

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

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

JULY 31, 2019

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
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YEAR ENDED JULY 31, 2019

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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, 2019, 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, 2019, 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
November 18, 2019

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
YEAR ENDED JULY 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	383,600
Donor restricted cash		26,412
Pledges receivable, less doubtful allowance of \$52,421		169,318
Prepaid expense		737
		580,067
Total Current Assets		580,067

Other Assets:

Investment in securities at fair value		547,433
Beneficial interest in Foundation account at fair value:		
Foundation of United Way of South Sarasota County, Inc.		473,238
Property and Equipment, net of \$8,340 accumulated depreciation		208
		1,020,879
Total Other Assets		1,020,879

TOTAL ASSETS	\$	1,600,946
		1,600,946

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expense	\$	7,330
Allocations payable		456,000
		463,330
Total Current Liabilities		463,330

Net Assets:

Without donor restrictions		1,111,204
With donor restrictions		26,412
		1,137,616
Total Net Assets		1,137,616

TOTAL LIABILITIES AND NET ASSETS	\$	1,600,946
		1,600,946

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, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Campaign contributions	\$ 579,965	\$ 17,731	\$ 597,696
Less uncollectible pledges	(73,863)	-	(73,863)
Net Campaign Support	<u>506,102</u>	<u>17,731</u>	<u>523,833</u>
Special events - net	37,031	-	37,031
Interest income - bank	4,641	-	4,641
Investment income	10,350	-	10,350
Other income	5,599	-	5,599
Change in net assets of:			
The Foundation of the United Way of South Sarasota County, Inc.	9,674	-	9,674
Net assets released from restriction	<u>20,020</u>	<u>(20,020)</u>	<u>-</u>
Total Revenue and Support	<u>593,417</u>	<u>(2,289)</u>	<u>591,128</u>
EXPENSES			
Program services -			
Allocations to agencies	464,500	-	464,500
Hurricane Irma relief	1,700	-	1,700
Other program services	37,968	-	37,968
Management and general	83,455	-	83,455
Fund raising	<u>80,160</u>	<u>-</u>	<u>80,160</u>
Total Expenses	667,783	-	667,783
Increase in net assets	<u>(74,366)</u>	<u>(2,289)</u>	<u>(76,655)</u>
Net assets at beginning of year - as reported	1,164,104	50,167	1,214,271
Prior period adjustment	<u>21,466</u>	<u>(21,466)</u>	<u>-</u>
Net assets at beginning of year - as restated	<u>1,185,570</u>	<u>28,701</u>	<u>1,214,271</u>
Net assets at end of year	<u>\$ 1,111,204</u>	<u>\$ 26,412</u>	<u>\$ 1,137,616</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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (76,655)
Depreciation	481
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Increase in pledges receivable - net of doubtful allowance	(17,755)
Increase in prepaid expenses	(60)
Increase in investment securities	(10,349)
Increase in beneficial interest in Foundation accounts	(9,674)
Decrease in accounts payable and accrued expenses	(2,014)
Decrease in allocations payable	<u>(18,500)</u>
Cash used by operating activities	<u>(134,526)</u>
Net decrease in cash and cash equivalents	(134,526)
Cash and equivalents, beginning of year	<u>544,538</u>
Cash and equivalents, end of year	<u><u>\$ 410,012</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, 2019

	Other Program Services	Management and General	Fund Raising	Totals
Salary and wages	\$ 11,039	\$ 53,961	\$ 49,630	\$ 114,630
Payroll taxes	846	4,143	3,813	8,802
Employee retirement plan	247	1,319	83	1,649
Contract:				
Management	3,231	11,308	1,615	16,154
Consulting	2,497	-	-	2,497
2-1-1	5,000	-	-	5,000
IT	-	1,355	-	1,355
Professional fees	-	7,675	-	7,675
Office supplies & other	1,257	1,257	2,513	5,027
Donor development & expenses	-	-	17,270	17,270
Credit card fees	-	-	1,325	1,325
Telephone & website	813	813	1,626	3,252
Travel & conferences	5,011	-	-	5,011
Dues - United Way	6,884	-	-	6,884
Insurance	1,143	1,143	2,285	4,571
Depreciation	-	481	-	481
Total Expenses	\$ 37,968	\$ 83,455	\$ 80,160	\$ 201,583

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, 2019

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.

