

UNITED WAY OF CENTRAL FLORIDA, INC.
Highland City, Florida

FINANCIAL STATEMENTS
June 30, 2017 and 2016

UNITED WAY OF CENTRAL FLORIDA, INC.

Highland City, Florida

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 18, 2017

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 4,281,593	\$ 3,333,921
Investments (Notes 3 and 4)	4,829,774	4,753,074
Accounts receivable, net	37,538	30,904
Pledge receivables (Note 12)	25,225,853	23,181,281
Less allowance for uncollectible	(6,815,000)	(6,269,000)
Other assets	32,852	37,599
Beneficial interest in assets held by others (Notes 1 and 4)	1,983,726	2,301,704
Less discounts (Notes 1 and 4)	(43,604)	(39,119)
Property and equipment (Note 6)	<u>529,909</u>	<u>536,463</u>
	<u>\$ 30,062,641</u>	<u>\$ 27,866,827</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Designations payable (Note 10)	\$ 15,556,265	\$ 13,976,365
Accounts payable and accrued liabilities	155,590	188,163
Designations payable - Lead trusts, less discount of \$15,586 and \$13,323 for 2017 and 2016, respectively (Note 5)	<u>359,414</u>	<u>436,677</u>
Total liabilities	16,071,269	14,601,205
 Net assets		
Unrestricted		
Undesignated	2,475,112	1,892,688
Board designated (Note 9)	<u>6,262,223</u>	<u>6,272,014</u>
Total unrestricted assets	8,737,335	8,164,702
Temporarily restricted (Note 7)	4,028,305	3,916,897
Permanently restricted (Notes 7 and 15)	<u>1,225,732</u>	<u>1,184,023</u>
Total net assets	<u>13,991,372</u>	<u>13,265,622</u>
	<u>\$ 30,062,641</u>	<u>\$ 27,866,827</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2017 and 2016

	2017				2016			
	<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	\$ 8,298,202	\$ -	\$ -	\$ 8,298,202	\$ 8,506,288	\$ -	\$ -	\$ 8,506,288
Gross campaign results in prior year, released from restrictions (Note 8)	81,596	(81,596)	-	-	77,055	(77,055)	-	-
Less estimated uncollectible pledges	(521,428)	-	-	(521,428)	(517,908)	-	-	(517,908)
Less donor designations	(752,219)	-	-	(752,219)	(777,668)	-	-	(777,668)
Net current year campaign revenue	<u>7,106,151</u>	<u>(81,596)</u>	<u>-</u>	<u>7,024,555</u>	<u>7,287,767</u>	<u>(77,055)</u>	<u>-</u>	<u>7,210,712</u>
Jenkins Family Grant and Publix Charities Match								
Challenge grants received in prior period, released from restrictions (Note 8)	166,715	(166,715)	-	-	210,187	(210,187)	-	-
Gross Jenkins Family Grant and Publix Charities results:	647,382	390,198	-	1,037,580	642,895	393,730	-	1,036,625
Less designations to other agencies	(75,000)	-	-	(75,000)	(75,000)	-	-	(75,000)
Net Jenkins Family Grant and Publix Charities revenue	<u>739,097</u>	<u>223,483</u>	<u>-</u>	<u>962,580</u>	<u>778,082</u>	<u>183,543</u>	<u>-</u>	<u>961,625</u>
Prior Year Campaign								
Gross campaign results	224,924	-	-	224,924	76,084	-	-	76,084
Recovery of prior year uncollectible pledges	630	-	-	630	32,272	-	-	32,272
Less donor designations	(56,134)	-	-	(56,134)	(14,639)	-	-	(14,639)
Net prior year campaign revenue	<u>169,420</u>	<u>-</u>	<u>-</u>	<u>169,420</u>	<u>93,717</u>	<u>-</u>	<u>-</u>	<u>93,717</u>
Future Campaigns								
Campaign revenue	4,411	57,019	-	61,430	-	91,596	-	91,596

