

**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**CONSOLIDATED FINANCIAL STATEMENTS**

MARCH 31, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION  
AS OF AND FOR YEAR ENDED MARCH 31, 2017)

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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## INDEPENDENT AUDITORS' REPORT

**The Board of Directors  
United Way of Charlotte County, Inc. and Related Entity  
Port Charlotte, Florida**

We have audited the accompanying consolidated financial statements of **United Way of Charlotte County, Inc. and Related Entity**, which comprise of the consolidated statement of financial position as of **March 31, 2018**, 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U. S. generally accepted accounting principles; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditors' 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 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 organization'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.

**United Way of Charlotte County, Inc. and Related Entity**

**August 1, 2018**

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**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Charlotte County, Inc. and Related Entity** as of **March 31, 2018**, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Report on Summarized Comparative Information**

We have previously audited **United Way of Charlotte County, Inc.'s March 31, 2017** financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended **March 31, 2017** is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to be 'Dees & Dees', with a stylized flourish.

DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

August 1, 2018

## **FINANCIAL STATEMENTS**

**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

MARCH 31, 2018

(with comparative financial information as of March 31, 2017)

|  | <u>2018</u>                | <u>2017</u>                |
|--|----------------------------|----------------------------|
| <u>ASSETS</u>  |                            |                            |
| <u>Current Assets</u>  |                            |                            |
| Cash and cash equivalents                                    | \$ 569,129                 | \$ 570,605                 |
| Pledges receivable – net allowance for uncollectible pledges | 242,200                    | 242,195                    |
| Prepaid expenses   | 1,435                      | 1,974                      |
| Foundation Endowment Fund                                    | <u>378,510</u>             | <u>381,602</u>             |
| Total Current Assets   | <u>1,191,274</u>           | <u>1,196,376</u>           |
| <u>Noncurrent Assets</u>                                     |                            |                            |
| Property and equipment – net of accumulated depreciation     | <u>508,071</u>             | <u>527,352</u>             |
| Total Noncurrent Assets                                      | <u>508,071</u>             | <u>527,352</u>             |
| Total Assets   | <b><u>\$ 1,699,345</u></b> | <b><u>\$ 1,723,728</u></b> |
| <br><u>LIABILITIES AND NET ASSETS</u>                        |                            |                            |
| <u>Current Liabilities</u>                                   |                            |                            |
| Accounts and taxes payable                                   | \$ 3,743                   | \$ 8,585                   |
| Accrued agency allocations                                   | 300,000                    | 300,000                    |
| Grants payable   | 332,706                    | 325,000                    |
| Security deposits  | 2,000                      | 2,000                      |
| Current maturities of long-term debt                         | <u>25,564</u>              | <u>24,194</u>              |
| Total Current Liabilities                                    | <u>664,013</u>             | <u>659,779</u>             |
| <u>Long Term Liabilities</u>                                 |                            |                            |
| Long-term debt – net of current maturities                   | <u>313,692</u>             | <u>338,975</u>             |
| Total Long Term Liabilities                                  | <u>313,692</u>             | <u>338,975</u>             |
| Total Liabilities  | 977,705                    | 998,754                    |
| <u>Net Assets</u>  |                            |                            |
| Unrestricted assets  | 331,508                    | 323,523                    |
| Temporarily restricted - Operations                          | 4,936                      | 15,299                     |
| Temporarily restricted - Foundation                          | <u>385,196</u>             | <u>386,152</u>             |
| Total Net Assets   | <u>721,640</u>             | <u>724,974</u>             |
| Total Liabilities and Net Assets                             | <b><u>\$ 1,699,345</u></b> | <b><u>\$ 1,723,728</u></b> |

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
(with comparative financial information for year ended March 31, 2017)

