

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

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

FINANCIAL STATEMENTS
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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, 2020 and 2019, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Tampa, Florida
February 15, 2021

UNITED WAY OF CENTRAL FLORIDA, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (Note 3)	\$ 8,768,124	\$ 4,077,043
Investments (Notes 4 and 5)	5,301,423	5,386,100
Accounts receivable, net	294,456	56,112
Pledge receivables (Note 13)	27,186,690	27,322,200
Less allowance for uncollectible	(10,128,000)	(9,070,000)
Grant advance to partner agencies (Note 17)	7,721,774	-
Other assets	114,596	44,415
Beneficial interest in assets held by others (Notes 1 and 5)	1,130,157	1,425,311
Less discounts (Notes 1 and 5)	-	(10,119)
Property and equipment (Note 7)	<u>513,980</u>	<u>561,944</u>
	<u>\$ 40,903,200</u>	<u>\$ 29,793,006</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Designations payable (Note 11)	\$ 14,755,959	\$ 15,702,026
Accounts payable and accrued liabilities	195,992	164,660
Grant advance liability (Note 18)	12,821,853	-
Designations payable - Lead trusts, less discount of \$241 and \$5,782 for 2020 and 2019, respectively (Note 6)	<u>149,759</u>	<u>219,218</u>
Total liabilities	27,923,563	16,085,904
Net assets		
Without donor restrictions		
Undesignated	3,608,565	2,630,521
Board designated (Note 10)	<u>4,304,772</u>	<u>6,123,014</u>
Total unrestricted assets	7,913,337	8,753,535
With donor restrictions (Notes 8 and 15)	<u>5,066,300</u>	<u>4,953,567</u>
Total net assets	<u>12,979,637</u>	<u>13,707,102</u>
	<u>\$ 40,903,200</u>	<u>\$ 29,793,006</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Current year campaign						
Gross campaign results	\$ 7,336,835	\$ -	\$ 7,336,835	\$ 8,302,205	\$ -	\$ 8,302,205
Gross campaign results in prior year, released from restrictions (Note 9)	59,779	(59,779)	-	45,066	(45,066)	-
Less estimated uncollectible pledges	(581,180)	-	(581,180)	(475,564)	-	(475,564)
Less donor designations	(1,090,373)	-	(1,090,373)	(1,031,151)	-	(1,031,151)
Net current year campaign revenue	5,725,061	(59,779)	5,665,282	6,840,556	(45,066)	6,795,490
Disaster Relief						
Gross disaster relief results	3,234,922	37,203	3,272,125	-	15,000	15,000
Restricted Jenkins and Publix Charities						
Challenge grants received in prior period, released from restrictions (Note 9)	200,000	(200,000)	-	200,000	(200,000)	-
Gross Jenkins Family Grant and Publix Charities results:	565,677	445,948	1,011,625	689,190	322,435	1,011,625
Less designations to other agencies	(75,000)	-	(75,000)	(75,000)	-	(75,000)
Net Restricted Jenkins and Publix Charities revenue	690,677	245,948	936,625	814,190	122,435	936,625
Prior Year Campaign						
Gross campaign results	115,464	-	115,464	308,576	-	308,576
Recovery of prior year uncollectible pledges	38,487	-	38,487	38,672	-	38,672
Less donor designations	(9,286)	-	(9,286)	(31,788)	-	(31,788)
Net prior year campaign revenue	144,665	-	144,665	315,460	-	315,460
Future Campaigns						
Campaign revenue	-	54,967	54,967	-	59,779	59,779

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Other						
Special events	22,765	-	22,765	22,249	651	22,900
Changes in beneficial interest in assets held by others	-	(12,583)	(12,583)	-	14,123	14,123
Other contributions	28,924	169,873	198,797	27,501	136,234	163,735
Designations from other United Ways	14,855	-	14,855	26,794	-	26,794
Service fees	602,392	2,054	604,446	808,544	-	808,544
Grants and contracts	297,784	275,629	573,413	79,834	61,626	141,460
Interest income	109,579	33,773	143,352	117,891	39,597	157,488
Net gain on investments	68,058	(94,605)	(26,547)	133,964	30,035	163,999
Less investment management fees	(27,740)	(11,917)	(39,657)	(31,478)	(12,452)	(43,930)
Miscellaneous income	316,054	-	316,054	41,838	-	41,838
Net assets released from restrictions (Note 9)	527,830	(527,830)	-	691,099	(691,099)	-
Total other	<u>1,960,501</u>	<u>(165,606)</u>	<u>1,794,895</u>	<u>1,918,236</u>	<u>(421,285)</u>	<u>1,496,951</u>
Total revenue	11,755,826	112,733	11,868,559	9,888,442	(269,137)	9,619,305
Expenses						
Program services:						
Allocations/Awards (Note 12)	10,235,548	-	10,235,548	7,301,330	-	7,301,330
Less donor designations	<u>(1,174,659)</u>	<u>-</u>	<u>(1,174,659)</u>	<u>(1,137,939)</u>	<u>-</u>	<u>(1,137,939)</u>
Net funds awarded/distributed	<u>9,060,889</u>	<u>-</u>	<u>9,060,889</u>	<u>6,163,391</u>	<u>-</u>	<u>6,163,391</u>
Other program services	1,648,860	-	1,648,860	1,699,487	-	1,699,487
Support services	<u>1,886,275</u>	<u>-</u>	<u>1,886,275</u>	<u>1,976,459</u>	<u>-</u>	<u>1,976,459</u>
Total expenses	<u>12,596,024</u>	<u>-</u>	<u>12,596,024</u>	<u>9,839,337</u>	<u>-</u>	<u>9,839,337</u>
Changes in net assets	(840,198)	112,733	(727,465)	49,105	(269,137)	(220,032)
Net assets, beginning of year	<u>8,753,535</u>	<u>4,953,567</u>	<u>13,707,102</u>	<u>8,704,430</u>	<u>5,222,704</u>	<u>13,927,134</u>
Net assets, end of year	<u>\$ 7,913,337</u>	<u>\$ 5,066,300</u>	<u>\$ 12,979,637</u>	<u>\$ 8,753,535</u>	<u>\$ 4,953,567</u>	<u>\$ 13,707,102</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program Services								Support Services						2020 Total
	Community Impact	Financial Stability	Disaster Relief	Success by 6	Master Teacher	Women United - ReadingPals	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WU and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services	Indirect Cost Pools	
Expenses															
Allocations/awards (Note 12)	\$7,063,265	\$ -	\$ 3,172,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,235,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,235,548
Less donor designated	(1,174,659)	-	-	-	-	-	-	-	(1,174,659)	-	-	-	-	-	(1,174,659)
Net allocations/ awards	5,888,606	-	3,172,283	-	-	-	-	-	9,060,889	-	-	-	-	-	9,060,889
Personnel															
Labor, salaries and wages	255,145	-	65,059	113,949	84,246	48,571	131,249	45,515	743,734	466,618	39,004	503,838	1,009,460	160,376	1,913,570
Payroll taxes	20,339	-	4,875	8,192	6,318	3,668	10,066	3,373	56,831	34,698	2,930	39,266	76,894	12,059	145,784
Employee benefits (Note 14)	38,752	-	10,903	25,590	21,843	8,954	11,046	9,805	126,893	82,824	4,635	81,267	168,726	43,497	339,116
Total personnel expenses	314,236	-	80,837	147,731	112,407	61,193	152,361	58,693	927,458	584,140	46,569	624,371	1,255,080	215,932	2,398,470
Other															
Contract services	11,583	-	-	-	275	3,799	7,174	159,135	181,966	9,424	-	39,937	49,361	-	231,327
Office and program supplies	614	-	148	44,217	4,173	12,170	8,377	302	70,001	888	543	2,386	3,817	11,373	85,191
Printing	4,341	-	-	3,852	-	84	1,229	1,565	11,071	22,021	2,785	324	25,130	6,418	42,619
Advertising and promotional items	13,048	16,120	-	771	-	1,116	265	53,895	85,215	27,474	1,550	238	29,262	7,336	121,813
Events and miscellaneous marketing	750	-	1,690	68	308	150	1,735	-	4,701	56,812	11,082	3,814	71,708	19,234	95,643
Postage and shipping	-	-	23	22	-	-	26	26	97	1,344	92	-	1,436	6,587	8,120
Telephone	-	-	-	-	-	-	4,181	-	4,181	583	244	-	827	18,704	23,712
Building, maintenance, utilities and taxes	-	-	-	-	-	-	32,854	-	32,854	-	-	-	-	69,938	102,792
Employee business expense	5,377	-	953	989	260	694	1,626	262	10,161	23,263	3,657	5,429	32,349	2,024	44,534