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2017 and 2016

	2017				2016			
	<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>
Other								
Special events	9,180	2,065	-	11,245	12,889	4,496	-	17,385
Changes in beneficial interest in assets held by others	-	(4,126)	29,000	24,874	(12,534)	50,175	(47,829)	(10,188)
Other contributions	109,316	428,479	12,709	550,504	24,369	219,931	13,597	257,897
Designations from other United Ways	29,760	-	-	29,760	26,445	-	-	26,445
Service fees	758,299	-	-	758,299	707,874	-	-	707,874
Grants and contracts	103,358	69,283	-	172,641	95,113	44,808	-	139,921
Interest income	103,438	30,873	-	134,311	91,986	26,632	-	118,618
Net gain (loss) on investments	332,905	130,733	-	463,638	(119,152)	(85,144)	-	(204,296)
Less investment management fees	(30,557)	(11,057)	-	(41,614)	(29,971)	(10,722)	-	(40,693)
Miscellaneous income	50,151	-	-	50,151	17,023	-	-	17,023
Net assets released from restrictions (Note 8)	733,748	(733,748)	-	-	460,643	(460,643)	-	-
Total other	<u>2,199,598</u>	<u>(87,498)</u>	<u>41,709</u>	<u>2,153,809</u>	<u>1,274,685</u>	<u>(210,467)</u>	<u>(34,232)</u>	<u>1,029,986</u>
Total revenue	10,218,677	111,408	41,709	10,371,794	9,434,251	(12,383)	(34,232)	9,387,636
Expenses								
Program services:								
Allocations/Awards (Note 11)	6,841,268	-	-	6,841,268	6,935,801	-	-	6,935,801
Less donor designations	(883,349)	-	-	(883,349)	(867,307)	-	-	(867,307)
Net funds awarded/distributed	<u>5,957,919</u>	<u>-</u>	<u>-</u>	<u>5,957,919</u>	<u>6,068,494</u>	<u>-</u>	<u>-</u>	<u>6,068,494</u>
Other program services	1,798,571	-	-	1,798,571	1,685,815	-	-	1,685,815
Supporting services	<u>1,889,554</u>	<u>-</u>	<u>-</u>	<u>1,889,554</u>	<u>1,748,794</u>	<u>-</u>	<u>-</u>	<u>1,748,794</u>
Total expenses	<u>9,646,044</u>	<u>-</u>	<u>-</u>	<u>9,646,044</u>	<u>9,503,103</u>	<u>-</u>	<u>-</u>	<u>9,503,103</u>
Changes in net assets	572,633	111,408	41,709	725,750	(68,852)	(12,383)	(34,232)	(115,467)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 8,737,335</u>	<u>\$ 4,028,305</u>	<u>\$ 1,225,732</u>	<u>\$ 13,991,372</u>	<u>\$ 8,164,702</u>	<u>\$ 3,916,897</u>	<u>\$ 1,184,023</u>	<u>\$ 13,265,622</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017

