

**UNITED WAY OF OKALOOSA/WALTON
COUNTIES, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Okaloosa/Walton Counties, Inc.

We have audited the accompanying financial statements of the United Way of Okaloosa/Walton Counties, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the period January 1, 2017 through June 30, 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 Okaloosa/Walton Counties, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the period January 1, 2017 through June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of payments to agencies for the 2016 campaign on page 12 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Warren Averett, LLC
Fort Walton Beach, Florida
November 13, 2018

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 469,308
Certificates of deposit	253,501
Campaign pledges receivable, net	407,634
Property and equipment, net	<u>162,861</u>
TOTAL ASSETS	<u>\$ 1,293,304</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 2,924
Grants payable	420,000
Donor designations	<u>166,867</u>
TOTAL LIABILITIES	<u>589,791</u>

NET ASSETS

Unrestricted	(81,608)
Temporarily restricted	<u>785,121</u>
TOTAL NET ASSETS	<u>703,513</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,293,304</u>

See notes to the financial statements.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
STATEMENT OF ACTIVITIES
FOR THE PERIOD JANUARY 1, 2017 THROUGH JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
CAMPAIGN REVENUES			
Gross campaign contributions	\$ 38,151	\$ 1,126,988	\$ 1,165,139
Less donor designations	-	(166,867)	(166,867)
Less allowance for uncollectible pledges	-	(175,000)	(175,000)
Total net campaign contributions	<u>38,151</u>	<u>785,121</u>	<u>823,272</u>
OTHER SUPPORT			
Hurricane relief	46,120	-	46,120
Sponsorship income	22,500	-	22,500
Special events	66,458	-	66,458
Interest and miscellaneous	25,210	-	25,210
Rental income	9,600	-	9,600
Total other support	<u>169,888</u>	<u>-</u>	<u>169,888</u>
Net assets released from restrictions	<u>796,677</u>	<u>(796,677)</u>	<u>-</u>
Total campaign revenues, other support, and net assets released from restrictions	<u>1,004,716</u>	<u>(11,556)</u>	<u>993,160</u>
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES			
Program services			
Distributions to agencies, paid	682,912	-	682,912
Distributions to agencies, awarded	420,000	-	420,000
Less donor designations	(274,992)	-	(274,992)
Other program services	479,116	-	479,116
Total program services	<u>1,307,036</u>	<u>-</u>	<u>1,307,036</u>
Supporting services			
Management and general	94,298	-	94,298
Fundraising	198,816	-	198,816
Total supporting services	<u>293,114</u>	<u>-</u>	<u>293,114</u>
Total allocations and other functional expenses	<u>1,600,150</u>	<u>-</u>	<u>1,600,150</u>
CHANGE IN NET ASSETS	(595,434)	(11,556)	(606,990)
NET ASSETS AT BEGINNING OF YEAR	<u>513,826</u>	<u>796,677</u>	<u>1,310,503</u>
NET ASSETS AT END OF YEAR	<u>\$ (81,608)</u>	<u>\$ 785,121</u>	<u>\$ 703,513</u>

See notes to the financial statements.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD JANUARY 1, 2017 THROUGH JUNE 30, 2018

	<u>Support Services</u>			<u>Totals</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
EMPLOYEE COMPENSATION				
Salaries and wages	\$ 232,092	\$ 54,155	\$ 100,573	\$ 386,820
Employee benefits	8,788	2,051	3,808	14,647
Payroll taxes	18,649	4,352	8,082	31,083
Total employee compensation	<u>259,529</u>	<u>60,558</u>	<u>112,463</u>	<u>432,550</u>
OPERATING EXPENSES				
Distributions				
Paid to affiliated agencies	682,912	-	-	682,912
Awarded to affiliated agencies	420,000	-	-	420,000
Less donor designations	(274,992)	-	-	(274,992)
Hurricane relief	15,336	-	-	15,336
Special events	27,683	-	6,921	34,604
Bad debt	46,131	-	-	46,131
Campaign	3,716	3,716	17,341	24,773
Depreciation	19,779	1,099	1,099	21,977
Dues	16,134	6,454	9,680	32,268
Insurance	19,138	2,552	3,828	25,518
Meetings and conventions	2,879	1,151	1,727	5,757
Occupancy	18,896	4,049	4,049	26,994
Postage	1,077	431	646	2,154
Professional fees	6,276	2,510	26,415	35,201
Repairs and maintenance	28,203	6,043	6,044	40,290
Supplies	6,993	2,797	4,196	13,986
Telephone	5,060	2,024	3,036	10,120
Travel	2,286	914	1,371	4,571
Total operating expenses	<u>1,047,507</u>	<u>33,740</u>	<u>86,353</u>	<u>1,167,600</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 1,307,036</u></u>	<u><u>\$ 94,298</u></u>	<u><u>\$ 198,816</u></u>	<u><u>\$ 1,600,150</u></u>

