

**UNITED WAY EMERALD COAST, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**

**UNITED WAY EMERALD COAST, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2019**

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<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Payments to Agencies for the 2017 Campaign	14

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
United Way Emerald Coast, Inc.

We have audited the accompanying financial statements of the United Way Emerald Coast, Inc. (the Organization) which comprise the statement of financial position as of June 30, 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.

### **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 the United Way Emerald Coast, Inc. as of June 30, 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.

**Effect of Adopting New Accounting Standard**

As discussed in Note 1, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which was effective for fiscal years beginning after December 15, 2017. The purpose of the ASU is to improve the current net asset classification requirements presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The adoption of the standard resulted in additional footnote disclosures and changes to the classification of net assets and disclosures related to net assets. Our opinion is not modified with respect to this matter.

**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 2017 campaign on page 14 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. The 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 7, 2019

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 314,327
Cash – restricted	47,594
Certificates of deposit	258,188
Campaign pledges receivable, net	493,101
Property and equipment, net	<u>149,741</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,262,951</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 93
Deferred revenue	250
Grants payable	429,402
Refundable advances	31,391
Donor designations	<u>156,181</u>
<b>TOTAL LIABILITIES</b>	<u>617,317</u>
<b>NET ASSETS</b>	
Without donor restrictions	(125,377)
With donor restrictions	<u>771,011</u>
<b>TOTAL NET ASSETS</b>	<u>645,634</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,262,951</u></b>

See notes to the financial statements.

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>CAMPAIGN REVENUES</b>			
Gross campaign contributions	\$ 28,806	\$ 1,110,989	\$ 1,139,795
Less donor designations	-	(156,181)	(156,181)
Less allowance for uncollectible pledges	-	(200,000)	(200,000)
Total net campaign revenues	<u>28,806</u>	<u>754,808</u>	<u>783,614</u>
<b>OTHER SUPPORT</b>			
Hurricane relief	5,219	-	5,219
Special events	55,705	-	55,705
Grants and other contributions	100,790	16,203	116,993
Interest and miscellaneous	23,076	-	23,076
Rental income	2,750	-	2,750
Total other support	<u>187,540</u>	<u>16,203</u>	<u>203,743</u>
Net assets released from restrictions	<u>785,121</u>	<u>(785,121)</u>	<u>-</u>
Total campaign revenues, other support, and net assets released from restrictions	<u>1,001,467</u>	<u>(14,110)</u>	<u>987,357</u>
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES</b>			
Program services			
Awards and distributions to agencies	571,333	-	571,333
Less donor designations	(166,867)	-	(166,867)
Other program services	448,324	-	448,324
Total program services	<u>852,790</u>	<u>-</u>	<u>852,790</u>
Supporting services			
Management and general	65,865	-	65,865
Fundraising	126,581	-	126,581
Total supporting services	<u>192,446</u>	<u>-</u>	<u>192,446</u>
Total allocations and other functional expenses	<u>1,045,236</u>	<u>-</u>	<u>1,045,236</u>
<b>CHANGE IN NET ASSETS</b>	(43,769)	(14,110)	(57,879)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(81,608)</u>	<u>785,121</u>	<u>703,513</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (125,377)</u>	<u>\$ 771,011</u>	<u>\$ 645,634</u>

See notes to the financial statements.

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Support Services</u>			<u>Totals</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>EMPLOYEE COMPENSATION</b>				
Salaries and wages	\$ 176,131	\$ 41,097	\$ 76,323	\$ 293,551
Employee benefits	7,913	1,846	3,429	13,188
Payroll taxes	13,319	3,108	5,771	22,198
Total employee compensation	<u>197,363</u>	<u>46,051</u>	<u>85,523</u>	<u>328,937</u>
<b>OPERATING EXPENSES</b>				
Awards and distributions to agencies	571,333	-	-	571,333
Less donor designations	(166,867)	-	-	(166,867)
Financial assistance – individuals	17,397	-	-	17,397
Hurricane relief	4,400	-	-	4,400
Reading Pals program	53,609	-	-	53,609
Special events	38,828	-	9,707	48,535
Bad debt	61,721	-	-	61,721
Campaign	1,412	1,412	6,592	9,416
Depreciation	11,808	656	656	13,120
Dues	8,295	3,318	4,977	16,590
Insurance	9,764	1,302	1,953	13,019
Meetings and conventions	802	321	482	1,605
Occupancy	10,183	2,182	2,182	14,547
Postage	254	102	152	508
Professional fees	9,962	3,985	5,978	19,925
Repairs and maintenance	13,318	2,853	2,854	19,025
Supplies	4,262	1,705	2,557	8,524
Telephone	2,793	1,117	1,676	5,586
Travel	2,153	861	1,292	4,306
Total operating expenses	<u>655,427</u>	<u>19,814</u>	<u>41,058</u>	<u>716,299</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 852,790</u></u>	<u><u>\$ 65,865</u></u>	<u><u>\$ 126,581</u></u>	<u><u>\$ 1,045,236</u></u>

See notes to the financial statements.