	Program Services										Support Services					2017 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)	\$6,841,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,841,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$6,841,268
Less donor designated	(883,349)	-	-	-	-	-	-	-	-	(883,349)	-	-	-	-	-	(883,349)
Net allocations/ aw ards	5,957,919	-	-	-	-	-	-	-	-	5,957,919	-	-	-	-	-	5,957,919
Personnel																
Labor, salaries and wages	219,348	139	-	113,750	153,748	-	43,782	152,833	128,146	811,746	357,178	48,964	511,924	918,066	161,393	1,891,205
Payroll taxes	16,430	10	-	8,346	11,432	-	3,161	11,733	11,686	62,798	26,622	3,720	36,550	66,892	11,592	141,282
Employee benefits (Notes 13 and 14)	62,681	39	-	31,825	23,242	-	13,619	21,843	25,079	178,328	70,052	7,839	101,074	178,965	48,460	405,753
Total personnel expenses	298,459	188	-	153,921	188,422	-	60,562	186,409	164,911	1,052,872	453,852	60,523	649,548	1,163,923	221,445	2,438,240
Other																
Contract services	9,405	14,391	-	3,465	12,239	-	4,740	9,507	102,589	156,336	1,246	-	54,807	56,053	-	212,389
Office and program supplies	565	-	-	38,178	17,298	-	16,889	25,725	63	98,718	1,530	662	2,125	4,317	13,030	116,065
Printing and promotions	22,914	10,335	-	24,125	449	-	14,961	3,696	204	76,684	196,837	8,589	1,586	207,012	47,430	331,126
Postage and shipping	-	-	-	-	-	-	-	-	-	-	616	70	-	686	13,662	14,348
Telephone	-	-	-	-	-	-	-	3,689	1,239	4,928	242	326	-	568	19,882	25,378
Building, maintenance, utilities and taxes	-	-	-	-	-	-	-	82,140	-	82,140	-	-	350	350	54,484	136,974
Employee business expense	4,094	30	-	2,876	3,856	-	1,250	592	107	12,805	15,825	3,664	5,505	24,994	2,379	40,178

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2017

	Program Services									Support Services					2017 Total	
	Community Impact	Financial Stability	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	4,468	-	-	1,927	875	-	-	828	10	8,108	10,720	1,224	11,549	23,493	4,154	35,755
Temporary help	-	-	-	-	-	-	-	1,120	-	1,120	-	-	9,315	9,315	-	10,435
Insurance	-	-	-	-	-	-	-	2,244	-	2,244	-	(88)	-	(88)	15,658	17,814
Miscellaneous	-	-	-	-	3,977	-	3,305	864	100	8,246	304	-	12,283	12,587	6,325	27,158
Equipment rental and maintenance	4,747	-	-	1,061	1,756	-	576	6,265	6,361	20,766	8,329	35	10,534	18,898	50,068	89,732
Membership dues	229	-	-	100	-	-	-	-	200	529	1,458	178	3,609	5,245	1,139	6,913
Depreciation expense	-	-	-	-	-	-	-	7,294	-	7,294	59,785	-	-	59,785	-	67,079
United Way of Florida dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,520	18,520
Total other expenses	<u>46,422</u>	<u>24,756</u>	<u>-</u>	<u>71,732</u>	<u>40,450</u>	<u>-</u>	<u>41,721</u>	<u>143,964</u>	<u>110,873</u>	<u>479,918</u>	<u>296,892</u>	<u>14,660</u>	<u>111,663</u>	<u>423,215</u>	<u>246,731</u>	<u>1,149,864</u>
Total personnel and other expenses	344,881	24,944	-	225,653	228,872	-	102,283	330,373	275,784	1,532,790	750,744	75,183	761,211	1,587,138	468,176	3,588,104
United Way																
Worldwide dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,021	100,021
Cost pool allocations	<u>74,069</u>	<u>42</u>	<u>-</u>	<u>38,108</u>	<u>52,871</u>	<u>-</u>	<u>14,642</u>	<u>50,943</u>	<u>35,106</u>	<u>265,781</u>	<u>116,239</u>	<u>16,467</u>	<u>169,710</u>	<u>302,416</u>	<u>(568,197)</u>	<u>-</u>
Total expenses	<u>\$6,376,869</u>	<u>\$24,986</u>	<u>\$-</u>	<u>\$263,761</u>	<u>\$281,743</u>	<u>\$-</u>	<u>\$116,925</u>	<u>\$381,316</u>	<u>\$310,890</u>	<u>\$7,756,490</u>	<u>\$866,983</u>	<u>\$91,650</u>	<u>\$930,921</u>	<u>\$1,889,554</u>	<u>\$-</u>	<u>\$9,646,044</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 Net allocations/ aw ards	(867,307)	-	-	-	-	-	-	-	-	(867,307)	-	-	-	-	-	(867,307)
	6,068,494	-	-	-	-	-	-	-	-	6,068,494	-	-	-	-	-	6,068,494
Personnel																
Labor, salaries and wages	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	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	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.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 725,750	\$ (115,467)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	67,079	61,176
Beneficial interest in assets held by others	322,463	167,553
Loss on disposal of property and equipment	1,224	-
Net (gain) loss on investments	(463,638)	204,296
Contributions to permanently restricted endowments	(12,709)	(13,597)
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(6,634)	30,606
Pledges and contributions receivable	(1,498,572)	(1,102,851)
Other current assets	4,747	2,849
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(32,573)	58,456
Allocations and designations payable	<u>1,502,637</u>	<u>1,161,182</u>
Cash from operating activities	<u>609,774</u>	<u>454,203</u>
Cash flows from investing activities		
Purchases of property and equipment	(61,749)	(21,524)
Purchases of investments	(240,877)	(2,046,422)
Proceeds from the sale of investments	<u>627,815</u>	<u>1,990,723</u>
Cash from investing activities	<u>325,189</u>	<u>(77,223)</u>
Cash flows from financing activities		
Contributions to permanently restricted endowments	<u>12,709</u>	<u>13,597</u>
Cash from financing activities	<u>12,709</u>	<u>13,597</u>
Net increase in cash and cash equivalents	947,672	390,577
Cash and cash equivalents at beginning of year	<u>3,333,921</u>	<u>2,943,344</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,281,593</u></u>	<u><u>\$ 3,333,921</u></u>
Supplemental disclosure of cash flow information		
In-kind donations	<u><u>\$ 38,332</u></u>	<u><u>\$ 3,665</u></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's vision is to create positive lasting change in our community by helping children succeed in school; promoting family financial stability and independence; and improving people's health.