|   | <u>2018</u>       | <u>2017</u>       |
|---|-------------------|-------------------|
| CHANGES IN UNRESTRICTED NET ASSETS                |                   |                   |
| <u>REVENUES:</u>                                  |                   |                   |
| Contributions                                     | \$ 741,086        | \$ 751,675        |
| Grants from local governments                     | 677,500           | 675,000           |
| Other grants                                      | 38,000            | -0-               |
| Donated services                                  | 146,745           | 142,420           |
| Investment return, Net                            | 2,104             | 36,542            |
| Other income                                      | 4,518             | 5,258             |
| Rental income                                     | <u>9,656</u>      | <u>7,740</u>      |
| Total Unrestricted Revenues                       | <u>1,619,609</u>  | <u>1,618,635</u>  |
| NET ASSETS RELEASED FROM RESTRICTIONS             |                   |                   |
| Satisfaction of program restrictions              | <u>195,590</u>    | <u>596,980</u>    |
| Total Unrestricted Revenues and Reclassifications | <u>1,815,199</u>  | <u>2,215,615</u>  |
| <u>EXPENSES:</u>                                  |                   |                   |
| Program services                                  | 1,599,137         | 1,943,986         |
| Management and general                            | 128,079           | 116,349           |
| Fundraising                                       | <u>79,998</u>     | <u>78,329</u>     |
| Total Expenses                                    | <u>1,807,214</u>  | <u>2,138,664</u>  |
| Change in Unrestricted Net Assets                 | <u>7,985</u>      | <u>76,951</u>     |
| CHANGES IN TEMPORARILY RESTRICTED NET ASSETS      |                   |                   |
| Contributions                                     | 180,120           | 600,760           |
| Investment return, Net                            | 4,151             | -0-               |
| Net assets released from restrictions             | <u>(195,590)</u>  | <u>(596,980)</u>  |
| Change in Temporarily Restricted Net Assets       | <u>(11,319)</u>   | <u>3,780</u>      |
| CHANGE IN NET ASSETS                              | (3,334)           | 80,731            |
| NET ASSETS AT THE BEGINNING OF FISCAL YEAR        | <u>724,974</u>    | <u>644,243</u>    |
| NET ASSETS AT THE END OF FISCAL YEAR              | <u>\$ 721,640</u> | <u>\$ 724,974</u> |

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2018**  
(with summarized comparative financial information for year ended March 31, 2017)

|  | <u>Program</u><br><u>Services</u> | <u>Management</u><br><u>and General</u> | <u>Fund</u><br><u>Raising</u> | <u>2018</u><br><u>Totals</u> | <u>2017</u><br><u>Totals</u> |
|--|-----------------------------------|---|-------------------------------|------------------------------|------------------------------|
| <b>COMPENSATION AND RELATED EXPENSES</b> |                                   |   |                               |                              |                              |
| Salaries                                 | \$ 101,917                        | \$ 46,326                               | \$ 37,061                     | \$ 185,304                   | \$ 172,960                   |
| Employee benefits                        | 4,857                             | 2,208                                   | 1,766                         | 8,831                        | 10,609                       |
| Payroll taxes                            | <u>8,446</u>                      | <u>3,839</u>                            | <u>3,071</u>                  | <u>15,356</u>                | <u>15,073</u>                |
| Total compensation and related expenses  | <u>115,220</u>                    | <u>52,373</u>                           | <u>41,898</u>                 | <u>209,491</u>               | <u>\$ 198,642</u>            |
| <b>ALLOCATIONS AND CONTRIBUTIONS</b>     |                                   |   |                               |                              |                              |
| Agency allocation payment                | 300,000                           | -0-                                     | -0-                           | 300,000                      | 309,342                      |
| Designations                             | 19,818                            | -0-                                     | -0-                           | 19,818                       | -0-                          |
| Grants                                   | 905,864                           | -0-                                     | -0-                           | 905,864                      | 1,271,980                    |
| Donated services                         | 146,745                           | -0-                                     | -0-                           | 146,745                      | 142,420                      |
| Other allocations                        | <u>4,147</u>                      | <u>-0-</u>                              | <u>-0-</u>                    | <u>4,147</u>                 | <u>2,973</u>                 |
| Total allocations and contributions      | <u>1,376,574</u>                  | <u>-0-</u>                              | <u>-0-</u>                    | <u>1,376,574</u>             | <u>1,726,715</u>             |
| <b>OCCUPANCY</b>                         |                                   |   |                               |                              |                              |
| Building loan interest                   | 13,878                            | 4,928                                   | 906                           | 19,712                       | 21,011                       |
| Property insurance                       | 842                               | 301                                     | 60                            | 1,203                        | 1,483                        |
| Property taxes                           | 561                               | 200                                     | 40                            | 801                          | 778                          |
| Rental expenses                          | 197                               | 71                                      | 14                            | 282                          | 2,494                        |
| Repairs and maintenance                  | 7,291                             | 2,604                                   | 521                           | 10,416                       | 11,452                       |
| Utilities                                | <u>4,417</u>                      | <u>1,577</u>                            | <u>315</u>                    | <u>6,309</u>                 | <u>6,895</u>                 |
| Total occupancy expenses                 | <u>27,186</u>                     | <u>9,681</u>                            | <u>1,856</u>                  | <u>38,723</u>                | <u>44,113</u>                |
| <b>ADMINISTRATION</b>                    |                                   |   |                               |                              |                              |
| Office expense                           | 3,424                             | 8,905                                   | 1,369                         | 13,698                       | 14,910                       |
| Professional fees                        | 3,344                             | 10,031                                  | -0-                           | 13,375                       | 13,450                       |
| Professional development                 | -0-                               | 401                                     | -0-                           | 401                          | 150                          |
| Marketing and advertising                | 10,802                            | 9,260                                   | 10,802                        | 30,864                       | 28,072                       |
| Event sponsorship                        | -0-                               | -0-                                     | 13,457                        | 13,457                       | 15,011                       |
| Taxes, licenses and permits              | -0-                               | 490                                     | -0-                           | 490                          | 411                          |
| Program expense                          | 31,129                            | -0-                                     | -0-                           | 31,129                       | 28,686                       |
| Dues and subscriptions                   | 1,864                             | 14,914                                  | 1,864                         | 18,642                       | 9,460                        |
| Insurance                                | <u>17,061</u>                     | <u>10,236</u>                           | <u>6,824</u>                  | <u>34,121</u>                | <u>35,865</u>                |
| Total administrative expenses            | <u>67,624</u>                     | <u>54,237</u>                           | <u>34,316</u>                 | <u>156,177</u>               | <u>146,015</u>               |
| <b>OTHER EXPENSES</b>                    |                                   |   |                               |                              |                              |
| Bank fees                                | -0-                               | 4,779                                   | -0-                           | 4,779                        | 1,105                        |
| Depreciation expense                     | 12,533                            | 4,821                                   | 1,928                         | 19,282                       | 19,479                       |
| Travel                                   | <u>-0-</u>                        | <u>2,188</u>                            | <u>-0-</u>                    | <u>2,188</u>                 | <u>2,595</u>                 |
| Total other expenses                     | <u>12,533</u>                     | <u>11,788</u>                           | <u>1,928</u>                  | <u>26,249</u>                | <u>23,179</u>                |
| <b>Total functional expenses</b>         | <b><u>\$1,599,137</u></b>         | <b><u>\$ 128,079</u></b>                | <b><u>\$ 79,998</u></b>       | <b><u>\$1,807,214</u></b>    | <b><u>\$2,138,664</u></b>    |