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program Services								Support Services					2020 Total	
	Community Impact	Financial Stability	Disaster Relief	Success by 6	Master Teacher	Women United - ReadingPals	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WU and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services		Indirect Cost Pools
Other expenses (continued)															
Training and development	-	-	-	398	895	62	1,454	52	2,861	5,980	-	10,882	16,862	-	19,723
Temporary help	-	-	-	-	-	-	316	-	316	-	-	4,300	4,300	-	4,616
Insurance	-	-	-	-	-	-	2,315	-	2,315	-	-	-	-	17,610	19,925
Miscellaneous	325	-	422	-	1,971	331	3,061	440	6,550	3,069	85	16,782	19,935	2,828	29,313
Equipment rental and maintenance	5,251	-	-	433	1,579	470	4,045	1,879	13,657	11,732	28	13,839	25,599	56,978	96,234
Membership dues	100	-	-	100	138	-	-	-	338	3,090	425	3,301	6,816	3,735	10,889
Depreciation expense	6,153	-	1,558	2,717	2,026	1,168	41,579	1,094	56,295	11,230	938	12,120	24,288	-	80,583
United Way of Florida dues	-	-	-	-	-	-	-	-	-	-	-	-	-	21,128	21,128
Total other expenses	<u>47,542</u>	<u>16,120</u>	<u>4,794</u>	<u>53,567</u>	<u>11,625</u>	<u>20,044</u>	<u>110,237</u>	<u>218,650</u>	<u>482,579</u>	<u>176,910</u>	<u>21,429</u>	<u>113,352</u>	<u>311,690</u>	<u>243,893</u>	<u>1,038,162</u>
Total personnel and other expenses	361,778	16,120	85,631	201,298	124,032	81,237	262,598	277,343	1,410,037	761,050	67,998	737,723	1,566,770	459,825	3,436,632
United Way Worldwide dues	-	-	-	-	-	-	-	-	-	-	-	-	-	98,503	98,503
Cost pool allocations	<u>81,408</u>	-	<u>22,461</u>	<u>36,399</u>	<u>26,428</u>	<u>16,217</u>	<u>41,551</u>	<u>14,359</u>	<u>238,823</u>	<u>148,025</u>	<u>12,457</u>	<u>159,022</u>	<u>319,505</u>	<u>(558,328)</u>	-
Total expenses	<u>\$6,331,792</u>	<u>\$16,120</u>	<u>\$3,280,375</u>	<u>\$237,697</u>	<u>\$150,460</u>	<u>\$97,454</u>	<u>\$304,149</u>	<u>\$291,702</u>	<u>\$10,709,749</u>	<u>\$909,075</u>	<u>\$80,455</u>	<u>\$896,745</u>	<u>\$1,886,275</u>	<u>\$-</u>	<u>\$12,596,024</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program Services								Support Services						2019 Total
	Community Impact	Financial Stability	Disaster Relief	Success by 6	Master Teacher	Women United - ReadingPals	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WU and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services	Indirect Cost Pools	
Expenses															
Allocations/awards (Note 12)	\$7,273,241	\$ -	\$ 28,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$7,301,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$7,301,330
Less donor designated Net allocations/ awards	(1,137,939)	-	-	-	-	-	-	-	(1,137,939)	-	-	-	-	-	(1,137,939)
	6,135,302	-	28,089	-	-	-	-	-	6,163,391	-	-	-	-	-	6,163,391
Personnel															
Labor, salaries and wages	255,423	-	2,159	110,891	126,318	44,155	130,636	58,167	727,749	429,806	53,053	536,282	1,019,141	159,092	1,905,982
Payroll taxes	19,330	-	159	8,173	9,285	3,233	9,941	4,334	54,455	32,415	3,923	38,088	74,426	11,995	140,876
Employee benefits (Note 13)	48,066	-	499	25,707	29,412	11,973	20,812	11,498	147,967	65,709	12,109	72,342	150,160	24,876	323,003
Total personnel expenses	322,819	-	2,817	144,771	165,015	59,361	161,389	73,999	930,171	527,930	69,085	646,712	1,243,727	195,963	2,369,861
Other															
Contract services	9,752	33,995	-	4,176	-	2,390	8,507	156,818	215,638	3,012	-	39,003	42,015	16,150	273,803
Office and program supplies	653	-	-	39,762	15,791	16,123	24,534	1,382	98,245	1,318	300	2,535	4,153	12,448	114,846
Printing	2,845	800	-	11,466	7	818	860	4,963	21,759	19,812	2,261	543	22,616	9,283	53,658
Advertising and promotional items	6,950	7,899	-	2,230	-	464	670	-	18,213	46,897	2,515	240	49,652	3,308	71,173
Events and miscellaneous marketing	557	-	-	883	-	6,389	2,038	26	9,893	89,602	17,010	287	106,899	59,731	176,523
Postage and shipping	-	-	-	-	-	-	-	74	74	185	167	14	366	8,813	9,253
Telephone	-	-	-	-	-	-	3,764	-	3,764	663	326	-	989	14,315	19,068
Building, maintenance, utilities and taxes	-	-	-	-	-	-	73,197	-	73,197	-	-	-	-	69,341	142,538
Employee business expense	6,322	12	13	2,276	2,132	1,550	2,218	1,171	15,694	21,338	6,011	8,777	36,126	2,340	54,160