Mission: UWCF's mission is to improve lives and strengthen our community.

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, 2017 and 2016

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.
- Dolly Parton Imagination Library mails books to the homes of preschool 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 2016.

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. 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, 2017 and 2016

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 2016/17 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, 2017 and 2016, UWCF had \$8,737,335 and \$8,164,702, 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, 2017 and 2016, UWCF had \$4,028,305 and \$3,916,897, 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, 2017 and 2016, UWCF had \$1,225,732 and \$1,184,023, 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)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations payable: Donor designated amounts that have not been paid to agencies as of June 30 are recorded as designations payable. This amount includes designations payable to other United Ways from the Publix Regional Campaign, in which UWCF is the agent for the campaign.

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 Interests in Assets Held by Others: 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, 2017 and 2016 was \$789,113 and \$760,114, 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. In the prior year, one former Lead Trust was paid in full, and another is a new, irrevocable beneficial interest from the Estate of Malcolm Sanborn Scott. In the current year the beneficial interest in the Malcolm Scott trust was paid to UWCF in full. The fair value of these Trusts as of June 30, 2017 and 2016 was \$1,194,613 and \$1,541,590, less present value discounts of \$43,604 and \$39,119, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2017 or 2016, 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.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Reclassification: Certain reclassifications have been made to the 2016 financial statements, to conform to the 2017 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, 2017 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2017. Management has performed their analysis through October 18, 2017, 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>2017</u>	<u>2016</u>
Cash on hand	\$ 200	\$ 872
Checking accounts	<u>4,281,393</u>	<u>3,333,049</u>
	<u>\$ 4,281,593</u>	<u>\$ 3,333,921</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, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Mutual and exchange traded funds	<u>\$ 4,829,774</u>	<u>\$ 4,753,074</u>

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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 assets held by others 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, 2017 and 2016

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, 2017:

	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 and Cash Alternative	\$ 1,863,659	\$ -	\$ -	\$ 1,863,659
Equity Mutual Funds	2,510,766	-	-	2,510,766
Other, Alternative, Commodities & Golc	402,780	-	-	402,780
REITS	52,569	-	-	52,569
Beneficial interest in assest held by othe	-	-	1,983,726	1,983,726
Less discounts	-	-	(43,604)	(43,604)
	<u>\$ 4,829,774</u>	<u>\$ -</u>	<u>\$ 1,940,122</u>	<u>\$ 6,769,896</u>

