



United Way
of Central Florida

Highland City, Florida

FINANCIAL STATEMENTS

June 30, 2016 and 2015

UNITED WAY OF CENTRAL FLORIDA, INC.

Highland City, Florida

FINANCIAL STATEMENTS

June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Central Florida, Inc.
Highland City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Florida, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Florida, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

Lakeland, Florida
October 13, 2016

UNITED WAY OF CENTRAL FLORIDA, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 3,333,921	\$ 2,943,344
Investments (Notes 3 and 4)	4,753,074	4,901,671
Accounts receivable, net	30,904	61,510
Pledge receivables (Note 12)	23,181,281	21,748,430
Less allowance for uncollectible	(6,269,000)	(5,939,000)
Other assets	37,599	40,448
Beneficial interest in trusts (Notes 1 and 4)	2,301,704	2,527,494
Less discounts (Notes 1 and 4)	(39,119)	(97,356)
Property and equipment (Note 6)	<u>536,463</u>	<u>576,115</u>
	<u>\$ 27,866,827</u>	<u>\$ 26,762,656</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Designations payable (Note 10)	\$ 13,976,365	\$ 12,759,212
Accounts payable and accrued liabilities	188,163	129,707
Designations payable - Lead trusts, less discount of \$13,323 and \$32,352 for 2016 and 2015, respectively (Note 5)	<u>436,677</u>	<u>492,648</u>
Total liabilities	14,601,205	13,381,567
 Net assets		
Unrestricted		
Undesignated	1,892,688	2,174,767
Board designated (Note 9)	<u>6,272,014</u>	<u>6,058,787</u>
Total unrestricted assets	8,164,702	8,233,554
Temporarily restricted (Note 7)	3,916,897	3,929,280
Permanently restricted (Notes 7 and 15)	<u>1,184,023</u>	<u>1,218,255</u>
Total net assets	<u>13,265,622</u>	<u>13,381,089</u>
	<u>\$ 27,866,827</u>	<u>\$ 26,762,656</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2016 and 2015

	2016				2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue								
Current year campaign								
Gross campaign results	\$ 8,506,288	\$ -	\$ -	\$ 8,506,288	\$ 8,328,347	\$ -	\$ -	\$ 8,328,347
Gross campaign results in prior year, released from restrictions (Note 8)	77,055	(77,055)	-	-	38,052	(38,052)	-	-
Less estimated uncollectible pledges	(517,908)	-	-	(517,908)	(543,345)	-	-	(543,345)
Less donor designations	(777,668)	-	-	(777,668)	(901,893)	-	-	(901,893)
Net current year campaign revenue	<u>7,287,767</u>	<u>(77,055)</u>	<u>-</u>	<u>7,210,712</u>	<u>6,921,161</u>	<u>(38,052)</u>	<u>-</u>	<u>6,883,109</u>
Jenkins Family Grant and Publix Charities Match								
Challenge grants received in prior period, released from restrictions (Note 8)	210,187	(210,187)	-	-	200,000	(200,000)	-	-
Gross Jenkins Family Grant and Publix Charities results:	642,895	393,730	-	1,036,625	657,372	316,787	-	974,159
Less designations to other agencies	(75,000)	-	-	(75,000)	(75,000)	-	-	(75,000)
Net Jenkins Family Grant and Publix Charities revenue	<u>778,082</u>	<u>183,543</u>	<u>-</u>	<u>961,625</u>	<u>782,372</u>	<u>116,787</u>	<u>-</u>	<u>899,159</u>
Prior Year Campaign								
Gross campaign results	76,084	-	-	76,084	113,306	-	-	113,306
Recovery of prior year uncollectible pledges	32,272	-	-	32,272	27,607	-	-	27,607
Less donor designations	(14,639)	-	-	(14,639)	(17,483)	-	-	(17,483)
Net prior year campaign revenue	<u>93,717</u>	<u>-</u>	<u>-</u>	<u>93,717</u>	<u>123,430</u>	<u>-</u>	<u>-</u>	<u>123,430</u>
Future Campaigns								
Campaign revenue	-	91,596	-	91,596	-	77,055	-	77,055

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Other								
Special events	12,889	4,496	-	17,385	35,001	2,004	-	37,005
Changes in beneficial interest in trust	(12,534)	50,175	(47,829)	(10,188)	-	32,052	(39,044)	(6,992)
Other contributions	24,369	219,931	13,597	257,897	29,300	126,089	15,186	170,575
Designations from other United Ways	26,445	-	-	26,445	364,772	-	-	364,772
Service fees	707,874	-	-	707,874	676,102	-	-	676,102
Grants and contracts	95,113	44,808	-	139,921	93,412	58,307	-	151,719
Interest income	91,986	26,632	-	118,618	105,498	35,642	-	141,140
Net gain (loss) on investments	(119,152)	(85,144)	-	(204,296)	11,912	26,522	-	38,434
Less investment management fees	(29,971)	(10,722)	-	(40,693)	(31,538)	(10,758)	-	(42,296)
Miscellaneous income	17,023	-	-	17,023	12,850	-	-	12,850
Net assets released from restrictions (Note 8)	460,643	(460,643)	-	-	514,690	(514,690)	-	-
Total other	<u>1,274,685</u>	<u>(210,467)</u>	<u>(34,232)</u>	<u>1,029,986</u>	<u>1,811,999</u>	<u>(244,832)</u>	<u>(23,858)</u>	<u>1,543,309</u>
Total revenue	9,434,251	(12,383)	(34,232)	9,387,636	9,638,962	(89,042)	(23,858)	9,526,062
Expenses								
Program services:								
Allocations/Awards (Note 11)	6,935,801	-	-	6,935,801	7,114,872	-	-	7,114,872
Less donor designations	(867,307)	-	-	(867,307)	(994,376)	-	-	(994,376)
Net funds awarded/distributed	<u>6,068,494</u>	<u>-</u>	<u>-</u>	<u>6,068,494</u>	<u>6,120,496</u>	<u>-</u>	<u>-</u>	<u>6,120,496</u>
Other program services	1,685,815	-	-	1,685,815	1,745,394	-	-	1,745,394
Supporting services	<u>1,748,794</u>	<u>-</u>	<u>-</u>	<u>1,748,794</u>	<u>1,844,271</u>	<u>-</u>	<u>-</u>	<u>1,844,271</u>
Total expenses	<u>9,503,103</u>	<u>-</u>	<u>-</u>	<u>9,503,103</u>	<u>9,710,161</u>	<u>-</u>	<u>-</u>	<u>9,710,161</u>
Changes in net assets	(68,852)	(12,383)	(34,232)	(115,467)	(71,199)	(89,042)	(23,858)	(184,099)
Net assets, beginning of year	<u>8,233,554</u>	<u>3,929,280</u>	<u>1,218,255</u>	<u>13,381,089</u>	<u>8,304,753</u>	<u>4,018,322</u>	<u>1,242,113</u>	<u>13,565,188</u>
Net assets, end of year	<u>\$ 8,164,702</u>	<u>\$ 3,916,897</u>	<u>\$ 1,184,023</u>	<u>\$ 13,265,622</u>	<u>\$ 8,233,554</u>	<u>\$ 3,929,280</u>	<u>\$ 1,218,255</u>	<u>\$ 13,381,089</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016