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (57,879)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	13,120
Bad debt	61,721
(Increase) decrease in assets:	
Campaign pledges receivable	(147,188)
Increase (decrease) in liabilities:	
Accounts payable	(2,831)
Deferred revenue	250
Grants payable	9,402
Refundable advance	31,391
Donor designations to other agencies	(10,686)
	<u>(102,700)</u>
Net cash used in operating activities	<u>(102,700)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment in certificates of deposit	(110,000)
Maturity of certificates of deposit	105,313
	<u>(4,687)</u>
Net cash used in investing activities	<u>(4,687)</u>
<b>NET DECREASE IN CASH</b>	(107,387)
<b>CASH AT BEGINNING OF YEAR</b>	<u>469,308</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 361,921</u>
<b>COMPOSITION OF CASH</b>	
Cash and cash equivalents	\$ 314,327
Cash – restricted	47,594
	<u>\$ 361,921</u>

See notes to the financial statements.



**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Description of Organization**

The United Way Emerald Coast, 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. In June 2019, the Organization changed its name from United Way of Okaloosa/Walton Counties, Inc. to its current name by filing amended articles of incorporation with the State 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. The Organization also administers a temporary financial assistance program for individuals with a financial hardship, as well as a local chapter of ReadingPals, a statewide early literacy initiative.

**Basis of Accounting and Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with the accounting principles generally accepted in the United States of America (US GAAP) which requires that the Organization report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions.

During the fiscal year ended June 30, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, which was effective for fiscal years beginning after December 15, 2017. The purpose of the ASU is to improve the current net asset classification requirements presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Accordingly, net assets and changes in net assets therein are classified as follows:

*Net assets without donor restrictions* – net assets available for general use that are not subject to donor restrictions.

*Net assets with donor restrictions* – net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature that may, or will, be met either by passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Cash and Cash Equivalents**

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

**Certificates of Deposit**

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**Receivables**

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

**Property and Equipment**

The Organization capitalizes all purchases of land, buildings, and equipment in excess of \$500. Donated assets are recorded at their estimated acquisition value on the date of donation. Depreciation of building and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. Gifts of land, buildings, and equipment are recorded as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions.

**Contributions**

Contributions are recognized as revenues in the period in which they are pledged. Contributions with donor restrictions are classified as increases in net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

Contributions received are recorded as increases in net assets with donor restrictions or increases in net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All other support with donor restrictions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the underlying net assets are reclassified and released from restrictions in the statement of activities.

**Refundable Advances**

The Organization receives cash from the ReadingPals grant before qualifying expenses are incurred. Refundable advances represent unspent grant proceeds that will be recognized as revenue in future periods when the donor-imposed conditions are substantially met.

**Donor Designations**

Some donors designate the specific agency that is to receive their contributions. These donor designations are presented as an offset to campaign revenues 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 EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**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.

The expense allocation utilized during the year, is as follows:

	<b>Allocation</b>	
	<b>Labor</b>	<b>Footage</b>
Program services	60%	70%
Management and general	14%	15%
Fundraising	26%	15%

**Fundraising**

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

**Donated Materials, Equipment, and Service**

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated acquisition values on 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 required for not-for-profit entities.

**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 information returns are subject to possible examination by the taxing authorities. For federal tax purposes, the information returns filed remain open to possible examination for a period of three years after the respective filing deadlines of those returns.

**UNITED WAY EMERALD COAST, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

**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, 2019, and November 7, 2019, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**2. CERTIFICATES OF DEPOSIT**

As of June 30, 2019, the Organization held four certificates of deposit totaling \$258,188. The certificates of deposit bear interest at rates between 1.98% and 2.55% with maturity dates ranging from August 2019 to March 2020.

**3. LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash, certificates of deposit, and campaign pledges receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of its mission as well as the conduct of services undertaken to support those activities to be general expenditures.

**UNITED WAY EMERALD COAST, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**3. LIQUIDITY AND AVAILABILITY – CONTINUED**

As of June 30, 2019, the following table shows the total financial assets held by the Organization and the amounts of those financial assets available within one year of the date of the statement of net position to meet general expenditures.