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
Alternative investments	153,632	-	-	153,632
Exchange Traded Funds:				
Equity	364,352	-	-	364,352
Beneficial interest in assest held by othe	-	-	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>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The tables below present 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, 2017 and 2016, respectively:

	Beneficial Interest in Assets Held By Community Foundation	Beneficial Interest in Perpetual Trust Held By Third Party Trustee	Beneficial Interests In Trust Held By Third Party Trustees	Total
Beginning balance at July 1, 2016	\$ 636,126	\$ 123,988	\$ 1,502,471	\$ 2,262,585
Total gains or losses - realized/unrealized included in changes in net assets	55,230	5,588	-	60,818
Amortization of discount	-	-	(6,387)	(6,387)
Interest and dividend income	9,591	5,500	-	15,091
Purchases/contributions	-	-	-	-
Investment fees	(8,478)	-	-	(8,478)
Disbursed	<u>(32,932)</u>	<u>(5,500)</u>	<u>(345,075)</u>	<u>(383,507)</u>
Ending balance at June 30, 2017	<u>\$ 659,537</u>	<u>\$ 129,576</u>	<u>\$ 1,151,009</u>	<u>\$ 1,940,122</u>

	Beneficial Interest in Assets Held By Community Foundation	Beneficial Interest in Perpetual Trust Held By Third Party Trustee	Beneficial Interests In Trust Held By Third Party Trustees	Total
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	-	-	-	-
Investment fees	(5,792)	-	100,000	94,208
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>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017 and 2016, respectively, and relate to Level 3 assets that are still held at June 30, 2017 and 2016.

The carrying value of UWCF's financial instruments not remeasured at fair value on a recurring basis approximates their fair value at June 30, 2017 and 2016. Such financial instruments include:

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash and cash equivalents	\$ 4,281,593	\$ 3,333,921
Net accounts and pledge receivable	18,448,391	16,943,185

NOTE 5 - DESIGNATIONS PAYABLE – LEAD TRUSTS

Designations payable of \$359,414 and \$436,677 at June 30, 2017 and 2016, 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>2017</u>	<u>2016</u>
Land	\$ 100,000	\$ 100,000
Buildings and improvements	1,524,509	1,504,062
Furniture, fixtures and equipment	761,732	775,701
Automobiles	44,918	44,918
	<u>2,431,159</u>	<u>2,424,681</u>
Less accumulated depreciation	<u>1,901,250</u>	<u>1,888,218</u>
	<u>\$ 529,909</u>	<u>\$ 536,463</u>

Depreciation expense for the years ended June 30, 2017 and 2016 is \$67,079 and \$61,176, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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>2017</u>	<u>2016</u>
Time restrictions:		
Campaign	\$ 67,019	\$ 91,596
Trusts	791,595	1,065,795
Endowments	<u>107,933</u>	<u>51,560</u>
Total time restrictions	966,547	1,208,951
Purpose restrictions:		
Master Teacher	64,369	113,144
Community Impact / Emergency Relief	1,012,129	664,843
Highlands Co.	1,304,892	1,237,792
Success By 6	417,134	472,911
Leadership Giving	71,415	24,117
Womens Leadership	100,089	122,760
Family Fundamentals	85,423	66,679
Lets Grow	-	250
Parent Education	<u>6,307</u>	<u>5,450</u>
Total purpose restrictions	<u>3,061,758</u>	<u>2,707,946</u>
Total temporarily restricted net assets	<u>\$ 4,028,305</u>	<u>\$ 3,916,897</u>