See notes to the financial statements.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 2017 THROUGH JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(606,990)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		21,977
Bad debt		46,131
(Increase) decrease in assets:		
Accounts receivable		640,141
Due from Principle Combined Federal Campaign		105,032
Increase (decrease) in liabilities:		
Accounts payable		(1,543)
Due to other agencies		360,181
Donor designations to other agencies		(108,125)
Net cash provided by operating activities		456,804

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in certificates of deposit		(2,064)
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CASH FLOWS FROM FINANCING ACTIVITIES

Repayments on line of credit		(105,032)
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NET INCREASE IN CASH

349,708

CASH AT BEGINNING OF YEAR

119,600

CASH AT END OF YEAR

\$ 469,308

See notes to the financial statements.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ORGANIZATION

Description of Organization

The United Way of Okaloosa/Walton Counties, Inc. (the Organization) was incorporated on March 26, 1957, under the laws of the State of Florida to assess, develop, and promote needed human service programs in Okaloosa and Walton Counties of Florida.

The major program of the United Way is conducting a fundraising campaign each year and distributing those funds according to both donor designations and allocations of undesignated contributions as approved by the Board of Directors.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification Standards for not-for-profit entities. Under the Codification Standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets – net assets not restricted by donors, or donor-imposed restrictions have expired.

Temporarily restricted net assets – net assets which contain donor-imposed restrictions that require the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Permanently restricted net assets – net assets which contain donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets as of June 30, 2018.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid financial instruments with an original maturity of three months or less on the date of purchase to be cash equivalents.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest.

Receivables

Receivables consist primarily of pledged funds to be received from fundraising campaigns and State of Florida contracts. An allowance for doubtful accounts for campaign funds is calculated based on prior collection experience.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ORGANIZATION – CONTINUED

Expense Allocation

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities. Expenses directly related to a program or supporting services are charged to that program or supporting service. Indirect expenses are allocated between program services and supporting services based on labor hours or square footage.

Expense allocation utilized during the year, is as follows:

	Allocation	
	Labor	Footage
Program services	60%	70%
Management and general	14%	15%
Fundraising	26%	15%

Property and Equipment

The Organization capitalizes all expenditures for land, buildings, and equipment in excess of \$500. Donated assets are recorded at fair market value at the date of donation. Depreciation of building and equipment is computed using straight-line depreciation over the estimated useful lives of the assets, which range from five to 40 years.

Gifts of land, buildings, and equipment are presented as unrestricted support unless explicit donor stipulations specify the donated assets' use. Gifts of long-lived assets, with explicit restrictions as to their use and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

Donated Materials, Equipment, and Service

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt.

In addition, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns. However, no amounts have been reflected in the financial statements because these services do not meet the specialized skills definition of the FASB Codification Standards for not-for-profit entities.

Donor Designations

Some donors designate the specific agency that is to receive their contributions. These donor designations are presented as an offset to contributions received and program services in the statement of activities. The amounts that have not been remitted to the designated agency at year-end are presented as a liability in the statement of financial position.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ORGANIZATION – CONTINUED

Contributions

Contributions are recognized as revenues in the period in which they are pledged. Donor restricted contributions are classified as unrestricted revenues if the restrictions are met in the same reporting period in which the contributions are received.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. 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 asset released from restrictions.

Fundraising

Fundraising expenses are considered an expense in the year incurred and, accordingly, are charged to operations on a current basis.

Income Taxes

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation. The Organization is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated events and transactions that occurred between June 30, 2018, and November 13, 2018, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. CERTIFICATES OF DEPOSIT

As of June 30, 2018, the Organization held three certificates of deposit totaling \$253,501. The certificates of deposit bear interest at rates between 0.10% and 1.98% with maturity dates ranging from February 2017 to August 2019.

