

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Lake and Sumter Counties, Inc.
and Subsidiary
Leesburg, Florida

We have audited the accompanying consolidated financial statements of United Way of Lake and Sumter Counties, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
United Way of Lake and Sumter Counties, Inc.
and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
September 1, 2021

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS	
Cash	\$ 683,810
Grants receivable	232,627
Pledges receivable, net	852,462
Prepaid expenses and other assets	<u>15,613</u>
TOTAL CURRENT ASSETS	1,784,512
 NONCURRENT ASSETS	
Investments	846,746
Property and equipment, net	468,182
Deposits	<u>2,053</u>
TOTAL NONCURRENT ASSETS	<u>1,316,981</u>
TOTAL ASSETS	<u><u>\$ 3,101,493</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 61,538
Designated contributions and grants payable	321,900
Current portion of long-term debt	<u>16,328</u>
TOTAL CURRENT LIABILITIES	399,766
LONG-TERM DEBT, net	<u>237,292</u>
TOTAL LIABILITIES	637,058
 COMMITMENTS AND CONTINGENCIES	
 NET ASSETS	
Without donor restrictions	1,954,094
With donor restrictions	<u>510,341</u>
TOTAL NET ASSETS	<u>2,464,435</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,101,493</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Campaign contributions	\$ 925,083	\$ -	\$ 925,083
Grant income	2,048,496	-	2,048,496
Other contributions	146,196	744	146,940
Investment income, net	6,593	55,221	61,814
Other income	22,437	-	22,437
Net assets released from restrictions	744	(744)	-
	3,149,549	55,221	3,204,770
EXPENSES			
Program services	2,878,906	-	2,878,906
Development and fundraising	168,065	-	168,065
Management and general	87,296	-	87,296
	3,134,267	-	3,134,267
TOTAL EXPENSES	3,134,267	-	3,134,267
CHANGE IN NET ASSETS	15,282	55,221	70,503
NET ASSETS - BEGINNING OF YEAR	1,938,812	455,120	2,393,932
NET ASSETS - END OF YEAR	\$ 1,954,094	\$ 510,341	\$ 2,464,435

The accompanying notes are an integral part of the consolidated financial statements.

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Program Services	Support Services			Total Expenses
		Development and Fundraising	Management and General	Total Support Services	
Grant expenditures	\$ 2,217,589	\$ -	\$ -	\$ -	\$ 2,217,589
Salaries and benefits	347,769	88,067	23,325	111,392	459,161
Program expenses	171,585	-	-	-	171,585
Contract and professional services	64,813	34,875	29,095	63,970	128,783
Supplies and equipment	20,900	6,933	10,400	17,333	38,233
Occupancy costs	11,713	7,306	6,802	14,108	25,821
Phone and utilities	13,026	7,059	5,542	12,601	25,627
Other expenses	14,382	3,696	3,924	7,620	22,002
Depreciation	8,101	5,339	4,971	10,310	18,411
Advertising	3,752	11,313	-	11,313	15,065
Interest	5,276	3,477	3,237	6,714	11,990
TOTAL EXPENSES	\$ 2,878,906	\$ 168,065	\$ 87,296	\$ 255,361	\$ 3,134,267

The accompanying notes are an integral part of the consolidated financial statements.

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		\$ 70,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Addition of land		(30,000)
Depreciation		18,411
Realized and unrealized gain on investments		(58,080)
Changes in operating assets and liabilities:		
Grants receivable		(204,060)
Pledges receivable		52,312
Prepaid expenses and other assets		14,427
Accounts payable and accrued expenses		50,936
Designated contributions and grants payable		<u>282,785</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		197,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments		<u>(15,854)</u>
NET CASH USED IN INVESTING ACTIVITIES		(15,854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt		<u>(14,609)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(14,609)</u>
	NET CHANGE IN CASH	166,771
CASH AT BEGINNING OF YEAR		<u>517,039</u>
CASH AT END OF YEAR		<u><u>\$ 683,810</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of Lake and Sumter Counties, Inc. (“UWLS”) was incorporated as a not-for-profit corporation on September 7, 1966, for the purpose of uniting local resources to help the people of Lake and Sumter Counties, Florida by assessing needs and identifying assets, fundraising, community awareness, building partnerships, and allocating resources. UWLS is an autonomous organization governed by a local volunteer board of directors. 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.