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

	<u>2017</u>	<u>2016</u>
Beneficial interest in assets held by others	\$ 789,113	\$ 760,114
Other endowment funds	<u>436,619</u>	<u>423,909</u>
Total permanently restricted net assets	<u>\$ 1,225,732</u>	<u>\$ 1,184,023</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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>2017</u>	<u>2016</u>
Time restrictions:		
Campaign	\$ 81,596	\$ 77,055
Trusts	<u>270,075</u>	<u>213,927</u>
Total time restrictions	351,671	290,982
Purpose restrictions:		
Master Teacher	100,494	124,136
Success By 6	234,027	126,121
Community Emergency Relief	53,682	67,856
Family Fundamentals	55,217	50,574
Leadership Giving	24,117	-
Women's Leadership	131,566	74,140
Financial Stability	-	1,134
Parent Education	2,144	355
Loaned Executives	-	10,509
Highlands Co.	29,141	2,004
Let's Grow	<u>-</u>	<u>74</u>
Total purpose restrictions	<u>630,388</u>	<u>456,903</u>
 Total temporarily restricted net assets released from restrictions	 <u>\$ 982,059</u>	 <u>\$ 747,885</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, 2017 and 2016

NOTE 9 - DESIGNATIONS OF UNRESTRICTED NET ASSETS (Continued)

The detail of Board designations at June 30th:

	<u>2017</u>	<u>2016</u>
Board designated net assets		
Designated for:		
Allocations	\$ 3,335,955	\$ 3,557,009
Board policy	2,403,674	2,370,567
Endowment per Board policy	<u>522,594</u>	<u>344,438</u>
 Total Board designated net assets	 <u>\$ 6,262,223</u>	 <u>\$ 6,272,014</u>

NOTE 10 - DESIGNATIONS PAYABLE

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

	<u>2017</u>	<u>2016</u>
Designations payable:		
Publix Regional Campaign	\$ 15,208,669	\$ 13,581,437
 Other designations payable:		
Donor designations to member agencies	283,491	241,734
Other United Ways	16,940	101,835
Donor designations for		
Out of Area Campaign	-	1,940
Donor designations to		
unaffiliated agencies	<u>47,165</u>	<u>49,419</u>
Total other designations payable	<u>347,596</u>	<u>394,928</u>
 Total designations payable	 <u>\$ 15,556,265</u>	 <u>\$ 13,976,365</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 11 - ALLOCATIONS TO AGENCIES AND OTHER UNITED WAY ORGANIZATIONS

	<u>2017</u>	<u>2016</u>
Program category		
Polk/Hardee		
Education - Helping Children to Succeed in School - 33 programs		
Education 1- "School Readiness"	\$ 641,224	\$ 664,221
Education 2- "Academic Achievement"	815,157	848,156
Education 3- "Academic Achievement"	344,550	356,032
Education 4- "Academic Achievement"	325,618	335,905
Education 5- "Academic Achievement"	263,543	234,300
Education 6- "School Readiness"	<u>389,070</u>	<u>386,999</u>
Total Education Programs	2,779,162	2,825,613
Income - Housing & Home Life Stability - 15 programs		
Income 1- "Savings/Credit/Job Improvement"	392,774	400,068
Income 2- "Savings/Credit/Job Improvement"	<u>374,744</u>	<u>379,211</u>
Total Income Programs	767,518	779,279
Health - Helping Seniors & Those with		
Disabilities to Maintain Independence - 20 programs		
Health 1- "Health Knowledge/Personal Responsibility"	374,699	376,812
Health 2- "Health Knowledge/Personal Responsibility"	287,527	294,255
Health 3- "Health Knowledge/Personal Responsibility"	378,751	391,979
Health 4- "Health Knowledge/Personal Responsibility"	<u>239,376</u>	<u>249,374</u>
Total Health Programs	1,280,353	1,312,420
Safety Net - Helping with Crisis - 14 programs		
Safety Net 1- Addressing Community Needs	382,598	271,059
Safety Net 2- Addressing Community Needs	<u>340,603</u>	<u>487,165</u>
Total Safety Net Programs	723,201	758,224
Highlands County Programs (20 Programs)	<u>292,941</u>	<u>317,602</u>
Total Program Allocations	5,843,175	5,993,138