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.



**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2018**

(with summarized comparative financial information for year ended March 31, 2017)

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                   |                   |
| CHANGE IN NET ASSETS   | \$ (3,334)        | \$ 80,731         |
| Adjustments to Reconcile Change in Net Assets to Net Cash<br>Provided by (Used In) Operating Activities: |                   |                   |
| Depreciation   | 19,282            | 19,479            |
| Investment change, Net   | 3,091             | (36,542)          |
| (Increase) decrease in operating assets:   |                   |                   |
| Pledges receivable, Net  | (5)               | 44,170            |
| Prepaid expenses   | 539               | (451)             |
| Increases (decrease) in operating liabilities:   |                   |                   |
| Accounts payable   | (4,842)           | (4,865)           |
| Security deposits  | -0-               | 1,000             |
| Grants payable   | 7,706             | 28,907            |
| Accrued agency allocations   | -0-               | 65,865            |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES  | <u>22,437</u>     | <u>198,294</u>    |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                   |                   |
| Purchases of equipment   | <u>-0-</u>        | <u>-0-</u>        |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES  | <u>-0-</u>        | <u>-0-</u>        |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                   |                   |
| Mortgage principal payments  | <u>(23,913)</u>   | <u>(22,613)</u>   |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES  | <u>(23,913)</u>   | <u>(22,613)</u>   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS   | (1,476)           | 175,681           |
| CASH AND CASH EQUIVALENTS – AT BEGINNING OF FISCAL YEAR  | <u>570,605</u>    | <u>394,924</u>    |
| CASH AND CASH EQUIVALENTS – AT END OF FISCAL YEAR  | <u>\$ 569,129</u> | <u>\$ 570,605</u> |

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

# UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

(with summarized comparative information as of and for the year ended March 31, 2017)

### Note 1 – Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of United Way of Charlotte County, Inc. and United Way Foundation of Charlotte County, Inc. (collectively, the Organization) and have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All significant intercompany account balances and transactions have been eliminated in consolidation.