Financial assets at year end:

Cash and cash equivalents	\$ 361,921
Certificates of deposit	258,188
Campaign pledges receivable	<u>493,101</u>
Total financial assets at year end	1,113,210

Financial assets unavailable to meet general expenditures over the next 12 months:

Cash and cash equivalents - restricted	<u>(47,594)</u>
Total financial assets available to meet general expenditures over the next 12 months	<u><u>1,065,616</u></u>

**4. CAMPAIGN FUNDS RECEIVABLE**

As of June 30, 2019, pledged campaign funds receivable are summarized as follows:

2016 campaign	\$ 231,721
2017 campaign	237,930
2018 campaign	630,171
Less allowance for doubtful accounts	<u>(606,721)</u>
Total	<u><u>\$ 493,101</u></u>

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**5. PROPERTY AND EQUIPMENT**

As of June 30, 2019, property and equipment is summarized as follows:

Land	\$ 56,000
Buildings and improvements	358,061
Equipment	<u>75,791</u>
	489,852
Less accumulated depreciation	<u>(340,111)</u>
Total property and equipment, net	<u><u>\$ 149,741</u></u>

Depreciation expense was \$13,120 for the year ended June 30, 2019.

**6. NET ASSETS**

**Net Assets with Donor Restrictions**

As of June 30, 2019, the Organization's net assets with donor restrictions are as follows:

Time restrictions (net campaign pledges expected within the next year)	\$ 1,110,989
Less donor designations	(156,181)
Less allowance for uncollectible pledges	(200,000)
Restricted by donor - Publix Emergency Assistance Fund	<u>16,203</u>
Total	<u><u>\$ 771,011</u></u>

For the year ended June 30, 2019, net assets were released from donor restrictions as follows:

Time restrictions (net campaign pledges received in prior periods)	\$ 1,126,988
Less donor designations	(166,867)
Less allowance for uncollectible pledges	<u>(175,000)</u>
Total	<u><u>\$ 785,121</u></u>

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**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. For the year ended June 30, 2019, the Organization's contributions to the SEP plan were \$9,201.

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.

**8. TRANSACTIONS WITH AFFILIATED ORGANIZATIONS**

The Organization remits quarterly membership dues to its global affiliate organization, United Way Worldwide. For the year ended June 30, 2019, the Organization remitted dues of \$9,132 to United Way Worldwide.

The Organization remits quarterly membership dues to its state affiliate organization, United Way of Florida, Inc. For the year ended June 30, 2019, the Organization remitted dues of \$5,035 to United Way of Florida, Inc.

**SUPPLEMENTARY INFORMATION**



**UNITED WAY EMERALD COAST, INC.  
SCHEDULE OF PAYMENTS TO AGENCIES  
FOR THE 2017 CAMPAIGN**

	<b>2017 Campaign</b>
AMI Kids	\$ 25,945
Big Brothers/Big Sisters	16,387
Boy Scouts	5,115
Boys and Girls Clubs of the Emerald Coast	12,139
Bridgeway Center	2,802
Catholic Charities	40,758
Chautauqua Healthcare Services (COPE)	18,900
Children in Crisis	60,013
Children's Volunteer Health Network	1,252
Coalition on the Homeless (Fresh Start)	2,438
Early Learning Coalition of the Emerald Coast	26,982
Elder Services of Okaloosa County	3,282
Eleanor Johnson Youth Center	26,735
Emerald Coast Advocacy	5,963
Emerald Coast Red Cross	3,449
Emerald Coast Science Center	12,006
Family Life Center	2,795
Florida Panhandle 2-1-1	4,000
Grace Lutheran	23,000
Harvest House	1,073
Horizons (ARC of the Emerald Coast)	53,902
Independence for the Blind	12,356
Mental Health Association of Okaloosa-Walton Counties	12,608
Non-United Way Agencies	4,000
Northwest Florida Guardian ad Litem Foundation	15,460
OASIS	494
Okaloosa Habitat for Humanity	2,985
Okaloosa Schools Foundation	1,450
Opportunity Place (One Hopeful Place)	30,406
Ronald McDonald of NW Florida	18,664
S4P Synergy	311
Safe Connections	1,771
Salvation Army (FWB)	2,056
Sharing and Caring	54,631
Shelter House	35,924
Walton Council on Aging	13,251
Walton County School Foundation	6,128
Walton Habitat for Humanity	500
Total payments to agencies	<u>\$ 561,931</u>

See independent auditors' report.