

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
VENICE, FLORIDA

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

JULY 31, 2018

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
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YEAR ENDED JULY 31, 2018

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Peacock & French, CPAs, P.A.

Certified Public Accountants

Frank Ray Peacock, CPA
Jeff R. French, CPA

INDEPENDENT AUDITORS' REPORT

Members
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

The Board of Directors
United Way of South Sarasota County, Inc.
Venice, Florida

We have audited the accompanying financial statements of United Way of South Sarasota County, Inc. (a nonprofit organization), which comprise the statement of financial position as of July 31, 2018, 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 from 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 United Way of South Sarasota County, Inc. as of July 31, 2018, 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.



Certified Public Accountants
October 25, 2018

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JULY 31, 2018

ASSETS

Current Assets:

Cash and cash equivalents - unrestricted	\$	494,371
Cash and cash equivalents - temporarily restricted		50,167
Pledges receivable, less doubtful allowance of \$52,359		151,563
Prepaid expense		677
		696,778

Total Current Assets		696,778
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Property and Equipment, net of \$7,859 accumulated depreciation

	689
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Other Assets:

Investment in securities at fair value		537,084
Beneficial interest in Foundation account at fair value: Foundation of United Way of South Sarasota County, Inc.		463,564
		1,000,648

Total Other Assets		1,000,648
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TOTAL ASSETS	\$	1,698,115
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expense	\$	9,344
Allocations payable		474,500
		483,844

Total Current Liabilities		483,844
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Net Assets:

Unrestricted		1,164,104
Temporarily restricted		50,167
		1,214,271

Total Net Assets		1,214,271
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TOTAL LIABILITIES AND NET ASSETS	\$	1,698,115
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The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Campaign contributions	\$ 615,279	\$ 43,246	\$ 658,525
Special events - net	15,371	-	15,371
Support - Hurricane Irma	28,185	-	28,185
Interest income - bank	3,005	-	3,005
Investment income	31,581	-	31,581
Other income	7,302	-	7,302
Change in net assets of:			
The Foundation of the United Way of South Sarasota County, Inc.	58,870	-	58,870
Net assets released from restriction	<u>17,327</u>	<u>(17,327)</u>	<u>-</u>
Total Revenue and Support	<u>776,920</u>	<u>25,919</u>	<u>802,839</u>
EXPENSES			
Program services -			
Allocations to agencies	474,500	-	474,500
Hurricane Irma relief	28,844	-	28,844
Other program services	24,958	-	24,958
Management and general	106,765	-	106,765
Fund raising	<u>88,439</u>	<u>-</u>	<u>88,439</u>
Total Expenses	<u>723,506</u>	<u>-</u>	<u>723,506</u>
Increase in net assets	<u>53,414</u>	<u>25,919</u>	<u>79,333</u>
Net assets at beginning of year - as reported	1,116,634	24,248	1,140,882
Prior period adjustment	<u>(5,944)</u>	<u>-</u>	<u>(5,944)</u>
Net assets at beginning of year - as restated	<u>1,110,690</u>	<u>24,248</u>	<u>1,134,938</u>
Net assets at end of year	<u>\$ 1,164,104</u>	<u>\$ 50,167</u>	<u>\$ 1,214,271</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 79,333
Depreciation	541
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Increase in pledges receivable - net of doubtful allowance	(36,233)
Increase in other receivable	979
Increase in investment securities	(337,084)
Decrease in beneficial interest in Foundation accounts	246,633
Increase in prepaid expenses	1,122
Increase in accounts payable and accrued expense	<u>2,609</u>
Cash used by operating activities	<u>(42,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment securities	(200,000)
Purchase of office equipment	<u>-</u>
Cash used by investing activities	<u>(200,000)</u>
Net increase in cash and equivalents	(242,100)
Cash and equivalents, beginning of year	<u>786,638</u>
Cash and equivalents, end of year	<u><u>\$ 544,538</u></u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2018