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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

	<u>2017</u>	<u>2016</u>
Other funding to member agencies:		
Contributor choice	692,275	556,128
Total other funding to member agencies	692,275	556,128
Allocations and designations to others:		
Unaffiliated agencies	99,753	116,058
Contributor choice other United Ways	25,320	147,522
Contributor choice Third Party Processors	66,001	47,599
Community emergency relief	107,244	67,856
Other grants and contributions	7,500	7,500
Total allocations and designations to others	305,818	386,535
Less: donor designations	(883,349)	(867,307)
Total allocations and designations to others	(883,349)	(867,307)
 Total allocations to agencies and other United Way organizations	 \$ 5,957,919	 \$ 6,068,494

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 6.2 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 19.6 percent and 18.8 percent for 2017 and 2016, 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, 2017 and 2016

NOTE 12 - PLEDGE RECEIVABLES (Continued)

	<u>2017</u>	<u>2016</u>
Pledge receivables		
Local Campaign	\$ 2,969,116	\$ 3,091,385
Challenge Grants-Local	515,000	515,000
Raised by Others	10,117	18,445
Total Local Pledge receivables	<u>3,494,233</u>	<u>3,624,830</u>
Publix Regional Campaign	21,461,620	19,286,451
Challenge Grants-Regional	270,000	270,000
Total Regional Pledge receivables	<u>21,731,620</u>	<u>19,556,451</u>
Total Pledge receivables	<u>\$ 25,225,853</u>	<u>\$ 23,181,281</u>
Less allowance for uncollectible		
Local Campaign	\$ (564,000)	\$ (564,000)
Publix Regional Campaign	<u>(6,251,000)</u>	<u>(5,705,000)</u>
Total allowance for uncollectible	<u>\$ (6,815,000)</u>	<u>\$ (6,269,000)</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, 2017 and 2016 of \$155,008 and \$146,387, 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, 2017 and 2016 was \$52,254 and \$52,590, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 107,933	\$ 436,619	\$ 544,552
Board-designated funds	522,594	1,302,698	-	1,825,292
Beneficial interest in perpetual trust	-	-	129,576	129,576
Beneficial interest in perpetual assets held by GiveWell Community Foundation	-	-	659,537	659,537
Total funds	<u>\$ 522,594</u>	<u>\$ 1,410,631</u>	<u>\$ 1,225,732</u>	<u>\$ 3,158,957</u>

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 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>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the year ended June 30, 2017 consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets at beginning of year	\$ 344,438	\$ 1,285,081	\$ 1,184,023	\$ 2,813,542
Investment return:				
Investment income, net	43,157	19,816	-	62,973
Net appreciation (realized and unrealized)	41,123	130,734	29,000	200,857
Total investment return	<u>84,280</u>	<u>150,550</u>	<u>29,000</u>	<u>263,830</u>
New gifts	32,308	-	12,709	45,017
Transfer to create board-designated endowment fund	100,000	-	-	100,000
Release of endowment assets for expenditure	<u>(38,432)</u>	<u>(25,000)</u>	<u>-</u>	<u>(63,432)</u>
Net assets at end of year	<u>\$ 522,594</u>	<u>\$ 1,410,631</u>	<u>\$ 1,225,732</u>	<u>\$ 3,158,957</u>

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)	(12,973)	(85,144)	(47,829)	(145,946)
Total investment return	<u>27,805</u>	<u>(69,235)</u>	<u>(47,829)</u>	<u>(89,259)</u>
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>

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. In the current year and the prior year, appropriations made were made for program operating costs. 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, 2017 and 2016

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, 2017 and 2016.

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>2017</u>	<u>2016</u>
Beneficial interest in perpetual trusts	\$ 129,576	\$ 123,988
Beneficial interest in Givewell	659,537	636,126
Investment securities	<u>2,369,844</u>	<u>2,053,428</u>
Total	<u>\$ 3,158,957</u>	<u>\$ 2,813,542</u>