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program Services								Support Services						2019 Total
	Community Impact	Financial Stability	Disaster Relief	Success by 6	Master Teacher	Women United - ReadingPals	Family Fundamentals	2-1-1	Total Program Services	Campaign, Leadership, WU and Planned Giving	Highlands County Operation	Finance and Administration	Total Support Services	Indirect Cost Pools	
Other expenses (continued)															
Training and development	5,230	1,097	-	734	2,356	74	355	-	9,846	16,401	645	13,733	30,779	6,561	47,186
Temporary help	-	-	-	-	-	-	81	-	81	-	-	21,762	21,762	-	21,843
Insurance	-	-	-	-	-	-	2,533	-	2,533	-	-	-	-	16,295	18,828
Miscellaneous	46	-	-	-	1,276	1,308	1,659	88	4,377	2,337	369	18,852	21,558	2,670	28,605
Equipment rental and maintenance	3,740	-	-	211	599	122	4,558	3,037	12,267	4,879	10	10,777	15,666	59,973	87,906
Membership dues	100	-	-	100	69	-	-	-	269	2,160	325	4,067	6,552	1,205	8,026
Depreciation expense	6,445	-	54	2,799	3,202	1,115	16,644	1,467	31,726	10,815	1,345	13,548	25,708	-	57,434
United Way of Florida dues	-	-	-	-	-	-	-	-	-	-	-	-	-	20,421	20,421
Total other expenses	<u>42,640</u>	<u>43,803</u>	<u>67</u>	<u>64,637</u>	<u>25,432</u>	<u>30,353</u>	<u>141,618</u>	<u>169,026</u>	<u>517,576</u>	<u>219,419</u>	<u>31,284</u>	<u>134,138</u>	<u>384,841</u>	<u>302,854</u>	<u>1,205,271</u>
Total personnel and other expenses	365,459	43,803	2,884	209,408	190,447	89,714	303,007	243,025	1,447,747	747,349	100,369	780,850	1,628,568	498,817	3,575,132
United Way Worldwide dues	-	-	-	-	-	-	-	-	-	-	-	-	-	100,814	100,814
Cost pool allocations	89,372	-	734	38,043	43,878	15,213	44,709	19,791	251,740	146,083	18,102	183,706	347,891	(599,631)	-
Total expenses	<u>\$6,590,133</u>	<u>\$43,803</u>	<u>\$ 31,707</u>	<u>\$ 247,451</u>	<u>\$234,325</u>	<u>\$ 104,927</u>	<u>\$ 347,716</u>	<u>\$262,816</u>	<u>\$ 7,862,878</u>	<u>\$ 893,432</u>	<u>\$ 118,471</u>	<u>\$ 964,556</u>	<u>\$1,976,459</u>	<u>\$ -</u>	<u>\$ 9,839,337</u>

See accompanying notes to financial statements.

UNITED WAY OF CENTRAL FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (727,465)	\$ (220,032)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	80,583	57,434
Beneficial interest in assets held by others	272,452	269,168
Loss on disposal of property and equipment	2,993	-
Net gain on investments	26,547	(163,999)
Contributions to permanently restricted endowments	(12,197)	(12,071)
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(238,344)	(5,186)
Pledges receivable	1,193,510	564,034
Grant advances	(7,721,774)	-
Other current assets	(70,181)	(11,052)
Beneficial interest in assets held by others	12,583	(14,123)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	31,332	10,180
Designations payable	(1,015,526)	(372,235)
Grant advance liability	12,821,853	-
Cash from operating activities	<u>4,656,366</u>	<u>102,118</u>
Cash flows from investing activities		
Purchases of property and equipment	(35,612)	(132,213)
Purchases of investments	(123,227)	(77,320)
Proceeds from the sale of investments	181,357	7,344
Cash from investing activities	<u>22,518</u>	<u>(202,189)</u>
Cash flows from financing activities		
Contributions to permanently restricted endowments	12,197	12,071
Cash from financing activities	<u>12,197</u>	<u>12,071</u>
Net increase in cash and cash equivalents	4,691,081	(88,000)
Cash and cash equivalents at beginning of year	<u>4,077,043</u>	<u>4,165,043</u>
Cash and cash equivalents at end of year	<u>\$ 8,768,124</u>	<u>\$ 4,077,043</u>
Supplemental disclosure of cash flow information		
In-kind donations	<u>\$ 317,872</u>	<u>\$ 33,356</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 is disrupting the typical not-for-profit model by amplifying donor dollars with local matches and convening partners to improve efficiency and brokering only those services that produce the best possible return on investment.

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: The 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. Academic Achievement Initiative helps children in grades K–12 pass achievement tests at grade level and graduate on time.