	Other Program Services	Management and General	Fund Raising	Totals
Salary and wages	\$ 8,384	\$ 45,160	\$ 56,293	\$ 109,837
Payroll taxes	654	3,521	4,389	8,564
Employee retirement plan	252	1,297	827	2,376
Professional fees	-	7,125	-	7,125
Office and supplies	836	836	1,673	3,345
Donor development	-	-	19,069	19,069
Credit card fees	376	376	750	1,502
Telephone & website	1,632	1,632	3,264	6,528
Travel & conferences	5,022	-	-	5,022
Dues - United Way	6,714	-	-	6,714
Insurance	1,088	1,088	2,174	4,350
Uncollectible pledges	-	45,189	-	45,189
Depreciation	-	541	-	541
Total Expenses	<u>\$ 24,958</u>	<u>\$ 106,765</u>	<u>\$ 88,439</u>	<u>\$ 220,162</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying financial statements of the United Way of South Sarasota County, Inc. (United Way) have been prepared on the accrual basis of accounting.

Organization

The United Way conducts an annual fund raising campaign on behalf of not-for-profit organizations in Venice, North Port, Nokomis, Laurel, Englewood and Osprey, Florida that are providing various health and welfare services to the community. The organization evaluates how well the need for services are being met, plans for new services and changes in service levels, and evaluates the efficiency and effectiveness of the agencies it supports.

Income Taxes

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between program and supporting services benefited.

Financial Statement Presentation

In accordance with Financial Accounting Standards the Organization reports 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. In addition, the United Way is required to present a statement of cash flows.

In accordance with Financial Accounting Standards the Organization contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Also, restricted contributions are classified as unrestricted support if the restrictions are met in the same period as the contributions.

Uncollected Pledges

The United Way maintains allowances for doubtful pledges based on historical trends and management estimates. When an account is determined uncollectible, it is deducted from accounts receivable and charged against the uncollectible pledge allowance.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Assets and Depreciation

Buildings, furnishings and equipment acquisitions with a useful life in excess of one year are recorded at cost if purchased, and fair market value if contributed. Depreciation of these assets is provided on a straight-line basis over their estimated useful lives.

Donated Services

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services.

Estimates

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

Investments

Investments in marketable securities are recorded at their fair values. Fair value is the net asset value for money market and mutual funds, and the closing sale or bid for bonds and common stock. Realized and unrealized gains and losses are included in revenues in the Statement of Activities.

NOTE 2 – RESTRICTIONS ON NET ASSETS

Temporary restriction on net assets as of July 31, 2018 consisted of the following:

Publix – Emergency Fund	<u>\$ 50,167</u>
Temporarily Restricted Assets	<u>\$ 50,167</u>

NOTE 3 – TAX RETURN STATUS

The Organization's Federal return exempt from income tax as filed for 2015, 2016 and 2017 remain open for examination by the Internal Revenue Service.

NOTE 4 – COMMITMENTS

The Organization signed a 3 year lease extension on October 15, 2016 for office space located at 157 Havana Road in Venice, Florida. Lease terms include an annual rent of \$1. Rent expense for the year ended July 31, 2018 was \$1.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018

NOTE 5 – UNINSURED CASH BALANCES

The Organization maintains bank accounts which, at times, exceed federal depository insurance coverage of \$250,000.

NOTE 6 – SUMMARY OF ALLOCATIONS TO AGENCIES

Agency allocations reflect amounts payable at July 31, 2018 for payment during 2018/2019 less prior year forfeitures plus one time allocations. The allocations to agencies are as follows:

Agency Allocations:

Big Brothers/Big Sisters	\$ 22,000
Boys & Girls Club	20,000
Center for Hope	6,500
Charlotte HIV/Aids CHAPS	12,000
Child Protection Center	30,500
Children First	23,000
Englewood YMCA	29,000
Epilepsy Services	9,000
Family Network on Disabilities	5,000
Family Promise	24,000
FL Center for Early Education	50,000
Friendship Center	9,500
Girl Scouts	5,000
Good Samaritan Pharmacy	16,000
Gulfcoast Legal Services	12,500
Literacy Volunteers of South	10,000
Loveland Center	34,000
Lutheran Services of Florida	5,000
Mental Health Community Center	27,500
North Port Meals on Wheels	16,000
Our Mothers House	5,000
Safe Place & Rape Crisis Center	10,000
Teen Court	6,000
The Salvation Army	34,000
Venice YMCA	50,000
Venice Meals on Wheels	3,000
	<hr/>
Total 2018/19 agency allocations	<u>\$474,500</u>