	Program Services									Support Services						2016 Total
	Community Impact	Financial Stability	Navigator	Success by 6	Master Teacher	Let's Grow	WLC Impact Initiative	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WLC and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services	Indirect Cost Pools	
Expenses																
Allocations/aw ards (Note 11)	\$6,935,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,935,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,935,801
Less donor designated	(867,307)	-	-	-	-	-	-	-	-	(867,307)	-	-	-	-	-	(867,307)
Net allocations/ aw ards	6,068,494	-	-	-	-	-	-	-	-	6,068,494	-	-	-	-	-	6,068,494
Personnel																
Labor, salaries and w ages	196,746	90	-	113,827	167,637	-	34,536	150,845	139,835	803,516	380,450	40,936	486,273	907,659	110,347	1,821,522
Payroll taxes	14,460	7	-	8,183	14,992	-	2,462	11,373	10,445	61,922	30,331	3,083	35,496	68,910	8,908	139,740
Employee benefits (Notes 13 and 14)	51,302	23	-	30,227	29,405	-	8,846	21,354	22,838	163,995	69,281	613	98,038	167,932	47,501	379,428
Total personnel expenses	262,508	120	-	152,237	212,034	-	45,844	183,572	173,118	1,029,433	480,062	44,632	619,807	1,144,501	166,756	2,340,690
Other																
Contract services	8,663	-	-	-	14,251	3,713	5,574	9,398	45,000	86,599	1,782	-	32,873	34,655	21,432	142,686
Office and program supplies	401	-	-	26,540	13,787	19,351	24,577	15,608	317	100,581	332	28	2,358	2,718	13,678	116,977
Printing and promotions	16,785	1,224	-	15,963	548	-	5,057	5,103	1,185	45,865	131,888	3,439	1,558	136,885	50,567	233,317
Postage and shipping	-	-	-	13	-	-	-	-	6	19	523	164	-	687	15,977	16,683
Telephone	-	-	-	-	-	-	-	3,493	2,181	5,674	64	1,432	-	1,496	17,034	24,204
Building, maintenance, utilities and taxes	20	-	-	-	-	-	-	86,270	20	86,310	-	1,000	-	1,000	55,742	143,052
Employee business expense	4,068	35	-	1,877	5,916	46	897	1,381	54	14,274	16,762	2,755	5,553	25,070	822	40,166

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016

	Program Services									Support Services					2016 Total	
	Community Impact	Financial Stability	Navigator	Success by 6	Master Teacher	Let's Grow	WLC Impact Initiative	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WLC and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services		Indirect Cost Pools
Other expenses (continued)																
Training and development	4,208	-	-	-	739	-	-	817	938	6,702	9,405	-	16,103	25,508	5,298	37,508
Temporary help	-	-	-	-	-	-	-	3,303	-	3,303	-	-	22,734	22,734	-	26,037
Insurance	-	-	-	-	-	-	-	2,276	-	2,276	-	231	-	231	14,935	17,442
Miscellaneous	-	-	-	-	381	-	2,525	242	490	3,638	1,006	-	18,865	19,871	2,611	26,120
Equipment rental and maintenance	4,638	695	-	982	1,866	28	714	5,061	8,140	22,124	8,002	120	10,510	18,632	47,955	88,711
Membership dues	414	-	-	-	-	-	-	-	597	1,011	1,299	278	2,858	4,435	745	6,191
Depreciation expense	6,327	3	-	3,661	5,389	-	1,117	10,936	4,502	31,935	12,282	1,319	15,640	29,241	-	61,176
United Way of Florida dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,150	18,150
Total other expenses	<u>45,524</u>	<u>1,957</u>	<u>-</u>	<u>49,036</u>	<u>42,877</u>	<u>23,138</u>	<u>40,461</u>	<u>143,888</u>	<u>63,430</u>	<u>410,311</u>	<u>183,345</u>	<u>10,766</u>	<u>129,052</u>	<u>323,163</u>	<u>264,946</u>	<u>998,420</u>
Total personnel and other expenses	308,032	2,077	-	201,273	254,911	23,138	86,305	327,460	236,548	1,439,744	663,407	55,398	748,859	1,467,664	431,702	3,339,110
United Way																
Worldwide dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,499	95,499
Cost pool allocations	<u>60,619</u>	<u>27</u>	<u>-</u>	<u>34,452</u>	<u>50,031</u>	<u>-</u>	<u>10,533</u>	<u>47,013</u>	<u>43,396</u>	<u>246,071</u>	<u>117,829</u>	<u>12,564</u>	<u>150,737</u>	<u>281,130</u>	<u>(527,201)</u>	<u>-</u>
Total expenses	<u>\$6,437,145</u>	<u>\$ 2,104</u>	<u>\$ -</u>	<u>\$ 235,725</u>	<u>\$304,942</u>	<u>\$ 23,138</u>	<u>\$ 96,838</u>	<u>\$ 374,473</u>	<u>\$279,944</u>	<u>\$ 7,754,309</u>	<u>\$ 781,236</u>	<u>\$67,962</u>	<u>\$ 899,596</u>	<u>\$1,748,794</u>	<u>\$ -</u>	<u>\$9,503,103</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015