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.

Income Taxes

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

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. 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 with or without restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

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.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JULY 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Donor restriction on net assets as of July 31, 2019 consisted of the following:

Publix – Emergency Fund	\$ <u>26,412</u>
Donor Restricted Assets	\$ <u>26,412</u>

NOTE 3 – TAX RETURN STATUS

The Organization’s Federal return exempt from income tax as filed for 2016, 2017 and 2018 remain open for examination by the Internal Revenue Service.

NOTE 4 – UNINSURED CASH BALANCES

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

NOTE 5 - INVESTMENT INCOME

Investment income from investment in securities:

Investment gain	\$ 5,544
Unrealized gain	7,334
Fees	<u>(2,528)</u>
Total	<u>\$ 10,350</u>

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019

NOTE 6 – SUMMARY OF ALLOCATIONS TO AGENCIES

Agency allocations reflect amounts payable at July 31, 2019 for payment during 2019/2020 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	10,000
Charlotte HIV/Aids CHAPS	12,000
Child Protection Center	30,500
Children First	20,000
Englewood YMCA	25,000
Epilepsy Services	9,000
Family Network on Disabilities	8,000
Family Promise	30,000
FL Center for Early Education	40,000
Friendship Center	7,500
Girl Scouts	5,000
Good Samaritan Pharmacy	16,000
Gulfcoast Legal Services	12,500
Literacy Volunteers of South Florida	10,000
Loveland Center	34,000
Lutheran Services of Florida	2,500
Mental Health Community Center	20,000
North Port Meals on Wheels	22,000
North Port YMCA	2,000
Our Mothers House	5,000
Safe Place & Rape Crisis Center	10,000
Teen Court	10,000
The Salvation Army	37,000
Venice YMCA	53,000
Venice Meals on Wheels	3,000

Total 2019/20 agency allocations	\$456,000
One-time 2018/19 allocations	<u>8,500</u>
Total	<u><u>\$464,500</u></u>

NOTE 7 – COMMITMENTS

The Organization had a lease for office space located at 157 Havana Road in Venice, Florida which expired on October 15, 2019. Lease terms for the expired lease included an annual rent of \$1. Rent expense for the year ended July 31, 2019 was \$1. The Organization is currently seeking a new lease with the same terms.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019

NOTE 8 – 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 9 – 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, 2019

NOTE 9 – 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 \$547,433 and managed by Pinkerton Wealth Management.

The current composition of Beneficial Interest in Foundation of UWSSC is shown below. The account is valued at \$473,400 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	12.0%	4.2%
Fixed Income	34.3	10.7
Large Cap	32.0	52.3
Mid Cap	7.2	11.1
Small Cap	2.8	4.6
Developed U.S. Markets	10.3	16.0
Emerging Markets	.8	.2
Specialty Equities	.5	.8
Other	.1	.1
Total	100%	100%

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to July 31, 2019 through November 18, 2019 (the date of financial statement issuance) for potential recognition and disclosure.

UNITED WAY OF SOUTH SARASOTA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JULY 31, 2019

NOTE 11 - 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, 2019 is summarized as follows:

<u>BALANCE SHEET</u>			
Assets	Cash	\$	101,131
	Endowment fund		372,270
	Total Assets		473,401
Liabilities:	Accrued Liabilities		163
Equity:	Retained earnings		463,564
	Net income		9,674
	Total Liabilities & Equity	\$	473,401

<u>INCOME STATEMENT</u>			
Income:	Fund raising - net	\$	28,539
	Investment gain <loss> endowment - net		6,028
	Total Income		34,567
Expenses:	Contributions paid		3,326
	Payroll expenses		14,578
	Other		6,989
	Total expenses		24,893
	Net Income	\$	9,674

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

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The financial statements at July 31, 2018 have been restated to reclassify the amount of \$21,466 from Net Assets With Donor Restriction to Net Assets Without Donor Restriction. The reclassification is being made to reduce and correct the donor amount restricted with a corresponding increase in the donor amount unrestricted by \$21,466 for year ended July 31, 2018.

NOTE 13 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	383,580
Pledges receivable, net		169,318
Prepaid expense		737
Investment in securities		547,433
Total financial assets available within one year	\$	1,101,068