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018

NOTE 7 – RELATED PARTY TRANSACTIONS

A related party, the Foundation of United Way of South Sarasota County, Inc., was created during the year ended July 31, 2001 for the exclusive benefit of the United Way of South Sarasota County. The Articles of Incorporation of the Foundation state that United Way of South Sarasota County, Inc. shall select the Board of Directors of the Foundation.

The United Way adopted FAS136 “Transferred Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contribution for Other”. FAS136 establishes standards for transactions in which a donor makes a contribution to a not-for-profit organization (recipient) that agrees to transfer those assets to another entity (beneficiary). The statement requires that if the beneficiary and donor are the same, the beneficiary must recognize its interest in the net assets of the recipient organization.

NOTE 8 – INVESTMENT VALUATION

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified contractual term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2018

NOTE 8 – INVESTMENT VALUATION (continued)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The current composition of Investment in Securities at Fair Value is shown below. Securities investment are valued at \$537,804 and managed by Pinkerton Wealth Management.

The current composition of Beneficial Interest in Foundation of UWSSC is shown below. The account is valued at \$463,564 and managed by Pinkerton Wealth Management. Distribution of income earned from such beneficial interest is determined by spending policies adopted by the Board of Directors of United Way of South Sarasota County. Investment policy is determined by the Management Company with respect to assets held by them.

All securities shown below are considered level 1.

Asset Class	Investment in Securities at Fair Value	Beneficial Interest In Foundation of UWSSC
Cash	13.6%	3.0%
Fixed Income	30.0	6.8
Large Cap	25.0	40.8
Mid Cap	8.0	13.2
Small Cap	3.8	6.4
Developed U.S. Markets	11.0	16.8
Emerging Markets	2.8	4.4
Hedge	2.1	3.1
Real Estate	1.6	2.4
Other	2.1	3.1
Total	100%	100%

NOTE 9 - INVESTMENT INCOME

Investment income from investment in securities:

Dividends and interest	\$ 8,448
Realized gain	1,860
Unrealized gain	24,366
Fees	(3,093)
Total	\$ 31,581

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JULY 31, 2018

NOTE 10 - THE FOUNDATION OF THE UNITED WAY SOUTH SARASOTA COUNTY, INC.

The Foundation purpose is to raise funds solely for the benefit and support of the United Way of South Sarasota County. Unaudited financial information of The Foundation of the United Way South Sarasota County, Inc. for the year ended July 31, 2018 is summarized as follows:

		<u>BALANCE SHEET</u>	
Assets	Cash	\$	96,845
	Endowment fund		366,800
	Total Assets		463,645
Liabilities:	Accrued Liabilities		81
Equity:	Retained earnings		404,694
	Net income		58,870
	Total Liabilities & Equity	\$	463,645

		<u>INCOME STATEMENT</u>	
Income:	Fund raising - net	\$	50,272
	Interest income		165
	Investment gain <loss> endowment - net		37,720
	Total Income		88,157
Expenses:	Contributions paid		11,066
	Payroll expenses		14,038
	Other		4,183
	Total expenses		29,287
	Net Income	\$	58,870

Total equity and net income presented above are reflected in these financial statements.

NOTE 11 - SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to July 31, 2018 through October 25, 2018 (the date of financial statement issuance) for potential recognition and disclosure.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The financial statements at July 31, 2017 have been restated to correct an error of \$5,944 in recording a prior year pledge receivable. Accordingly, a downward adjustment of \$5,944 has been made to Pledges Receivable and Unrestricted Net Assets to reflect this adjustment