITIES	(30,505)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(28,189)</u>
NET CASH USED BY INVESTING ACTIVITIES	(28,189)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment of long term debt	<u>(12,564)</u>
NET CASH USED BY FINANCING ACTIVITIES	(12,564)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(71,258)
BEGINNING CASH AND CASH EQUIVALENTS	<u>1,026,151</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 954,893</u></u>

Read accompanying notes

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2016

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, 2016

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 2013. 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 interest bearing account. At June 30, 2016 these limits were exceeded by \$503,494. 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, 2016

Subsequent Events

The organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 14, 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, 2016 are summarized as follows:

Certificates of deposit	\$	325,213
Index and mutual funds		415,866
Total investments	\$	<u>741,079</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, 2016 consist of the following:

Interest and dividends	\$	13,051
Unrealized loss on investment		(1,247)
Total investment income	\$	<u>11,804</u>

Note 3 - Property and Equipment

Property and equipment consists of the following as of June 30, 2016:

Land	\$	34,416
Building		380,100
Building improvements		92,535
Leasehold improvements		1,923
Land improvements		13,300
Equipment		29,896
Furniture and fixtures		5,382
		<u>557,552</u>
Less: Accumulated depreciation		(79,870)
Property and equipment, net	\$	<u>477,682</u>

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2016

Note 4 – Fair value of Financial Instruments

Fair value of assets measured on a recurring basis at June 30, 2016 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	\$ 325,213	\$ 325,213	\$ -	\$ -
Investments - fixed income	159,944	159,944	-	-
Investments - mutual funds	<u>255,922</u>	<u>255,922</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 741,079</u>	<u>\$ 741,079</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, 2016 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.	\$ 318,317
Less: Current Portion	<u>(13,356)</u>
	<u>\$ 304,961</u>

**NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2016**

Note 5 – Long term Debt (continued)

Future scheduled maturities of mortgage note payable are as follows:

Year ending June 30,:		
	2017	\$ 13,356
	2018	13,970
	2019	14,611
	2020	15,283
	2021	15,985
		<u>\$ 73,205</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	\$	510,004
Disaster program special situations		5,479
Investments		415,866
Total	\$	<u>931,349</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, 2016 is as follows:

	<u>Assets</u>	
	Current Assets	
Cash and cash equivalents	\$	20,734
Prepaid expenses		1,512
Deposits		2,053
	Total Current Assets	<u>24,299</u>
	Noncurrent Assets	
Property and equipment, net		475,218
	Total Noncurrent Assets	<u>475,218</u>
	Total Assets	<u>\$ 499,517</u>

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2016

Note 7 – Related Parties (continued)

Liabilities and Net Assets

Current Liabilities	
Due to affiliate	\$ 30,123
Current portion of long term debt	13,356
	43,479
Long term debt, net of current portion	304,961
Total Liabilities	348,440
Net Assets	
Unrestricted	151,077
	151,077
Total Liabilities and Net Assets	\$ 499,517

A condensed summary of operations for the year ended June 30, 2016 is as follows:

Rental income	\$ 39,757
Other Income	16,381
Expenditures	(39,761)
Change in net assets	16,377
Net Assets, June 30, 2015	134,700
Net assets, June 30, 2016	\$ 151,077

Note 8 – Unconditional Promise to Give Concentration

The Organization has temporarily restricted promises to give of \$510,004. One donor accounted for \$370,883 or 73% of this amount.

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, 2016, one employee participated in this contract.

NOTES TO FINANCIAL STATEMENTS
UNITED WAY OF LAKE & SUMTER COUNTIES, INC
For year ended June 30, 2016

Note 10 - Supplemental Cash Flow Information

The Organization paid the following amounts for interest and income taxes for the year ended June 30, 2016:

Interest	\$ <u>14,842</u>
Income taxes	\$ <u>-</u>