FINANCIAL STABILITY/INCOME: The Financial Stability initiative helps families improve financial stability with GED and job training, credit and budgeting classes, money coaches, financial education and savings match programs. Improved credit scores, increases in emergency savings accounts, increases in job related credentials and/or increases in family income measure success.

HEALTH: The Health Initiative helps 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: The Safety Net Initiative provides 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.

END HUNGER INITIATIVE: The End Hunger Initiative helps to eliminate hunger and food insecurity by increasing the access to food and helps families to find financial stability.

- In 2019, 17 food distributions began in Polk County. These distributions now serve up to 30,000 people per month.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMMUNITY PARTNERSHIP SCHOOL INITIATIVE: The Community Partnership School Initiative helps to provide a full service health clinic, financial education and academic support for Polk's first Community Partnership School.

- In 2019, Crystal Lake Elementary, A Community Partnership School began operations under guidance from the University of Central Florida. Five core partners of this project are Southeastern University, Heartland for Children, Central Florida Health Care, Polk County Public Schools, and United Way of Central Florida.

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, businesses, non-profit and faith-based organizations involved in disaster response.

UWCF was quick to respond to COVID-19, making relief efforts a top priority. With the support of local patterns and government funding, UWCF was able to provide the following support:

- Polk County Unites: In partnership with the Polk County Board of County Commissions, Polk County CARES Act funding provided residents who have lost wages due to COVID-19 with over \$2 million in financial assistance.
- The George Jenkins Foundation provided \$384,866 to support additional food resources, child care for frontline and essential workers and provide support for homeless Polk County students.
- The United Community Relief Fund was formed in partnership with GiveWell Community Foundation to support local nonprofits. This fund provided \$310,056 in aid to nonprofits to fund food, child care, adult care, personal protective equipment, shelter, utilities and other emergency needs.
- Tampa Bay Fisheries provided 77,964 pounds of frozen seafood resources and in-kind food to supplement 58 mobile food pantries.
- Publix Super Markets Emergency Relief provided \$19,538 to support individuals who have experienced hardships due to COVID-19.
- The Mosaic Company COVID-19 Relief grant provided \$15,000 to help individuals laid off due to COVID-19.
- 2-1-1 referrals increased dramatically due to increasing needs faced by citizens of Polk, Highlands and Hardee counties. In March 2019, 1,590 inquiries were received in March 2020, 5,425 inquiries were received.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

- 120 Parent Lending Libraries were in childcare centers serving low-income families; with 38,237 books checked out.
- 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, billboards, newspaper advertisements and parent education materials placed in key locations throughout the area.
- 220,000 Parent Resource Guides were distributed in Polk and Highlands County this 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 a book each month to the homes of preschool children.
- Let's Grow is a Success By 6 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.

Family Fundamentals: An outreach of Success By 6 - Family Fundamentals is a "one-stop" parent resource center which mobilizes partnerships with more than 42 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.

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 three 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.

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.

- 211 received over 33,000 calls with an average of 2,833 calls per month.
- Chats, texts, and e-mail inquiries totaled 16,696 with an average of 1,391 per month.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Women United – ReadingPals: In Spring 2012, UWCF received a first year grant to begin ReadingPals. Planning and implementation include collaborations with Polk and Highlands County Schools, the Early Learning Coalition of Polk and Learning Resource Center. From 2012-2019, Carol and Barney Barnett invested over \$8,500,000 in 17 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 50% of children who are not reading at grade level. A total of 205 ReadingPals were trained to offer tutoring sessions in 58 classrooms in 2019/20 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 two classes of net assets: (1) net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions and (2) net assets with donor restrictions, which include donor-imposed restrictions that will be met either by actions of UWCF and/or the passage of time. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

Net assets without donor restrictions consist of operating funds available for any purpose authorized by the board of directors. At June 30, 2020 and 2019, UWCF had \$7,913,337 and \$8,753,535, respectively, in unrestricted net assets.

Net assets with donor restrictions 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 or that 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, 2020 and 2019, UWCF had \$5,066,300 and \$4,953,567, respectively, in net assets with donor restrictions.

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.

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 Other United Way Campaigns, in which UWCF is the agent for the campaigns.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: UWCF recognizes revenues as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified to net assets without donor restrictions.

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 net assets with donor restrictions and are reclassified to net assets without donor restrictions when the time or purpose restriction is met. Conditional promises to give are recorded when all eligibility requirements have been met.

As of June 30, 2020, UWCF has a conditional promise to give of \$539,720 contingent on the donor's employees paying their pledge contributions. There were no conditional promises to give as of June 30, 2019.

Grants and Contracts: UWCF receives 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.

Grant advance to partner agencies: UWCF has disbursed federal funds from the Polk Co. CARES act to sub-recipient, partner agencies. Under ASU 2018-08, amounts paid to partner agencies, that have not yet met the conditions of eligibility, are recorded as a Grant advance. Each partner is required to meet conditions by distribution of funds to eligible individuals, up to \$2,000 each. The conditions for meeting eligibility are detailed in the Polk Co. amended contract, the Memorandum of Understanding, and Clearinghouse attestations and reporting.

Grant advance liability: UWCF has received federal funds from the Polk Co. CARES act and the SBA Paycheck Protection Program (PPP) that are recorded as grant advance liabilities where the conditions of eligibility are not met. In order to earn these grant revenues, UWCF must determine that sub-recipient partners met client eligibility as detailed in the Polk Co. amended contract, the Memorandum of Understanding, and Clearinghouse attestations and reporting. For the SBAPPP funds, eligibility is met by incurring 8 weeks of eligible expenses in the reporting period.

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, 2020 and 2019 was \$775,731 and \$793,611, 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.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The contribution is classified as donor 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 donor restricted gains or losses.

UWCF has two beneficial interests in trusts held by third parties reported in net assets with donor restrictions. 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. The fair value of these Trusts as of June 30, 2020 and 2019 was \$354,426 and \$631,700, less present value discounts of \$0 and \$10,119, 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 donor 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.

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.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 or 2019.

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 fundraising categories based on the actual direct expenditures and cost allocations based upon estimates by management. Indirect costs are allocated on the direct salaries and wages from monthly timesheets.