UWLS is the sole member of Blossom Lane, LLC (“Blossom Lane”), a limited liability company organized under the laws of the State of Florida. Blossom Lane owns and maintains property used by UWLS.

These consolidated financial statements include the accounts of UWLS and Blossom Lane (collectively referred to as the “Organization”). All significant intercompany transactions have been eliminated in the consolidation of the financial statements.

A summary of the Organization’s significant accounting policies follows:

Net Assets

Net assets are presented based on the existence or absence of donor-imposed restrictions. In these consolidated financial statements, net assets are reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. The Organization’s board may designate assets without restrictions for specific purposes from time to time.

With Donor Restrictions - Net assets that are subject to donor-imposed stipulations. Donor restrictions can be temporary in nature and fulfilled by actions or the passage of time, or can be perpetual and be maintained permanently by the Organization. Donor restricted net assets consist of funds restricted for use in Lake and Sumter Counties’ communities.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates and such differences could be material.

Cash Equivalents

The Organization considers all highly liquid instruments with a maturity of three months or less from the date of purchase to be cash equivalents, except those classified as investments. The Organization does not include cash or cash equivalents classified as investments as restricted cash when preparing its consolidated statement of cash flows.

Investments

Investments are reported at fair value. Fair value is determined using the quoted closing or latest bid prices on active exchanges, if available. Realized gains and losses are calculated based on proceeds received, less carrying value at the beginning of the reporting period. The cost of securities sold is based on the average cost method. Changes in unrealized gains and losses represent the change in the market value of investment holdings during the period.

Fair Value Measurements

The fair value of financial instruments is presented based on a hierarchy of levels that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of the Organization's short-term financial instruments approximate their fair value.

Grants Receivable

Grants receivable represent amounts due from federal programs, governments and agencies, and other funding entities for program expenditures and services performed. Grants receivable are recorded at the net amount expected to be collected at the time when the service is rendered or program expenditure incurred. The performance obligation is generally recognized with the delivery of service or program expenditure.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable represent amounts due from the Organizations annual fundraising campaign. Amounts are expected to be collected within an annual period. The Organization establishes an allowance for estimated amounts considered to be uncollectible based on prior years' experience and management analysis of specific pledged amounts. The allowance for uncollectible pledges receivable was approximately \$158,000 at December 31, 2020.

Property and Equipment

Property and equipment are recorded at cost when acquired or, if donated, at fair value on the date of the gift. Additions and improvements that extend the life of an asset and have a cost basis greater than \$500 are capitalized; expenditures for routine maintenance are charged to operations. Leasehold improvements are amortized over the lesser of their economic useful lives or the term of the lease. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	25 - 40 Years
Land improvements	15 Years
Furniture and equipment	5 Years

Impairment of Long-Lived Assets

The Organization evaluates the recoverability of its long-lived assets whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management believes no indication of impairment existed at December 31, 2020.

Revenue Recognition

Support received from governmental and private sources are recognized as support when performance occurs pursuant to the contract agreement.

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as contributions without donor restrictions in that period.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributed materials and equipment are reflected as contributions at their estimated fair value at the date of receipt. Contributions of services are recognized as revenue at their estimated values at the date of receipt if the services received create or enhance nonfinancial assets or require a specialized skill and would typically need to be purchased if not provided by the donation. A substantial number of volunteers have donated significant amounts of time to the Organization's programs. No amounts have been reflected in these consolidated financial statements for these donated services.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated based on time and effort, square footage, or other criteria.