	Program Services										Support Services						2015 Total
	Community Impact	Financial Stability	Disaster Relief	Navigator	Success by 6	Master Teacher	Let's Grow	WLC Impact Initiative	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WLC and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services	Indirect Cost Pools	
Expenses																	
Allocations/aw ards (Note 11)	\$7,114,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$7,114,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$7,114,872
Less donor designated	(994,376)	-	-	-	-	-	-	-	-	-	(994,376)	-	-	-	-	-	(994,376)
Net allocations/ aw ards	6,120,496	-	-	-	-	-	-	-	-	-	6,120,496	-	-	-	-	-	6,120,496
Personnel																	
Labor, salaries and w ages	202,180	4,186	-	14,597	97,410	179,896	3,843	39,781	121,718	128,088	791,699	448,770	50,668	480,722	980,160	133,858	1,905,717
Payroll taxes	14,313	315	-	1,383	7,209	13,606	276	2,973	9,348	9,726	59,149	33,802	3,849	29,034	66,685	9,412	135,246
Employee benefits (Notes 13 and 14)	54,296	802	-	2,495	26,616	41,576	1,166	3,673	20,586	24,067	175,277	88,304	7,500	90,601	186,405	29,548	391,230
Total personnel expenses	270,789	5,303	-	18,475	131,235	235,078	5,285	46,427	151,652	161,881	1,026,125	570,876	62,017	600,357	1,233,250	172,818	2,432,193
Other																	
Contract services	33,158	17,500	-	-	-	16,110	3,465	12,405	10,808	43,000	136,446	3,278	-	48,776	52,054	4,527	193,027
Office and program supplies	393	-	-	817	22,160	17,277	20,002	44,836	14,068	980	120,533	1,052	285	1,817	3,154	14,843	138,530
Printing and promotions	16,410	162	-	-	18,478	-	-	10,123	2,775	28	47,976	158,789	9,400	4,765	172,954	16,588	237,518
Postage and shipping	127	-	-	20	81	-	-	-	-	36	264	517	209	102	828	9,840	10,932
Telephone	-	-	-	-	-	-	-	-	6,059	2,870	8,929	31	1,540	-	1,571	17,169	27,669
Building, maintenance, utilities and taxes	-	-	-	-	-	-	-	-	70,892	337	71,229	350	600	50	1,000	59,815	132,044
Employee business expense	2,648	13	-	360	2,565	7,464	551	809	1,502	418	16,330	17,372	1,380	3,559	22,311	649	39,290

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015

	Program Services										Support Services					2015 Total	
	Community Impact	Financial Stability	Disaster Relief	Success Navigator	Success by 6	Master Teacher	Let's Grow	WLC Impact Initiative	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WLC and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services		Indirect Cost Pools
Other expenses (continued)																	
Training and development	6,909	-	-	-	1,105	2,715	1,300	-	1,053	1,925	15,007	10,729	-	15,006	25,735	5,413	46,155
Temporary help	-	-	-	-	-	-	12	-	8,446	-	8,458	-	-	16,371	16,371	-	24,829
Insurance	-	-	-	-	-	-	-	-	2,224	-	2,224	-	128	-	128	13,654	16,006
Miscellaneous	-	-	-	-	-	-	-	1,292	108	120	1,520	346	337	14,791	15,474	865	17,859
Equipment rental and maintenance	4,267	1,155	-	105	930	1,652	25	343	4,499	7,110	20,086	8,538	54	10,984	19,576	49,507	89,169
Membership dues	335	-	-	-	-	105	-	-	-	4,195	4,635	1,735	253	3,231	5,219	1,767	11,621
Depreciation expense	7,185	148	-	549	3,496	6,379	136	1,411	6,686	4,587	30,577	15,976	1,797	17,205	34,978	-	65,555
United Way of Florida dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,079	18,079
Total other expenses	<u>71,432</u>	<u>18,978</u>	<u>-</u>	<u>1,851</u>	<u>48,815</u>	<u>51,702</u>	<u>25,491</u>	<u>71,219</u>	<u>129,120</u>	<u>65,606</u>	<u>484,214</u>	<u>218,713</u>	<u>15,983</u>	<u>136,657</u>	<u>371,353</u>	<u>212,716</u>	<u>1,068,283</u>
Total personnel and other expenses	342,221	24,281	-	20,326	180,050	286,780	30,776	117,646	280,772	227,487	1,510,339	789,589	78,000	737,014	1,604,603	385,534	3,500,476
United Way																	
Worldwide dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89,189	89,189
Cost pool allocations	<u>78,238</u>	<u>1,459</u>	<u>-</u>	<u>4,116</u>	<u>25,857</u>	<u>47,728</u>	<u>1,021</u>	<u>10,244</u>	<u>32,038</u>	<u>34,354</u>	<u>235,055</u>	<u>122,484</u>	<u>13,821</u>	<u>103,363</u>	<u>239,668</u>	<u>(474,723)</u>	<u>-</u>
Total expenses	<u>\$6,540,955</u>	<u>\$25,740</u>	<u>\$-</u>	<u>\$24,442</u>	<u>\$205,907</u>	<u>\$334,508</u>	<u>\$31,797</u>	<u>\$127,890</u>	<u>\$312,810</u>	<u>\$261,841</u>	<u>\$7,865,890</u>	<u>\$912,073</u>	<u>\$91,821</u>	<u>\$840,377</u>	<u>\$1,844,271</u>	<u>\$-</u>	<u>\$9,710,161</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
 STATEMENTS OF CASH FLOWS
 Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (115,467)	\$ (184,099)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61,176	65,555
Beneficial interest in trust assets	167,553	270,288
Loss on disposal of property and equipment	-	1,152
Net (gain) loss on investments	204,296	(38,434)
Contributions to permanently restricted endowments	(13,597)	(15,186)
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	30,606	48,870
Pledges and contributions receivable	(1,102,851)	(758,396)
Other current assets	2,849	9,709
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	58,456	1,624
Allocations and designations payable	<u>1,161,182</u>	<u>673,141</u>
Cash from operating activities	<u>454,203</u>	<u>74,224</u>
 Cash flows from investing activities		
Purchases of property and equipment	(21,524)	(27,853)
Purchases of investments	(2,046,422)	(1,093,188)
Proceeds from the sale of investments	<u>1,990,723</u>	<u>1,181,130</u>
Cash from investing activities	<u>(77,223)</u>	<u>60,089</u>
 Cash flows from financing activities		
Contributions to permanently restricted endowments	<u>13,597</u>	<u>15,186</u>
Cash from financing activities	<u>13,597</u>	<u>15,186</u>
 Net increase in cash and cash equivalents	390,577	149,499
 Cash and cash equivalents at beginning of year	<u>2,943,344</u>	<u>2,793,845</u>
 Cash and cash equivalents at end of year	<u>\$ 3,333,921</u>	<u>\$ 2,943,344</u>
 Supplemental disclosure of cash flow information		
In-kind donations	<u>\$ 3,665</u>	<u>\$ 3,431</u>

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity: The United Way of Central Florida, Inc. (UWCF) is a not-for-profit Florida corporation legally established on June 28, 1980 as a voluntary health and welfare organization. Governance is by a voluntary Board of Directors.