#### Organization and Nature of Activities

United Way of Charlotte County, Inc. (“United Way”) was incorporated as a Florida not-for-profit corporation on March 18, 1966. The United Way is affiliated with the United Way of America and its mission is “to enhance the quality of life in Charlotte County; to assess, on a continuing basis, the need for human service programs; to seek solutions to human problems; to assist in the development of new or expansion or modification of existing human service programs; to promote preventive activities, and foster cooperation among local, state and national agencies serving the community.” The United Way’s support comes primarily from business and individual donors’ contributions and volunteer services.

United Way Foundation of Charlotte County, Inc. (the “Foundation”) was incorporated as a Florida not-for-profit Corporation on October 17, 2016. The Foundation is organized and operated solely and exclusively to support and benefit the United Way of Charlotte County, Inc. under an operating agreement. The Foundation is a consolidated related entity.

#### Basis of Presentation

Consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board for Not-for-Profit Organizations. The Organization is required to report 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. The Organization had no permanently restricted net assets at March 31, 2018 and 2017.

#### Pledges Receivable

Annual United Way campaign contributions are generally available for unrestricted use unless restricted by the donor. Unconditional pledges are reflected as current contributions. The majority of pledges are received from Charlotte County business entities, employees of those businesses through payroll deduction plans and direct contributions by individuals. An allowance for uncollectible pledges is provided based on management’s evaluation of potential uncollectible receivables at fiscal year end.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

(with summarized comparative information as of and for the year ended March 31, 2017)

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Investments and Property and Equipment

Donated marketable securities and other non-cash donations are recorded as contributions at the estimated fair values at the date of donation.

Donated Services

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received more than 5,716 and 6,054 volunteer hours during 2018 and 2017, respectively. For the years ended March 31, 2018 and 2017 the Organization recorded donated services of \$146,745 and \$142,420, respectively.

Cash Equivalents

The Organization considers all monies in banks and unrestricted highly liquid investments if any, with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all other investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization has adopted an investment policy to grow this fund so that the annual earnings will cover the annual operating expenses. The Organization's policies adhere to Florida's Uniform Management of Institutional Funds Act which has been updated to conform to a majority of the National Uniform Prudent Management of Institutional Funds Act of 2006.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

(with summarized comparative information as of and for the year ended March 31, 2017)

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Property and Equipment

Property and equipment are recorded at cost when purchased or at estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk currently include cash, pledges receivables and various investments.

The Organization maintains its cash in accounts at financial institutions in Charlotte County, Florida. Accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At March 31, 2018 and 2017, accounts at these institutions were fully insured. At various times during the year, the Organization’s balances in the accounts may exceed the federally insured limits.

Accounts with a financial services company consisted of interest-bearing cash investment accounts, stocks and mutual funds. Accounts at the financial services company are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. The Organization’s investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The United Way received an estimated 20% of its total campaign pledge revenue for the fiscal years ended March 31, 2018 and 2017 respectively, from a major corporate contributor. Management believes this contributor will continue its support of United Way in the foreseeable future. However, a reduction in amounts received from this contributor, or in pledge contribution revenue in general, could result in a reduction of amounts available for agency allocations.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2018

(with summarized comparative information as of and for the year ended March 31, 2017)

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Income Taxes

The United Way is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(3).

The Foundation is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contributions deduction under Section 170(1)(A) and has been classified as a “Type 1” supporting organization under Section 509(a)(3).

The Organization adopted Accounting Standards Codification ASC 740-10, *Income Taxes* as it relates to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. Currently the 2015, 2016, and 2017 tax years are open and subject to examination by the Internal Revenue Services. However, the Organization is not currently under audit nor has the Organization been contacted by any tax jurisdiction.

Based on an evaluation of the Organization’s tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended March 31, 2018 and 2017.

Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized consolidated financial information for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended March 31, 2017 from which the summarized information was derived.

Reclassifications

Certain reclassifications of 2017 amounts have been made to conform to the 2018 presentation.

Subsequent Events

The Organization has evaluated subsequent events and transactions after March 31, 2018 through August 1, 2018, the date the consolidated financial statements were available to be issued.