3. CAMPAIGN FUNDS RECEIVABLE

Pledged campaign funds receivable as of June 30, 2018, are summarized as follows:

2015 campaign	\$ 267,630
2016 campaign	231,721
2017 campaign	520,914
Less allowance for doubtful accounts	<u>(612,631)</u>
Total	<u>\$ 407,634</u>

4. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018, is summarized as follows:

Land	\$ 56,000
Buildings and improvements	358,061
Equipment	<u>75,791</u>
	489,852
Less accumulated depreciation	<u>(326,991)</u>
Total property and equipment, net	<u>\$ 162,861</u>

Depreciation expense for the year ended June 30, 2018, was \$21,977.

UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018, are as follows:

Time restrictions (net campaign pledges expected within the next year)	\$ 1,126,988
Less donor designations	(166,867)
Less allowance for uncollectible pledges	<u>(175,000)</u>
Total	<u><u>\$ 785,121</u></u>

Net assets were released from time restrictions specified by donors as follows:

Time restrictions (net campaign pledges received in prior periods)	\$ 1,241,669
Less donor designations	(274,992)
Less allowance for uncollectible pledges	<u>(170,000)</u>
Total	<u><u>\$ 796,677</u></u>

6. RELATED PARTY TRANSACTIONS

The Finance Director of the Organization was also the Principle Combined Fund Officer (PCFO) for the CFC's 2016 campaign. The Organization was reimbursed \$14,000 for shared personnel expenses and \$6,630 for office space, equipment maintenance, utilities, postage, and insurance costs incurred on behalf of CFC.

7. RETIREMENT PLANS

The Organization sponsors a defined contribution simplified employee pension (SEP) plan that covers all personnel who have been employed for more than one year. The SEP plan provides for employer contributions of 4% of eligible employee compensation. The Organization's contributions to the SEP plan for the year ended June 30, 2018, were \$9,663.

The Organization also sponsors a tax deferred 403(b) retirement plan for eligible employees. The Organization does not contribute to this retirement plan, which is funded solely by employee contributions under salary reduction arrangements and is entirely separate from the above mentioned SEP plan.

SUPPLEMENTARY INFORMATION

**UNITED WAY OF OKALOOSA/WALTON COUNTIES, INC.
SCHEDULE OF PAYMENTS TO AGENCIES
FOR THE 2016 CAMPAIGN**

	2016 Campaign
AMI Kids	\$ 14,442
ARC of Walton County	13,599
Bay Area Food Bank (Feeding the Gulf Coast)	6,732
Big Brothers/Big Sisters	3,583
Boy Scouts	13,568
Boys and Girls Clubs of the Emerald Coast	9,973
Bridgeway Center	2,733
Catholic Charities	10,083
Children in Crisis	39,776
Childrens Home Society	14,979
Childrens Volunteer Health Network	15,845
Coalition on the Homeless (Fresh Start)	19,112
COPE	15,603
Covenant ALZ	932
Covenant Hospice	14,101
Crossroads Medical	20,717
Early Learning Coalition of the Emerald Coast	24,511
Elder Services of Okaloosa County	13,134
Eleanor Johnson Youth Center	28,100
Emerald Coast Advocacy	28,220
Emerald Coast Red Cross	3,297
Emerald Coast Science Center	9,350
Family Life Center	8,946
Florida Panhandle 2-1-1	9,500
Girl Scouts Council	1,824
Grace Lutheran	36,000
Harvest House	12,717
Horizons (ARC of the Emerald Coast)	24,358
Independence for the Blind	8,925
Mental Health	17,198
Non-United Way Agencies	15,948
OASIS	10,178
Okaloosa Habitat for Humanity	10,748
Okaloosa Schools Foundation	4,120
Opportunity Place (One Hopeful Place)	11,591
Ronald McDonald of NW Florida	13,739
S4P Synergy	28,494
Safe Connections	12,337
Salvation Army (FWB)	19,172
Sharing and Caring	36,119
Shelter House	43,839
Walton Council on Aging	17,514
Walton County School Foundation	12,607
Walton Habitat for Humanity	4,648
Total payments to agencies	<u>\$ 682,912</u>

See independent auditors' report.