UWCF addresses the root causes of community problems around their focus areas of EDUCATION, INCOME, HEALTH and SAFETY NET. UWCF implements a diverse array of impact strategies and actions. Fundraising is only one of many strategies. UWCF brings together people from all across the community and identifies needs, achieves desired results, improves lives, and funds programs or services/initiatives. Investment areas include: school readiness, academic achievement, financial stability & improving people's health. UWCF also helps individuals & families to survive a short-term crisis with our SAFETY NET programs.

Vision: UWCF is the preeminent leader for empowering people and maximizing resources for improving lives and our communities.

Mission: UWCF understands local needs and drives lasting change to build better lives and stronger communities.

Descriptions of the various programs are as follows:

Community Impact: UWCF's premiere Community Investment Process mobilizes more than 100 volunteers on 14 teams around their focus areas of EDUCATION, INCOME, HEALTH and SAFETY NET. These volunteers visit program sites, review previous investments, program goals and outcomes, and make recommendations about the most effective way to meet critical community needs.

EDUCATION: An Early Literacy Initiative helps at-risk children develop the language skills they need to succeed in school. Given the right start, children learn to read, succeed academically and are more likely to graduate from high school. Additional programs help children in grades K – 12 to pass achievement tests at grade level and to graduate on time.

INCOME: Families improve financial stability with GED and job training, credit and budgeting classes, money coaches, financial education for kids and savings match programs.

HEALTH: UWCF funds programs that help people of all ages to improve or maintain good health. United Way improves access and utilization of health services and increases knowledge and personal responsibility about health issues that lead to improved blood pressure, weight control and other specific health indicators. United Way also works to reduce avoidable hospitalizations and incarcerations with prevention services and treatment for those with addiction.

SAFETY NET: Programs provide relatively short-term, crisis intervention services that vary widely, but meet one or more of the following: 1) Must verify that the service helped to stabilize a crisis, 2) Must refer clients to sources of on-going support (counseling, health clinic etc.) as needed, 3) Must verify quality of services using approved indicators selected by experts on a Safety Net Steering Team, 4) Crisis includes but is not limited to: health emergency, domestic violence, rape, child abuse, fire, teenaged runaways, hospice care, hunger & homelessness.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disaster Relief: Provides immediate assistance and long term recovery support in the event our community needs urgent disaster relief. UWCF develops partnerships to address the many challenges and/or emergencies that our community faces. UWCF meets with partners to coordinate the efforts of government, non-profit and faith-based organizations involved in disaster response.

Success By 6: Success By 6 (SB6) mobilizes volunteers from local organizations, businesses, government, churches, civic groups, educators and human services to ensure that all children, by the age of six, have the physical, emotional, social and mental foundation to succeed in school and in life. Since 1995, UWCF's SB6 has focused on early literacy to help children enter school ready to succeed. In addition:

- More than 100 Parent Lending Libraries were in childcare centers serving low-income families; with an average of 40,000 books checked out annually.
- To increase awareness of the importance of early childhood education, Born Learning, a \$90 million early childhood awareness campaign developed by the Ad Council, Civilian & Success By 6 provided more than 300,000 messages to citizens of Central Florida. These included bus signs, bill boards, newspaper advertisements and parent education materials placed in key locations throughout the area.
- 100,000 Parent Resource Guides were distributed three times during this fiscal year. Guides include contact information for services needed by children and parents along with strategic information to help parents prepare their children to enter school ready to succeed. 45,000 copies were hand delivered to health and human services professional who work with at-risk children.

Family Fundamentals: An outreach of Success By 6 - Family Fundamentals is a "one-stop" parent resource center which mobilizes partnerships with more than thirty-five human service organizations providing parents and family members with activities, classes, reading, tutoring and other programs designed to strengthen the development of our children and family relationships. More than 20,000 parents and children signed in at classes and events sponsored by Family Fundamentals in 2015.

Master Teacher: An outreach of Success By 6 school readiness – the expanded Master Teacher initiative targets neighborhoods where children considered at-risk for school failure reside. It provides an internship for childcare instructors using four Master Teachers along with parent education classes to help the instructors and parents to prepare children to enter kindergarten ready to succeed. Readiness skills for children in classes with teachers trained by a Master Teacher improved an average of 3 months for every 1 month with the newly trained caregiver.

Let's Grow: A Community-wide Early Literacy initiative facilitated by UWCF to improve language skills of children at-risk of school failure. Language skills predict the ability of children to learn to read. Of middle/high income children, 8 of 10 enter school with the skills they need. However, only 2 of 10 low income children have sufficient skills. Children who enter school ready to succeed, learn to read and graduate on time. Dolly Parton Imagination Library mails books to the homes of preschool children. Let's Grow partners provide early literacy interventions improving vocabulary scores by an average of 5 months for every 1 month of exposure to the interventions.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2-1-1: The 2-1-1 program provides information and referrals to families/individuals and community groups concerning local services and resources. 2-1-1 also identifies gaps in services; assists in creating remedies to meet local needs; connects individuals/families to resources; and advocates on behalf of individuals/families for access to resources. It also works to provide better service, accessibility and information to the Hispanic community.

Women's Leadership Council – Early Literacy Initiative: In Spring 2012, UWCF received a first year grant to begin Women's Leadership Council's ReadingPals. Planning and implementation include collaborations with Polk and Highlands County Schools, the Early Learning Coalition of Polk and Learning Resource Center. From 2012-2016, Carol and Barney Barnett invested \$5,000,000 in 15 regions throughout the state of Florida to improve early literacy. ReadingPals focuses on engaging, training and deploying volunteer tutors to increase the number of students reading at grade level by the end of 3rd grade. It is important to our community, to the Barnetts, to all businesses and families in Florida that we make a united effort to reduce the close to 40% of children who are not reading at grade level. More than 200 ReadingPals were trained to offer tutoring sessions in 58 classrooms in 2015/16 school year.

Basis of Accounting: These financial statements have been presented on the accrual basis of accounting.

Basis of Presentation: UWCF has adopted Financial Accounting Standards Board, Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958, UWCF is required to report information regarding its financial position and activities according to three classes of net assets: 1) unrestricted net assets, which include no donor-imposed restrictions, (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently.

Unrestricted net assets consist of operating funds available for any purpose authorized by the board of directors. At June 30, 2016 and 2015, UWCF had \$8,164,702 and \$8,233,554, respectively, in unrestricted assets.

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. As of June 30, 2016 and 2015, UWCF had \$3,916,897 and \$3,929,280, respectively, in temporarily restricted net assets.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor. As of June 30, 2016 and 2015, UWCF had \$1,184,023 and \$1,218,255, respectively, in permanently restricted net assets.

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

Pledges Receivable: The allowance for uncollectible pledges of the current year campaign is based on a 3 year average of prior years' collection experience. Net prior year campaign pledges receivable is based on actual collections through March 31st, with the outstanding balance as of that date considered to be uncollectible.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: UWCF recognizes revenues as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified to unrestricted.