Income Taxes

UWLS is a not-for-profit corporation organized under the laws of the State of Florida and have been granted recognition of its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Blossom Lane is a disregarded entity for federal income tax purposes. Accordingly, income earned in furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes and, as a result, these consolidated financial statements include no provision or liability for income taxes.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 1, 2021, the date the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY

Financial assets available to meet the cash needs for general expenditures within one year of the consolidated statement of financial position consist of the following:

Cash	\$ 683,810
Grants receivable	232,627
Pledges receivable, net	852,462
Investments	<u>846,746</u>
Total financial assets	2,615,645
Less donor restricted net assets in investments	<u>(510,341)</u>
Financial assets available to meet expenditures	<u>\$ 2,105,304</u>

As part of a cash and liquidity management policy, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, excess cash is routinely invested in a portfolio of investment instruments to increase earnings. The investment portfolio includes investments readily convertible into cash to manage any unanticipated liquidity needs, if needed.

NOTE 3 - INVESTMENTS

The composition of investments was as follows at December 31, 2020:

Investments:	
Cash equivalents	\$ 4,396
Certificate of deposits	332,608
Mutual funds equity securities	306,278
Mutual funds fixed income	<u>203,464</u>
	<u>\$ 846,746</u>

Investment returns for the year ended December 31, 2020 consists of the following:

Interest and dividend income, net of expenses	\$ 3,734
Net realized and unrealized gains on investments	<u>58,080</u>
Investment returns	<u>\$ 61,814</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

If available, quoted market prices are used to value investments. Mutual funds are valued at the closing price reported on the major market on which the individual securities or funds are traded (Level 1). Certificate of deposits are valued by the custodians of the securities using pricing models based on observable interest rates compared to current yields of issuers with similar credit ratings (Level 2).

The following tables provide the fair value measurements of the Organization's financial instruments by level as of December 31, 2020:

	Fair Value Measurement as of			
	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Investments:				
Cash equivalents	\$ 4,396	\$ -	\$ -	\$ 4,396
Certificates of deposit	-	332,608	-	332,608
Mutual funds	<u>509,742</u>	<u>-</u>	<u>-</u>	<u>509,742</u>
	<u>\$ 514,138</u>	<u>\$ 332,608</u>	<u>\$ -</u>	<u>\$ 846,746</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020:

Land and land improvements	\$ 77,716
Building and building improvements	496,948
Furniture and equipment	<u>49,012</u>
	623,676
Less accumulated depreciation	<u>(155,494)</u>
Total property and equipment, net	<u>\$ 468,182</u>

Depreciation expense was approximately \$18,000 for the year ended December 31, 2020.

NOTE 6 - LONG-TERM DEBT

The Organization's long-term debt is summarized as follows at December 31, 2020:

Mortgage note payable	\$ 253,620
Less current portion	<u>(16,328)</u>
	<u>\$ 237,292</u>

In December 2012, the Organization entered into a \$359,000 mortgage note agreement with a financial institution. The note is collateralized by real property. The note is payable in monthly payments of \$2,284 through the maturity date in January 2033. The note bears interest at 4.5% through January 2023 then adjusts to a variable rate based on the weekly average yield of the United States Treasury securities plus 3.25%. The mortgage note payable can be repaid at any time without penalty.

Cash paid for interest for the year ended December 31, 2020 approximated \$12,000.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 16,328
2022	17,078
2023	17,863
2024	18,683
2025	19,542
Thereafter	<u>164,126</u>
	<u>\$ 253,620</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Grant Agreements and Contracts

The Organization enters into grant agreements with governmental agencies that provide payments and reimbursement for certain program services and expenditures. The grants are subject to audit or review and retroactive adjustment based on a final determination by the grantor. The effect of such adjustments, if any, cannot be determined at this time and no provision has been made for any such adjustments.