Fundraising expenses include all costs in departments that are focused primarily on Resource Development/fundraising. They are identified on the Statement of Functional Expenses in two columns, "Campaign, Leadership, WU and Planned Giving" and "Highlands County Operation" for total fundraising expenses. Fundraising expenses are combined with management and general expenses in "Finance and Administration" to total the Support Services expenses as shown on the Statement of Activities.

	<u>2020</u>	<u>2019</u>
Campaign, Leadership, WU and Planned Giving	\$ 909,075	\$ 893,432
Highlands County Operation	<u>80,455</u>	<u>118,471</u>
Total Fundraising expenses	989,530	1,011,903
Finance and Administration	<u>896,745</u>	<u>964,556</u>
Total Support Services expenses	<u>\$ 1,886,275</u>	<u>\$ 1,976,459</u>

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 2019 financial statements, to conform to the 2020 financial statement presentation. Such reclassifications had no effect on the reported changes in net assets or net assets taken as a whole.

Recent accounting pronouncements: In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments apply to both resources received by a recipient and resources given by a resource provider, except for transfers of assets from government entities to business entities. The amendments in this ASU are effective retrospectively for fiscal years beginning after December 15, 2018. Beginning fiscal year 2020 UWCF implemented the provisions of this ASU for the year end June 30, 2020 using a modified retrospective approach. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result no cumulative effect adjustment was recorded upon adoption.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through February 15, 2021 the date the financial statements were available to be issued.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 - LIQUIDITY AND AVAILABILITY

UWCF's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 8,768,124	\$ 4,077,043
Investments	5,301,423	5,386,100
Accounts receivable, net	294,456	56,112
Pledges receivable, net	2,866,101	3,085,706
Beneficial Interest	<u>1,130,157</u>	<u>1,415,192</u>
Total financial assets available within one year	18,360,261	14,020,153
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(1,359,968)	(1,604,603)
Restricted by donors in perpetuity	<u>(1,216,178)</u>	<u>(1,219,961)</u>
Total amounts unavailable for general expenditures within one year	(2,576,146)	(2,824,564)
Amounts unavailable to management without Board's approval:		
Board designated for quasi-endowment	<u>(1,702,112)</u>	<u>(1,907,668)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 14,082,003</u>	<u>\$ 9,287,921</u>

UWCF maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

UWCF has an 'Investments Policy' that recommends target ranges for investment allocations by categories for operations or in excess of current operating liquidity needs. In addition, a separate 'Reserves Policy' recommends a target reserves level of three months of operating expenditures, or, \$1,747,351 and \$2,403,259 as of June 30, 2020 and 2019, respectively. UWCF considers these reserves available for use on general expenditures within the next year as necessary, although this need is not anticipated. As of June 30, 2020 and 2019, respectively, the Investment balance for Unrestricted Reserves was \$2,852,224 and \$2,787,020.

The Board designates a portion of the current year campaign to fund Allocations for the next 12 months. As Allocations are general operating costs and have been budgeted for subsequent fiscal year, these funds are considered available.

The amount listed Unavailable 'Board Designated for Quasi-Endowment' as of June 30, 2020, includes \$533,072 unrestricted, and, \$1,169,040, restricted for Highlands County. The amount listed Unavailable 'Board Designated for Quasi-Endowment' as of June 30, 2019, includes \$589,240 unrestricted, and, \$1,318,428, restricted for Highlands County. Draws for a total of \$80,000 and \$48,500 from the restricted endowment have been budgeted and are considered available for use as of June 30, 2020 and June 30, 2019. While UWCF does not intend to spend any of these Unavailable funds for purposes other than planned or restricted, the amounts could be made available for current operations for purposes intended, by Board approval, if necessary.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 - LIQUIDITY AND AVAILABILITY (Continued)

As of June 30, 2020 other restricted endowments are unavailable, however, estimated Trust distributions of \$200,000 and \$33,600, from Beneficial Interests held by third parties, have been budgeted and are available. As of June 30, 2019 other restricted endowments are unavailable, however, estimated Trust distributions of \$200,000 and \$35,500, from Beneficial Interests held by third parties, have been budgeted and are available.

UWCF also has assets in Pledges, Investments, or Beneficial Interests, that are donor restricted, or restricted by purpose or time. To the extent the restricted purpose or time is budgeted for expenditures in the next 12 months, they are considered available for use as of June 30, 2020 and 2019.

Some donors have restricted their gifts for emergency relief. These are within the purpose restricted gifts and are considered available if they have been budgeted for fiscal year 2020-2021 (20/21) or fiscal year 2019-2020 (19/20), respectively. Funds accumulated beyond the amount available retain their restrictions for the emergency purposes, which currently include the "Last Resort Fund", "Newspaper with a Heart Fund" and "Destination Graduation".

NOTE 3 - 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>2020</u>	<u>2019</u>
Cash on hand	\$ 250	\$ 250
Checking accounts	<u>8,767,874</u>	<u>4,076,793</u>
	<u>\$ 8,768,124</u>	<u>\$ 4,077,043</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 4 - INVESTMENTS

Investments are stated at fair value. Fair values at June 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Mutual and exchange traded funds	<u>\$ 5,301,423</u>	<u>\$ 5,386,100</u>

(Continued)

NOTE 5 - 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 its beneficial interests 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, 2020 and 2019

NOTE 5 - 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, 2020:

	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	\$ 496,903	\$ -	\$ -	\$ 496,903
Equity Mutual Funds	4,804,520	-	-	4,804,520
Beneficial interest in assets held by others	-	-	1,130,157	1,130,157
	<u>\$ 5,301,423</u>	<u>\$ -</u>	<u>\$ 1,130,157</u>	<u>\$ 6,431,580</u>

Asset composition as of June 30, 2019:

	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	\$ 1,708,530	\$ -	\$ -	\$ 1,708,530
Equity Mutual Funds	3,174,503	-	-	3,174,503
Other, Alternative, Commodities & Gold	315,425	-	-	315,425
REITS	187,642	-	-	187,642
Beneficial interest in assets held by others	-	-	1,425,311	1,425,311
Less discounts	-	-	(10,119)	(10,119)
	<u>\$ 5,386,100</u>	<u>\$ -</u>	<u>\$ 1,415,192</u>	<u>\$ 6,801,292</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 - 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, 2020 and 2019, 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, 2019	\$ 664,993	\$ 128,618	\$ 621,581	\$ 1,415,192
Total gains or losses - realized/unrealized included in changes in net assets	11,931	(2,107)	-	9,824
Amortization of discount	-	-	10,838	10,838
Interest and dividend income	12,781	5,250	-	18,031
Purchases/contributions	-	-	-	-
Investment fees	(9,088)	-	-	(9,088)
Disbursed	<u>(31,397)</u>	<u>(5,250)</u>	<u>(277,993)</u>	<u>(314,640)</u>
Ending balance at June 30, 2020	<u>\$ 649,220</u>	<u>\$ 126,511</u>	<u>\$ 354,426</u>	<u>\$ 1,130,157</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, 2018	\$ 664,641	\$ 130,092	\$ 875,504	\$ 1,670,237
Total gains or losses - realized/unrealized included in changes in net assets	24,225	(1,474)	-	22,751
Amortization of discount	-	-	24,577	24,577
Interest and dividend income	19,116	5,500	-	24,616
Purchases/contributions	-	-	-	-
Investment fees	(9,381)	-	-	(9,381)
Disbursed	<u>(33,608)</u>	<u>(5,500)</u>	<u>(278,500)</u>	<u>(317,608)</u>
Ending balance at June 30, 2019	<u>\$ 664,993</u>	<u>\$ 128,618</u>	<u>\$ 621,581</u>	<u>\$ 1,415,192</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The unrealized gains and losses are recorded in the accompanying statements of activities as “change in beneficial interest in trusts” with donor restrictions for the years ended June 30, 2020 and 2019, respectively, and relate to Level 3 assets that are still held at June 30, 2020 and 2019.

The carrying value of UWCF’s financial instruments not remeasured at fair value on a recurring basis approximates their fair value at June 30, 2020 and 2019. Such financial instruments include:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 8,768,124	\$ 4,077,043
Net accounts and pledge receivable	17,353,146	18,308,312

NOTE 6 - DESIGNATIONS PAYABLE – LEAD TRUSTS

Designations payable of \$149,759 and \$219,218 at June 30, 2020 and 2019, 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 5.

NOTE 7 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of:

	<u>2020</u>	<u>2019</u>
Land	\$ 100,000	\$ 100,000
Buildings and improvements	1,164,297	1,154,934
Furniture, fixtures and equipment	678,735	669,089
Automobiles	<u>22,759</u>	<u>44,918</u>
	1,965,791	1,968,941
Less accumulated depreciation	<u>1,451,811</u>	<u>1,406,997</u>
	<u>\$ 513,980</u>	<u>\$ 561,944</u>

Depreciation expense for the years ended June 30, 2020 and 2019 is \$80,583 and \$57,434, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for which the donor-imposed restrictions have not yet been met or for which the corpus will be invested in perpetuity and only the income made available for program operations in accordance with donor stipulations is summarize as follows:

	<u>2020</u>	<u>2019</u>
Time restrictions:		
Campaign	\$ 54,967	\$ 59,779
Trusts	204,667	417,362
Endowments	<u>193,329</u>	<u>181,296</u>
Total time restrictions	452,963	658,437
Purpose restrictions:		
Master Teacher	102,892	22,147
Community Impact / Emergency Relief	1,296,161	998,124
Highlands Co.	1,249,691	1,367,579
Success By 6	226,732	339,555
Leadership Giving	160,443	107,945
Women United	111,221	97,352
Family Fundamentals	<u>216,419</u>	<u>106,967</u>
Total purpose restrictions	<u>3,363,559</u>	<u>3,039,669</u>
Endowments:		
Beneficial interest in assets held by others	775,731	793,611
Other endowment funds	<u>474,047</u>	<u>461,850</u>
Total endowments restrictions	<u>1,249,778</u>	<u>1,255,461</u>
Total net assets with donor restrictions	<u>\$ 5,066,300</u>	<u>\$ 4,953,567</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

NOTE 9 – RELEASE OF NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Time restrictions:		
Campaign	\$ 59,779	\$ 45,066
Trusts	<u>202,906</u>	<u>203,500</u>
Total time restrictions	262,685	248,566
Purpose restrictions:		
Master Teacher	8,175	20,912
Success By 6	225,373	158,511
Community Emergency Relief	155,767	328,089
Family Fundamentals	29,953	53,631
Leadership Giving	35,001	84,056
Women United	37,465	23,873
Highlands Co.	<u>33,190</u>	<u>18,527</u>
Total purpose restrictions	<u>524,924</u>	<u>687,599</u>
Total net assets with donor restrictions released from restrictions	<u>\$ 787,609</u>	<u>\$ 936,165</u>

NOTE 10 - DESIGNATIONS OF NET ASSETS WITHOUT DONOR RESTRICTIONS

Designations of net assets without donor-imposed restrictions 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, 2020 and 2019

NOTE 10 - DESIGNATIONS OF NET ASSETS WITHOUT DONOR RESTRICTIONS (Continued)

The detail of Board designations at June 30th:

	<u>2020</u>	<u>2019</u>
Board designated net assets		
Designated for:		
Allocations	\$ 2,024,349	\$ 3,130,515
Board policy	1,747,351	2,403,259
Endowment per Board policy	<u>533,072</u>	<u>589,240</u>
Total Board designated net assets	<u>\$ 4,304,772</u>	<u>\$ 6,123,014</u>

NOTE 11 - DESIGNATIONS PAYABLE

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

	<u>2020</u>	<u>2019</u>
Designations payable:		
Publix Other United Ways Campaigns	\$ 13,832,589	\$ 14,806,491
Other designations payable:		
Donor designations to member agencies	415,700	442,433
Other United Ways	378,925	370,451
Donor designations for		
Out of Area Campaign	-	500
Donor designations to unaffiliated agencies	<u>128,745</u>	<u>82,151</u>
Total other designations payable	<u>923,370</u>	<u>895,535</u>
Total designations payable	<u>\$ 14,755,959</u>	<u>\$ 15,702,026</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 12 - ALLOCATIONS TO AGENCIES AND OTHER UNITED WAY ORGANIZATIONS