Unconditional promises to give are recognized as revenues in the period received. Donor restricted contributions whose restrictions are met in the same reporting period have been reported as unrestricted revenue in the statement of activities. Promises to give that are designated for future campaign years are reported as increases to temporarily restricted net assets and are reclassified to unrestricted net assets when the time or purpose restriction is met.

Private Grants and Contracts: UWCF receives private grants and contracts for various projects and programs. Grants are recorded as contributions or exchange transactions and are administered through United Way as part of the normal course of business.

Beneficial Interest in Trust: UWCF has beneficial interests in two perpetual trusts. UWCF estimates the values of the current contribution revenue and endowments based on the fair value at the end of the fiscal year. The fair value of these endowments as of June 30, 2016 and 2015 was \$760,114 and \$807,943, respectively.

A perpetual trust held by a third party is an arrangement where a donor establishes and funds a perpetual trust administered by an individual or organization other than the not-for-profit beneficiary. Under the terms of the trust, UWCF has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. Distributions received by UWCF may be restricted by the donor.

The arrangement is recognized by the not-for-profit beneficiary as contribution revenue and as an asset when UWCF is notified of the trust's existence. The fair value of the contribution is estimated using the fair value of the assets contributed to the trust, unless facts and circumstances indicate that the fair value of the beneficial interest differs from the fair value of the assets contributed to the trust.

The contribution is classified as permanently restricted support, because the trust is similar to a donor restricted permanent endowment that UWCF does not control, rather than a multiyear promise to give. Annual distributions from the trust are reported as investment income that increases unrestricted net assets. UWCF remeasures its beneficial interest at fair value, using the same valuation technique that was used to measure the asset initially. The adjustment is recognized as permanently restricted gains or losses.

UWCF has three beneficial interests in Trusts held by third parties reported in temporarily restricted net assets. One of these beneficial interests is a Charitable Lead UniTrust, and another is a Charitable Lead Annuity Trust. The Annuity Trust partially funds the Jenkins Family Challenge Grant with both purpose and implied time restrictions and includes a liability for designations payable in future years. This year, one former Lead Trust was paid in full, and another is a new, irrevocable beneficial interest from the Estate of Malcolm Sanborn Scott. The fair value of these Trusts as of June 30, 2016 and 2015 was \$1,541,590 and \$1,719,551, less present value discounts of \$39,119 and \$97,356, respectively.

These Trusts were valued in the first year known of the trust's existence, using a present value method to reflect the time value of money for the projected future cash flows. A risk appropriate rate of return was set in the first year to approximate market value. UWCF remeasures its beneficial interest at fair value, using the same valuation technique that was used to measure the asset initially. The adjustment is recognized as temporarily restricted gains or losses.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents: All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

Investments: UWCF has adopted Financial Account Standards Board, Accounting Codification ASC 320, *Investments*. Under ASC 320, investments are recorded at fair value, and realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets.

Property and Equipment: Building and office equipment having a unit cost of \$500 or more and a useful life of one or more years are recorded at cost when purchased and at current fair values when donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets. Estimated useful lives are as follows:

Buildings and improvements	5 - 30 years
Office equipment and furniture	3 - 10 years
Automobiles	5 years

Donated Services: Donated materials and equipment are reflected as contributions of their estimated fair values at date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills, or are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time in UWCF's program services, fund raising campaigns and administrative functions; however, amounts have not been reflected in the accompanying financial statements for these services.

Federal Income Tax: UWCF has received determination of tax exempt status from the Internal Revenue Service under Code Section 501(c)(3) and, consequently, the earnings of UWCF are not taxed.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

UWCF is no longer subject to examination by taxing authorities for years before June 30, 2013. UWCF does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. UWCF recognizes interest and/or penalties related to income tax matters in income tax expense. UWCF did not have any amount accrued for interest and penalties at June 30, 2016 or 2015, respectively.

Functional Expense Allocation: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general, and fund raising categories based on the actual direct expenditures and cost allocations based upon estimates by management.

United Way Worldwide Cost Deduction Standard M: Donor designated pledges are assessed both a fundraising and a management and general service fee based on actual historical costs in accordance with United Way Worldwide Membership Standards as outlined in their publication titled *United Way Worldwide Cost Deduction Requirements for Membership Standard M*. These service fees are assessed and recognized at the time the pledges are paid to the designated organization unless there is a memorandum of understanding with an entity stating otherwise.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification: Certain reclassifications have been made to the 2015 financial statements, to conform to the 2016 financial statement presentation. Such reclassifications had no effect on the reported changes in net assets or net assets taken as a whole.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2016 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2016. Management has performed their analysis through October 13, 2016, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

UWCF maintains its cash balances in various bank accounts which, at times, may exceed federally insured limits. UWCF has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk on their cash accounts.

Details of cash and cash equivalents are:

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 872	\$ 250
Checking accounts	<u>3,333,049</u>	<u>2,943,094</u>
	<u>\$ 3,333,921</u>	<u>\$ 2,943,344</u>

Funds held in checking and money market accounts are insured up to \$250,000 per account. At times UWCF's cash balances are in excess of FDIC and other insured limits.

NOTE 3 - INVESTMENTS

Investments are stated at fair value. Fair values at June 30, 2016 and 2015 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Mutual and exchange traded funds	<u>\$ 4,753,074</u>	<u>\$ 4,901,671</u>

The investments in mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of UWCF.

Financial Accounting Standards Board Account Standards Codification, ASC 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in UWCF's principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date.

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NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Statement establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments held in trust as custodian and endowments are reported at the fair value. Investments held in trust as custodian and endowments may include money market funds, securities and bonds. The fair values of debt and equity investments, including mutual funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

The fair value of beneficial interest in trust assets is based on a valuation model that calculates the present value of estimated distributable income (income approach). The valuation model incorporates assumptions that market participants would use in estimating future distributable income. UWCF values three of its beneficial interest at the discounted present value of estimated future distributions it expects to receive (level 3 inputs). UWCF values its remaining beneficial interest based on the quoted market value of the investments (market approach) held in the trust outside the control of UWCF (level 3 inputs).

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets Measured on a Recurring Basis: Assets measured at fair value on a recurring basis are summarized below.