Concentrations and Credit Risk

The Organization received a substantial amount of support from one corporation and its employees and a substantial amount of grant revenue from one federal program. 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 7 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Concentrations and Credit Risk *(Continued)*

Financial instruments, which potentially subject the Organization to concentrations of credit risk, principally consist of cash held in financial institutions in excess of federally insured limits, investments, and grants and pledges receivable. Concentrations of credit risk with respect to grant receivables is somewhat mitigated by the taxing authority of the governmental entities funding the programs.

Investments are subject to the risk of market fluctuations. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and market volatility, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

NOTE 8 - COVID-19 AND FEDERAL FUNDING

In 2019, a new coronavirus (“COVID-19”) was identified as the cause of a disease outbreak. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The effect of COVID-19 on the Organization’s operational and financial performance will depend on future developments associated with this pandemic which are uncertain and difficult to predict.

The Families First Coronavirus Response Act (“FFCRA”) and the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act were signed into law on March 18, 2020 and March 27, 2020, respectively, to address the impact of COVID-19. As part of the CARES Act, the Organization was granted funding through the Paycheck Protection Program (the “PPP”) in the form of a loan which may be forgiven if used for qualifying expenses as described in the CARES Act. During the year ended December 31, 2020, the Organization received approximately \$85,000 through the PPP, all of which was used for qualifying expenses and the loan was forgiven in October 2020. These funds have been recognized as revenue and included in grant income in the consolidated statement of activities.

SUPPLEMENTAL INFORMATION



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
United Way of Lake and Sumter Counties, Inc.
and Subsidiary
Leesburg, Florida

We have audited the consolidated financial statements of United Way of Lake and Sumter Counties, Inc. and Subsidiary (the "Organization") as of and for the year ended December 31, 2020, and our report thereon dated September 1, 2021, which contained an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The schedule of expenditures of federal awards for the year ended December 31, 2020, appearing on page 16 is presented for the purpose of additional analysis or to meet the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
September 1, 2021

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2020

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract / Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Treasury			
Passed through Lake County, Florida			
Coronavirus Relief Fund	21.019	N/A	\$ 1,737,882
U.S. Department of Health and Human Services			
Passed through Mid Florida Homeless Coalition			
Temporary Assistance for Needy Families	93.558	N/A	7,951
U.S. Department of Homeland Security			
Passed through Lake County, Florida			
Emergency Food and Shelter National Board Program	97.024	N/A	73,888
U.S. Department of Homeland Security			
Passed through Sumter County, Florida			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>35,306</u>
Total U.S. Department of Homeland Security			<u>109,194</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,855,027</u></u>

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of United Way of Lake and Sumter Counties, Inc. and Subsidiary (the "Organization"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report on Supplemental Information.



Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
United Way of Lake and Sumter Counties, Inc.
and Subsidiary
Leesburg, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements United Way of Lake and Sumter Counties, Inc. and Subsidiary (the “Organization”), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
United Way of Lake and Sumter Counties, Inc.
and Subsidiary

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
September 1, 2021



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
United Way of Lake and Sumter Counties, Inc.
and Subsidiary
Leesburg, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of United Way of Lake and Sumter Counties, Inc. and Subsidiary (the “Organization”) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
September 1, 2021

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____ No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____ None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____ No

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____ No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____ None Reported
Type of auditor's report issued on compliance for major federal programs:		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ <u>X</u> _____ No

**UNITED WAY OF LAKE AND SUMTER COUNTIES, INC.
AND SUBSIDIARY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Federal Awards (Continued)

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>		
Coronavirus Relief Fund	21.019		
Dollar threshold used to distinguish between Type A and Type B programs for federal awards:	\$750,000		
Auditee qualified as low-risk auditee?	_____	Yes	_____ <u>X</u> _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were reported.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings were reported.

SECTION IV - PRIOR YEAR FINDINGS

No findings were reported.