	<u>2020</u>	<u>2019</u>
Program category		
Polk/Hardee		
Education - Helping Children to Succeed in School - 33 programs		
Education 1- "School Readiness"	\$ 601,031	\$ 642,172
Education 2- "Academic Achievement"	763,878	821,885
Education 3- "Academic Achievement"	339,633	363,095
Education 4- "Academic Achievement"	334,196	320,213
Education 5- "Academic Achievement"	138,866	144,899
Education 6- "School Readiness"	<u>387,904</u>	<u>533,294</u>
Total Education Programs	2,565,508	2,825,558
Income - Housing & Home Life Stability - 15 programs		
Income 1- "Savings/Credit/Job Improvement"	388,505	397,209
Income 2- "Savings/Credit/Job Improvement"	<u>371,830</u>	<u>374,309</u>
Total Income Programs	760,335	771,518
Health - Helping Seniors & Those with		
Disabilities to Maintain Independence - 20 programs		
Health 1- "Health Knowledge/Personal Responsibility"	348,050	370,900
Health 2- "Health Knowledge/Personal Responsibility"	305,045	323,936
Health 3- "Health Knowledge/Personal Responsibility"	325,274	370,225
Health 4- "Health Knowledge/Personal Responsibility"	<u>290,113</u>	<u>242,089</u>
Total Health Programs	1,268,482	1,307,150
Safety Net - Helping with Crisis - 14 programs		
Safety Net 1- Addressing Community Needs	338,033	365,647
Safety Net 2- Addressing Community Needs	<u>322,627</u>	<u>346,646</u>
Total Safety Net Programs	660,660	712,293
Highlands County Programs (20 Programs)	<u>275,119</u>	<u>261,846</u>
Total Program Allocations	5,530,104	5,878,365
Disaster relief emergency - allocations and assistance	3,172,283	28,089

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 12 - ALLOCATIONS TO AGENCIES AND OTHER UNITED WAY ORGANIZATIONS (Continued)

	<u>2020</u>	<u>2019</u>
Other funding to member agencies:		
Contributor choice	<u>809,625</u>	<u>833,565</u>
Total other funding to member agencies	809,625	833,565
Allocations and designations to others:		
Unaffiliated agencies	224,920	151,732
Contributor choice other United Ways	29,397	15,880
Contributor choice Third Party Processors	110,716	123,879
Community emergency relief	102,539	262,320
Other grants and contributions	<u>255,964</u>	<u>7,500</u>
Total allocations and designations to others	723,536	561,311
Less: donor designations	<u>(1,174,659)</u>	<u>(1,137,939)</u>
Total donor designations	<u>(1,174,659)</u>	<u>(1,137,939)</u>
Total allocations to agencies and other		
United Way organizations	<u>\$ 9,060,889</u>	<u>\$ 6,163,391</u>

NOTE 13 - 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 5.8 and 6.0 percent, respectively.

UWCF acts as Processor for the Publix Other United Way Campaigns. 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 Publix Other United Ways Campaigns, based on the 3 year average, was 27.2 percent and 24.4 percent for 2020 and 2019, 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, 2020 and 2019

NOTE 13 - PLEDGE RECEIVABLES (Continued)

	<u>2020</u>	<u>2019</u>
Pledge receivables		
Local Campaign	\$ 2,910,789	\$ 3,016,869
Jenkins Family Grants-Local	590,000	590,000
Raised by Others	<u>3,312</u>	<u>8,838</u>
Total Local Pledge receivables	3,504,101	3,615,707
Publix Other United Ways Campaigns	23,322,589	23,346,493
Jenkins Family Grants-Other United Ways	<u>360,000</u>	<u>360,000</u>
Total Regional Pledge receivables	<u>23,682,589</u>	<u>23,706,493</u>
Total Pledge receivables	<u>\$ 27,186,690</u>	<u>\$ 27,322,200</u>
Less allowance for uncollectible		
Local Campaign	\$ (638,000)	\$ (503,000)
Publix Other United Ways Campaigns	<u>(9,490,000)</u>	<u>(8,540,000)</u>
Total allowance for uncollectible	<u>\$ (10,128,000)</u>	<u>\$ (9,070,000)</u>

NOTE 14 - RETIREMENT PLAN

UWCF provides a defined contribution plan that covers regular employees age 21 or over and who have completed one year of service. UWCF provides contributions employer matching up to 3% of compensation, plus, an additional employer contribution of 7%. Employees may contribute non- matched contributions starting prior to one year of service. Full vesting occurs after six years of service using a graded vesting schedule. UWCF made contributions for the year ended June 30, 2020 and 2019 of \$142,973 and \$136,053, respectively.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, 2020:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 667,376	\$ 667,376
Board-designated funds	533,072	1,249,040	1,782,112
Beneficial interest in perpetual trust	-	126,511	126,511
Beneficial interest in perpetual assets held by GiveWell Community Foundation	<u>-</u>	<u>649,220</u>	<u>649,220</u>
Total funds	<u>\$ 533,072</u>	<u>\$ 2,692,147</u>	<u>\$ 3,225,219</u>

Endowment net asset composition by type of fund as of June 30, 2019:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 643,146	\$ 643,146
Board-designated funds	589,240	1,366,928	1,956,168
Beneficial interest in perpetual trust	-	128,618	128,618
Beneficial interest in perpetual assets held by GiveWell Community Foundation	<u>-</u>	<u>664,993</u>	<u>664,993</u>
Total funds	<u>\$ 589,240</u>	<u>\$ 2,803,685</u>	<u>\$ 3,392,925</u>

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the year ended June 30, 2020 consist of the following:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Net assets at beginning of year	\$ 589,240	\$ 2,803,685	\$ 3,392,925
Investment return:			
Investment income, net	44,385	21,855	66,240
Net appreciation (realized and unrealized)	<u>(3,819)</u>	<u>(112,487)</u>	<u>(116,306)</u>
Total investment return	40,566	(90,632)	(50,066)
 New gifts	 -	 12,197	 12,197
Release of endowment assets for appropriation	33,103	(33,103)	-
Appropriation	<u>(129,837)</u>	<u>-</u>	<u>(129,837)</u>
 Net assets at end of year	 <u>\$ 533,072</u>	 <u>\$ 2,692,147</u>	 <u>\$ 3,225,219</u>

Changes in endowment net assets for the year ended June 30, 2019 consist of the following:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Net assets at beginning of year	\$ 556,315	\$ 2,752,003	\$ 3,308,318
Investment return:			
Investment income, net	48,124	27,146	75,270
Net appreciation (realized and unrealized)	<u>23,907</u>	<u>28,914</u>	<u>52,821</u>
Total investment return	72,031	56,060	128,091
 New gifts	 -	 12,071	 12,071
Release of endowment assets for appropriation	16,449	(16,449)	-
Appropriation	<u>(55,555)</u>	<u>-</u>	<u>(55,555)</u>
 Net assets at end of year	 <u>\$ 589,240</u>	 <u>\$ 2,803,685</u>	 <u>\$ 3,392,925</u>

(Continued)

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

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.