Asset composition as of June 30, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Mutual funds				
Fixed income	\$ 1,580,759	\$ -	\$ -	\$ 1,580,759
Equity	2,460,209	-	-	2,460,209
REITS	194,122	-	-	194,122
Commodities and gold	153,632	-	-	153,632
Exchange Traded Funds:				
Equity	364,352	-	-	364,352
Beneficial interest in trusts	-	-	2,301,704	2,301,704
Less discounts	-	-	(39,119)	(39,119)
	<u>\$ 4,753,074</u>	<u>\$ -</u>	<u>\$ 2,262,585</u>	<u>\$ 7,015,659</u>

Asset composition as of June 30, 2015:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Mutual funds				
Fixed income	\$ 1,506,504	\$ -	\$ -	\$ 1,506,504
Equity	2,604,147	-	-	2,604,147
REITS	67,871	-	-	67,871
Alternative investments	95,134	-	-	95,134
Exchange Traded Funds:				
Equity	628,015	-	-	628,015
Beneficial interest in trusts	-	-	2,527,494	2,527,494
Less discounts	-	-	(97,356)	(97,356)
	<u>\$ 4,901,671</u>	<u>\$ -</u>	<u>\$ 2,430,138</u>	<u>\$ 7,331,809</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The tables below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2016 and 2015, respectively:

	Beneficial Interest in Perpetual Trust Held By Community <u>Foundation</u>	Beneficial Interest in Perpetual Trust Held By Third Party Trustee	Beneficial Interests In Trust Held By Third Party <u>Trustees</u>	<u>Total</u>
Beginning balance at July 1, 2015	\$ 674,090	\$ 133,853	\$ 1,622,195	\$ 2,430,138
Total gains or losses - realized/unrealized included in changes in net assets	(12,721)	(9,865)	-	(22,586)
Amortization of discount	-	-	69,204	69,204
Interest and dividend income	12,165	6,185	-	18,350
Purchases/contributions	-	-	100,000	100,000
Investment fees	(5,792)	-	-	(5,792)
Disbursed	<u>(31,616)</u>	<u>(6,185)</u>	<u>(288,928)</u>	<u>(326,729)</u>
Ending balance at June 30, 2016	<u>\$ 636,126</u>	<u>\$ 123,988</u>	<u>\$ 1,502,471</u>	<u>\$ 2,262,585</u>

	Beneficial Interest in Perpetual Trust Held By Community <u>Foundation</u>	Beneficial Interest in Perpetual Trust Held By Third Party Trustee	Beneficial Interests In Trust Held By Third Party <u>Trustees</u>	<u>Total</u>
Beginning balance at July 1, 2014	\$ 703,520	\$ 143,467	\$ 1,853,439	\$ 2,700,426
Total gains or losses - realized/unrealized included in changes in net assets	(1,289)	(9,614)	-	(10,903)
Amortization of discount	-	-	47,645	47,645
Interest and dividend income	12,513	8,766	-	21,279
Purchases/contributions	-	-	-	-
Investment fees	(5,871)	-	-	(5,871)
Disbursed	<u>(34,783)</u>	<u>(8,766)</u>	<u>(278,889)</u>	<u>(322,438)</u>
Ending balance at June 30, 2015	<u>\$ 674,090</u>	<u>\$ 133,853</u>	<u>\$ 1,622,195</u>	<u>\$ 2,430,138</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The unrealized gains and losses are recorded in the accompanying statements of activities as permanently restricted "change in beneficial interest in trusts" for the years ended June 30, 2016 and 2015, respectively, and relate to Level 3 assets that are still held at June 30, 2016 and 2015.

The carrying value of UWCF's financial instruments not remeasured at fair value on a recurring basis approximates their fair value at June 30, 2016 and 2015. Such financial instruments include:

	<u>2016</u>	<u>2015</u>
Financial assets		
Cash and cash equivalents	\$ 3,333,921	\$ 2,943,344
Net accounts and pledge receivable	16,943,185	15,870,940

NOTE 5 - DESIGNATIONS PAYABLE – LEAD TRUSTS

Designations payable of \$436,677 and \$492,648 at June 30, 2016 and 2015, respectively, represent donor designations on a portion of one of UWCF's beneficial interest in charitable lead trust held by third party trustees. The payable amount is a function of UWCF's beneficial interest asset, which is adjusted annually based on a valuation model that calculates the present value of estimated distributable income, as discussed in Note 4.

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of:

	<u>2016</u>	<u>2015</u>
Land	\$ 100,000	\$ 100,000
Buildings and improvements	1,504,062	1,499,716
Furniture, fixtures and equipment	775,701	770,466
Automobiles	<u>44,918</u>	<u>44,918</u>
	2,424,681	2,415,100
Less accumulated depreciation	<u>1,888,218</u>	<u>1,838,985</u>
	<u>\$ 536,463</u>	<u>\$ 576,115</u>

Depreciation expense for the years ended June 30, 2016 and 2015 is \$61,176 and \$65,555, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 7 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets, a summary which follows, are for restricted purposes for which expenses have not yet been incurred to satisfy their restricted purpose/time restrictions:

	<u>2016</u>	<u>2015</u>
Time restrictions:		
Campaign	\$ 91,596	\$ 77,055
Trusts	1,065,795	1,129,547
Endowments	<u>51,560</u>	<u>64,888</u>
Total time restrictions	1,208,951	1,271,490
Purpose restrictions:		
Master Teacher	113,144	124,137
Community Emergency Relief	664,843	619,700
Highlands Co.	1,237,792	1,289,428
Success By 6	472,911	424,097
Leadership Giving	24,117	-
Womens Leadership	122,760	121,398
Loaned Executives	-	10,509
Family Fundamentals	66,679	64,507
Lets Grow	250	74
Financial Stability	-	1,134
Parent Education	<u>5,450</u>	<u>2,806</u>
Total purpose restrictions	<u>2,707,946</u>	<u>2,657,790</u>
Total temporarily restricted net assets	<u>\$ 3,916,897</u>	<u>\$ 3,929,280</u>

Permanently restricted net assets as of June 30th consist of:

	<u>2016</u>	<u>2015</u>
Beneficial interest in trusts	\$ 760,114	\$ 807,943
Other endowment funds	<u>423,909</u>	<u>410,312</u>
Total permanently restricted net assets	<u>\$ 1,184,023</u>	<u>\$ 1,218,255</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 8 - RELEASE OF TEMPORARILY RESTRICTED NET ASSETS

The net assets released from restrictions by incurring expenses satisfying the restricted purpose/time restrictions were as follows:

	<u>2016</u>	<u>2015</u>
Time restrictions:		
Campaign	\$ 77,055	\$ 38,052
Trusts	<u>213,927</u>	<u>203,889</u>
Total time restrictions	290,982	241,941
Purpose restrictions:		
Master Teacher	124,136	168,594
Success By 6	126,121	101,821
Community Emergency Relief	67,856	70,299
Family Fundamentals	50,574	32,568
Leadership Giving	-	196
Women's Leadership	74,140	120,580
Campaign	-	2,000
Financial Stability	1,134	162
Parent Education	355	7,242
Loaned Executives	10,509	4,188
Highlands Co.	2,004	-
Let's Grow	<u>74</u>	<u>3,151</u>
Total purpose restrictions	<u>456,903</u>	<u>510,801</u>
 Total temporarily restricted net assets released from restrictions	 <u>\$ 747,885</u>	 <u>\$ 752,742</u>

NOTE 9 - DESIGNATIONS OF UNRESTRICTED NET ASSETS

Designations of unrestricted net assets have been earmarked for future allocations, grants or other uses as determined by action of the Board.