**Note 2 – Cash and Cash Equivalents and Certificates of Deposit**

Cash included the following at March 31, 2018 and 2017:

|                    | 2018              | 2017              |
|--------------------|-------------------|-------------------|
| Petty Cash         | \$ 31             | \$ 1              |
| Checking Accounts  | 235,443           | 245,266           |
| Money Market Funds | 333,655           | 325,338           |
|                    | <u>\$ 569,129</u> | <u>\$ 570,605</u> |

**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

MARCH 31, 2018

(with summarized comparative information as of and for the year ended March 31, 2017)

**Note 3 – Pledges Receivable**

Pledges receivable basically relate to the Organization’s annual campaign. The allowance for uncollectible pledges is determined by management based primarily on historical collection experience. Pledges receivable and the allowance for uncollectible pledges at March 31, 2018 and 2017 are summarized as follows:

|                   | Gross<br>Pledges<br>Receivable | Allowance for<br>Uncollectible<br>Pledges | Net Pledges<br>Receivable |
|-------------------|--------------------------------|---|---------------------------|
| At March 31, 2018 | \$ 245,200                     | \$ 3,000                                  | \$ 242,200                |
| At March 31, 2017 | \$ 245,195                     | \$ 3,000                                  | \$ 242,195                |

**Note 4 – Foundation Endowment Fund**

United Way of Charlotte County established an Endowment Fund in 2003. The United Way Board adopted goal was to grow this fund so that the annual earnings will cover the annual operating expenses.

On July 20, 2017, under an operating agreement between United Way and the Foundation, the Endowment Funds were transferred to the Foundation. The Endowment Funds will be invested and reinvested in accordance with the investment policies of the Foundation approved by their board on April 10, 2018. The stated objective is to moderately grow capital and reasonably seek to preserve principal of the fund, as well as, the purchasing power of the fund’s income and principal after inflation.

Annual spending from the Foundation Fund shall not exceed 5% of the average portfolio value over the prior three years, using December 31 valuations, unless otherwise recommended by the donor for donor advised funds.

**Note 5 – Property and Equipment**

Property and equipment at March 31, 2018 is summarized as follows:

|                        | Estimated<br>Life (Years) | Cost or Basis     | Accumulated<br>Depreciation | Net Book<br>Value |
|------------------------|---------------------------|-------------------|-----------------------------|-------------------|
| Office building        | 15                        | \$ 671,963        | \$ (168,325)                | \$ 503,638        |
| Furniture & fixtures   | 5 – 7                     | 14,432            | (13,353)                    | 1,079             |
| Computer hardware      | 5                         | 14,697            | (13,098)                    | 1,599             |
| Computer software      | 3 – 5                     | 3,800             | (3,800)                     | -0-               |
| Leasehold improvements | 15                        | 9,700             | (7,945)                     | 1,755             |
|                        |                           | <u>\$ 714,592</u> | <u>\$ (206,521)</u>         | <u>\$ 508,071</u> |

**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

MARCH 31, 2018

(with summarized comparative information as of and for the year ended March 31, 2017)

**Note 5 – Property and Equipment (Continued)**

Property and equipment at March 31, 2017 is summarized as follows:

|                        | Estimated<br>Life (Years) | Cost or Basis     | Accumulated<br>Depreciation | Net Book<br>Value |
|------------------------|---------------------------|-------------------|-----------------------------|-------------------|
| Office building        | 15                        | \$ 671,963        | \$(151,095)                 | \$ 520,868        |
| Furniture & fixtures   | 5 – 7                     | 14,432            | (12,874)                    | 1,558             |
| Computer hardware      | 5                         | 14,697            | (12,173)                    | 2,524             |
| Computer software      | 3 – 5                     | 3,800             | (3,800)                     | -0-               |
| Leasehold improvements | 15                        | 9,700             | (7,298)                     | 2,402             |
|                        |                           | <u>\$ 714,592</u> | <u>\$ (187,240)</u>         | <u>\$ 527,352</u> |

Depreciation of \$19,282 and \$19,479 for the fiscal years ended March 31, 2018 and 2017, respectively, was charged entirely to expense.

**Note 6 – Long Term Debt**

On June 25, 2008, the Organization obtained a commercial mortgage related to its purchase of the office building in the Murdock Professional Center. This commercial mortgage is for \$510,000 and is secured by the building. The note is a 20 year mortgage at a fixed interest rate of 5.52%, with a monthly payment of \$3,635 including principal and interest.