The primary purpose of the amount "designated per Board policy" is to prevent an interruption or a reduction of services due to an unanticipated shortage of available funds, or to provide for emergency funding for disaster relief within United Way of Central Florida's operating area. The targeted balance to be maintained is one fourth of the current annual budget for operating expenses of Supporting and Program Services, the Allocable Dollar Pool Funds for the Community Investment Team Process.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 9 - DESIGNATIONS OF UNRESTRICTED NET ASSETS (Continued)

The detail of Board designations at June 30th:

	<u>2016</u>	<u>2015</u>
Board designated net assets		
Designated for:		
Allocations	\$ 3,557,009	\$ 3,303,128
Board policy	2,370,567	2,403,225
Endowment per Board policy	<u>344,438</u>	<u>352,434</u>
Total Board designated net assets	<u>\$ 6,272,014</u>	<u>\$ 6,058,787</u>

NOTE 10 - DESIGNATIONS PAYABLE

The detail of allocations and designations payable at June 30th:

	<u>2016</u>	<u>2015</u>
Designations payable:		
Publix Regional Campaign	\$ 13,581,437	\$ 12,396,032
Other designations payable:		
Donor designations to member agencies	241,734	292,628
Other United Ways	101,835	4,642
Donor designations for		
Out of Area Campaign	1,940	19,247
Donor designations to		
unaffiliated agencies	<u>49,419</u>	<u>46,663</u>
Total other designations payable	<u>394,928</u>	<u>363,180</u>
Total designations payable	<u>\$ 13,976,365</u>	<u>\$ 12,759,212</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 11 - ALLOCATIONS TO AGENCIES AND OTHER UNITED WAY ORGANIZATIONS

	<u>2016</u>	<u>2015</u>
Program category		
Polk/Hardee		
Education - Helping Children to Succeed in School - 34 programs		
Education 1- "School Readiness"	\$ 664,221	\$ 676,103
Education 2- "Academic Achievement"	848,156	867,765
Education 3- "Academic Achievement"	356,032	355,692
Education 4- "Academic Achievement"	335,905	334,184
Education 5- "Academic Achievement"	234,300	156,297
Education 6- "School Readiness"	386,999	412,244
Total Education Programs	<u>2,825,613</u>	<u>2,802,285</u>
Income - Housing & Home Life Stability - 25 programs		
Income 1- "Savings/Credit/Job Improvement"	400,068	348,603
Income 2- "Savings/Credit/Job Improvement"	379,211	452,638
Total Income Programs	<u>779,279</u>	<u>801,241</u>
Health - Helping Seniors & Those with		
Disabilities to Maintain Independence - 24 programs		
Health 1- "Health Knowledge/Personal Responsibility"	376,812	339,663
Health 2- "Health Knowledge/Personal Responsibility"	294,255	315,865
Health 3- "Health Knowledge/Personal Responsibility"	391,979	373,479
Health 4- "Health Knowledge/Personal Responsibility"	249,374	244,497
Electronic Medical Records RFP	-	69,310
Total Health Programs	<u>1,312,420</u>	<u>1,342,814</u>
Safety Net - Helping with Crisis - 14 programs		
Safety Net 1- Addressing Community Needs	271,059	278,888
Safety Net 2- Addressing Community Needs	487,165	497,838
Total Safety Net Programs	<u>758,224</u>	<u>776,726</u>
Highlands County Programs (22 Programs)	<u>317,602</u>	<u>316,993</u>
Total Program Allocations	<u>5,993,138</u>	<u>6,040,059</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 11 - ALLOCATIONS TO AGENCIES AND OTHER UNITED WAY ORGANIZATIONS (Continued)

Other funding to member agencies:		
Contributor choice	556,128	603,404
Total other funding to member agencies	<u>556,128</u>	<u>603,404</u>
Allocations and designations to others:		
Unaffiliated agencies	116,058	101,201
Contributor choice other United Ways	147,522	6,475
Contributor choice Third Party Processors	47,599	282,291
Community emergency relief	67,856	68,942
Other grants and contributions	7,500	12,500
Total allocations and designations to others	<u>386,535</u>	<u>471,409</u>
Less: donor designations	<u>(867,307)</u>	<u>(994,376)</u>
Total allocations and designations to others	<u>(867,307)</u>	<u>(994,376)</u>
Total allocations to agencies and other		
United Way organizations	<u>\$ 6,068,494</u>	<u>\$ 6,120,496</u>

NOTE 12 - PLEDGE RECEIVABLES

UWCF expects to collect all outstanding pledges in approximately one year. The rate to calculate the allowance for uncollectibles is determined annually on March 31st. This rate is computed based on actual unpaid balances remaining at 15 months past December 31st of the initial campaign year. This rate is then averaged over 3 years to determine the next campaign year's pledge allowance estimate.

The provision for estimated uncollectible pledges for the current and prior campaigns was 6.2 and 6.4 percent, respectively.

UWCF acts as Processor for the Publix Regional Campaign. This activity does not flow through the Statement of Activities and is recorded as a liability payable to the other United Ways that are the fundraisers.

The provision for estimated uncollectible pledges for the current and prior Regional campaigns, based on the 3 year average, was 19.1 percent and 19.1 percent for 2016 and 2015, respectively.