Principal maturities of the mortgage payable during the next five years and thereafter are estimated as follows:

|                               |                   |
|-------------------------------|-------------------|
| Year ended March 31, 2019     | \$ 25,564         |
| Year ended March 31, 2020     | 26,979            |
| Year ended March 31, 2021     | 28,571            |
| Year ended March 31, 2022     | 30,156            |
| Year ended March 31, 2023     | 31,864            |
| March 31, 2024 and thereafter | 196,122           |
|                               | <u>\$ 339,256</u> |

**Note 7 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at March 31, 2018 and 2017 include the following:

|                   | 2018              | 2017              |
|-------------------|-------------------|-------------------|
| Publix Assistance | \$ 4,583          | \$ 4,638          |
| Season of Sharing | 353               | 10,661            |
| Foundation        | 385,196           | 386,152           |
|                   | <u>\$ 390,132</u> | <u>\$ 401,451</u> |

**Note 8 – Pension Plan**

The Organization offers employees, who meet certain eligibility requirements, a pension arrangement. The Organization's contributions are based on 7% of an employee's salary. The Organization's pension expense for the fiscal years ended March 31, 2018 and 2017 was \$8,831 and \$10,609, respectively.

# UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2018

(with summarized comparative financial information as of and for the year ended March 31, 2017)

### Note 9 – Commitments

One of the purposes of the Organization is to provide funding to eligible charities and community agencies for the benefit of Charlotte County citizens. The Organization's allocation committee reviews requests for such funding and recommends funding amounts to the Organization's board of directors. The approved funding to eligible charities and community agencies is generally paid on a monthly basis during the subsequent fiscal year. The accrued agency allocations of \$300,000 at March 31, 2018 will be paid from April 2018 to March 2019. The accrued agency allocations of \$300,000 at March 31, 2017, were paid from April 2017 to March 2018.

For the fiscal year ended March 31, 2018, the Organization received and was committed to allocate grant funds totaling \$27,500 from the City of Punta Gorda and \$650,000 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2018, \$350,502 of this was paid out and the remaining \$326,998 is recorded as a grant payable at March 31, 2018. For the fiscal year ended March 31, 2017 the Organization received and was committed to allocate grant funds totaling \$25,000, from the City of Punta Gorda and \$650,000 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2017, \$350,000 of this was paid out, and the remaining \$325,000 was recorded as a grant payable at March 31, 2017. At March 31, 2018, \$5,708 was still remaining as a grant payable.

### Note 10 – Statement of Cash Flows

The Organization did not participate in any non-cash investing and financing activities during the fiscal years ended March 31, 2018 and 2017 and no payments relating to income taxes were made during these fiscal years. During the fiscal years ended March 31, 2018 and 2017, payments made for interest expense totaled \$19,712 and \$21,011 respectively.

### Note 11 – Fair Value Measurements

Financial Accounting Standards Codification (ASC) 820-10-50, *Fair Value Measurements and Disclosures*, established a 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 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). The three levels of the fair value hierarchy under ASC 820-10-50 are described below:

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 included:

- 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.



**UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

MARCH 31, 2018

(with summarized comparative financial information as of and for the year ended March 31, 2017)

**Note 11 – Fair Value Measurements (Continued)**

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

The asset's 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 following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at March 31, 2018.

Mutual Funds: Valued at the net asset value (“NAV”) of the shares held at year end.

Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's financial instruments at fair value as of March 31, 2018:

|  | <u>Level 1</u>           | <u>Level 2</u>       | <u>Level 3</u>       | <u>Total</u>             |
|--|--------------------------|----------------------|----------------------|--------------------------|
| Money Market Funds                     | \$ 12,561                | \$ -0-               | \$ -0-               | \$ 12,561                |
| Mutual Funds                           | 186,229                  | -0-                  | -0-                  | 186,229                  |
| Equity Securities                      | 179,720                  | -0-                  | -0-                  | 179,720                  |
| <b>Total Investments at Fair Value</b> | <b><u>\$ 378,510</u></b> | <b><u>\$ -0-</u></b> | <b><u>\$ -0-</u></b> | <b><u>\$ 378,510</u></b> |

The following table sets forth by level, within the fair value hierarchy, the Organization's financial instruments at fair value as of March 31, 2017:

|  | <u>Level 1</u>           | <u>Level 2</u>       | <u>Level 3</u>       | <u>Total</u>             |
|--|--------------------------|----------------------|----------------------|--------------------------|
| Money Market Funds                     | \$ 26,798                | \$ -0-               | \$ -0-               | \$ 26,798                |
| Mutual Funds                           | 173,547                  | -0-                  | -0-                  | 173,547                  |
| Equity Securities                      | 181,257                  | -0-                  | -0-                  | 181,257                  |
| <b>Total Investments at Fair Value</b> | <b><u>\$ 381,602</u></b> | <b><u>\$ -0-</u></b> | <b><u>\$ -0-</u></b> | <b><u>\$ 381,602</u></b> |