Challenge Grants do not require an estimated reserve due to history of 100 percent collectability.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 12 - PLEDGE RECEIVABLES (Continued)

	<u>2016</u>	<u>2015</u>
Pledge receivables		
Local Campaign	\$ 3,091,385	\$ 2,938,384
Challenge Grants-Local	515,000	552,534
Raised by Others	18,445	135,480
Total Local Pledge receivables	<u>3,624,830</u>	<u>3,626,398</u>
Publix Regional Campaign	19,286,451	17,752,032
Challenge Grants-Regional	270,000	370,000
Total Regional Pledge receivables	<u>19,556,451</u>	<u>18,122,032</u>
Total Pledge receivables	<u>\$ 23,181,281</u>	<u>\$ 21,748,430</u>
Less allowance for uncollectible		
Local Campaign	\$ (564,000)	\$ (583,000)
Publix Regional Campaign	<u>(5,705,000)</u>	<u>(5,356,000)</u>
Total allowance for uncollectible	<u>\$ (6,269,000)</u>	<u>\$ (5,939,000)</u>

NOTE 13 - RETIREMENT PLAN

UWCF provides a defined contribution plan that covers regular employees age 21 or over and who have completed one year of service. Monthly contributions of 10% of employee's regular monthly salary are made. Vesting is immediate for employees hired on or before January 1, 1996 from the first day of participation. For employees hired after January 1, 1996 and before October 1, 2008, full vesting occurs after three years of service. For employees hired on or after October 1, 2008, full vesting occurs after six years of service. The plan is a flexible annuity retirement plan underwritten by Mutual of America. UWCF made contributions for the year ended June 30, 2016 and 2015 of \$146,387 and \$155,330, respectively.

NOTE 14 - THRIFT PLAN

Effective January 1, 1988, the UWCF started providing a thrift plan for all regular employees age 21 and over who have completed one year of service. The plan allows eligible employees to contribute between 1% and 5% of their compensation to the plan, which will be matched by UWCF. Employees may withdraw from participation in the plan at any time. UWCF's matching cost for the year ended June 30, 2016 and 2015 was \$52,590 and \$65,790, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 15 - ENDOWMENT COMPOSITION

The United Way's endowment consists of one beneficial interest in assets held at the GiveWell Community Foundation. In addition, the total of all endowments includes a perpetual trust that is administered by another third party as well as an internally held endowment accumulated thru gifts and bequests. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 51,560	\$ 423,909	\$ 475,469
Board-designated funds	344,438	1,233,521	-	1,577,959
Beneficial interest in perpetual trust	-	-	123,988	123,988
Beneficial interest in perpetual trust assets held by GiveWell Community Foundation	-	-	636,126	636,126
Total funds	<u>\$ 344,438</u>	<u>\$ 1,285,081</u>	<u>\$ 1,184,023</u>	<u>\$ 2,813,542</u>

Endowment net asset composition by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 64,888	\$ 410,312	\$ 475,200
Board-designated funds	352,434	1,289,428	-	1,641,862
Beneficial interest in perpetual trust	-	-	133,852	133,852
Beneficial interest in perpetual trust assets held by GiveWell Community Foundation	-	-	674,091	674,091
Total funds	<u>\$ 352,434</u>	<u>\$ 1,354,316</u>	<u>\$ 1,218,255</u>	<u>\$ 2,925,005</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the year ended June 30, 2016 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at beginning of year	\$ 352,434	\$ 1,354,316	\$ 1,218,255	\$ 2,925,005
Investment return:				
Investment income, net	40,778	15,909	-	56,687
Net appreciation (realized and unrealized)	<u>(12,973)</u>	<u>(85,144)</u>	<u>(47,829)</u>	<u>(145,946)</u>
Total investment return	27,805	(69,235)	(47,829)	(89,259)
New gifts	2,000	-	13,597	15,597
Release of endowment assets for expenditure	<u>(37,801)</u>	<u>-</u>	<u>-</u>	<u>(37,801)</u>
Net assets at end of year	<u>\$ 344,438</u>	<u>\$ 1,285,081</u>	<u>\$ 1,184,023</u>	<u>\$ 2,813,542</u>

Changes in endowment net assets for the year ended June 30, 2015 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at beginning of year	\$ 353,057	\$ 1,302,909	\$ 1,242,113	\$ 2,898,079
Investment return:				
Investment income, net	47,321	24,886	-	72,207
Net appreciation (realized and unrealized)	<u>451</u>	<u>26,521</u>	<u>(39,044)</u>	<u>(12,072)</u>
Total investment return	47,772	51,407	(39,044)	60,135
New gifts	-	-	15,186	15,186
Release of endowment assets for expenditure	<u>(48,395)</u>	<u>-</u>	<u>-</u>	<u>(48,395)</u>
Net assets at end of year	<u>\$ 352,434</u>	<u>\$ 1,354,316</u>	<u>\$ 1,218,255</u>	<u>\$ 2,925,005</u>

Interpretation of UPMIFA: The State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2012. The Board of Directors of United Way requires the preservation of the "Historic Dollar Value", defined as the fair value of the original and subsequent gift(s) to the fund which shall be retained in the absence of explicit donor stipulations. This definition only applies to endowment funds subject to UPMIFA and does not include quasi-endowments, or funds where the 3rd party Trustee owns and controls the assets.

(Continued)

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

As a result of this interpretation, United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted until those amounts are appropriated for expenditure by United Way, or, unless deficiencies in the fair value of a fund fall below the level required by United Way to retain as perpetual. In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of the organization.

Return Objectives and Risk Parameters: The United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the United Way must hold in perpetuity or for a donor-specified period(s) as well as Board designated funds. Bequests are considered as Board designated or quasi-endowments based upon a Board approved Gift Acceptance Policy.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for the United Way. In so doing, the Endowment Fund will provide a secure, long-term source of funds to potentially: (i) stabilize agency funding during periods of below normal annual campaigns; (ii) fund special grants; (iii) ensure long-term growth; (iv) enhance our ability to meet changing community needs in both the short and long-term; and/or, (v) support the administrative expenses of the United Way as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy: Brokerage Endowment and Quasi-Endowment Accounts were initiated prior to the 2012/13 fiscal year end. Due to the short duration of the initial accounts, no appropriations for spending were made in the prior or current year for funds subject to UPMIFA. Quasi-endowments and endowments held by 3rd party Trustees, are not subject to UPMIFA. Spending Policies will be revised in the future, after an adequate period of time for the longevity of the account and time to research varying spending formula methodologies best suited for our objectives. It is permissible for the Finance/Investment Committee, with Board approval, to determine if the accumulation of a minimum level of asset value is to be reached before spending may be appropriated. Directors may also elect to take no distribution in any given year or to vote to change the use or rate of use of investment income.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the United Way to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2016 and 2015.

Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations. In order to make a principal disbursement, the Finance Committee functioning as the Investment Committee would need to make a recommendation for approval to the Board of Directors.

Endowment funds are included in the statement of financial position under the following asset categories:

	<u>2016</u>	<u>2015</u>
Future interest in perpetual trusts	\$ 760,114	\$ 807,943
Investment securities	<u>2,053,428</u>	<u>2,117,062</u>
Total	<u>\$ 2,813,542</u>	<u>\$ 2,925,005</u>