As a result of this interpretation, United Way classifies as net assets with donor restrictions the historical value of donor-restricted “true” endowment funds which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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.

Also included in net assets with donor restrictions is accumulated appreciation on donor restricted “true” endowment fund that has yet to be 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 UWCF 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 UWCF. 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.

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

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.

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 UWCF to retain as a fund of perpetual duration. UWCF has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2020 and 2019.

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 289	\$ 234
Beneficial interest in perpetual trusts	126,511	128,618
Beneficial interest in GiveWell	649,220	664,993
Investment securities	<u>2,449,199</u>	<u>2,599,080</u>
Total	<u>\$ 3,225,219</u>	<u>\$ 3,392,925</u>

NOTE 16 – PAYCHECK PROTECTION PROGRAM LOAN

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, on, April 5, 2020, United Way of Central FL, Inc. applied for, and on April 20, 2020, received, a Paycheck Protection Program (PPP) loan in the principal amount of \$356,853 from the US Small Business Administration (SBA). The PPP loan has a stated interest rate of 1% per annum and requires equal monthly payments of principal commencing November 16, 2020 through the contractual maturity date of April 16, 2022.

Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if UWCF utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time. Although the Organization believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness is conditioned upon the SBA concurring with UWCF's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses. If the UWCF is later determined to have violated the provisions of the Payroll Protection Program, the UWCF may be required to repay the PPP loan in its entirety and/or be subject to additional penalties.

NOTE 16 - PAYCHECK PROTECTION PROGRAM LOAN (Continued)

The UWCF has elected to account for its PPP loan as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a grant advance liability and subsequently recognized as grant revenue when the UWCF has substantially met all conditions for forgiveness. The amount meeting the conditions and recognized as revenue before June 30, 2020 was \$338,174. The amount not meeting conditions was \$18,679 and was therefore recorded as a grant advance liability on the June 30, 2020 statement of financial position. UWCF submitted the SBA PPP Loan Forgiveness Application Form 3508EZ on January 7, 2021.

NOTE 17 – GRANT ADVANCE TO PARTNER AGENCIES

Prior to June 30, 2020, UWCF disbursed \$9,918,600 in federal funds from the Polk Co. CARES act to sub-recipient, partner agencies. As of June 30, 2020, \$7,721,774 had not met the conditions of eligibility.

NOTE 18 – ADVANCE GRANT LIABILITY

Prior to fiscal year end June 30, 2020, UWCF received \$15,000,000, CARES act, and \$356,853, SBAPPP federal funds. As of June 30, 2020, \$12,821,853 had not met the conditions of eligibility. These were \$12,803,174 from the Polk Co. CARES act, and, \$18,679 from the SBA Paycheck Protection Program.

NOTE 19 – RECENT EVENTS

In December 2019, a novel strain of coronavirus (“COVID-19”) spread around the world resulting in business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization of January 30, 2020.

During Spring 2020, COVID-19 spread throughout the world, including within the United States, Florida, and the Central Florida region. In accordance with emergency declarations and executive orders issued by the President of the United States, Governor of the State of Florida, and Polk County, as well as guidance issued by public health authorities, United Way of Central FL, Inc. (UWCF) transitioned to remote operations in March 2020.

Due to the uncertainty of the impact on future layoffs, collections, and potential for workplace campaign declines, the Board voted in June 2020 to use an uncollectible estimate of 12%, or twice the typical average in the 2020/2021(20/21) upcoming budget year. The Board also voted to change the promise to fund partner agencies over the entire 20/21 fiscal year to communicate a conditional contribution dependent upon future collections. Trends indicate thus far, only a handful of workplace campaigns have declined to participate in the 2020 campaign. We have observed workplace partners that have moved completely to remote work are struggling to motivate donors; however, other top fifty accounts have had great success motivating their donors due to the great needs. Some organizations are moving to more online-pledge, or other third-party solutions, which has limited our organization's ability to meet one-on-one, cultivate relationships, and steward, but has allowed us to continue to solicit gifts We have moved to virtual events and mobile recognition opportunities when appropriate.

NOTE 19 – RECENT EVENTS (Continued)

Current Year Support, or revenue beyond the workplace campaign, is anticipated to continue to increase relative to the workplace campaign. This will include other contributions in the form of grants, restricted gifts and disaster relief in 20/21.

Prior to June 30, 2020, UWCF signed a contract with Polk County to become a sub-recipient of \$15 million in Federal CARES Act funds. UWCF approved partners to act as sub-recipients to receive these funds to establish eligibility and reporting for up to \$2,000 per individual who experienced a loss or reduction of income as a result of COVID-19. As of June 30, 2020, \$2,196,826 in eligibility had been met. The remaining \$12,803,174, that did not yet meet eligibility, is shown as an advance grant liability to be repaid if unspent, of which \$7,721,774 has been advanced to grant recipients. Subsequent to fiscal year end, this contract with Polk County was amended to also allow for funding to nonprofit organizations that had been impacted by COVID-19.

UWCF continues to participate in various meetings including, but not limited to the Emergency Operation Center (EOC), various chambers, Polk Vision, Food Council, Lift Lakeland, Highlands County Advisory, United Way of Florida and United Way Worldwide. UWCF is conducting surveys to understand the continuing impact of COVID-19 on our partners as well as coordinating with GiveWell Community Foundation for a community wide needs assessment of impact on our tri-county community.

SUPPLEMENTAL INFORMATION

UNITED WAY OF CENTRAL FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2020

Federal Grantor, Pass-through Grantor Program or Cluster Title	CFDA Number	Contract/ Grant Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Treasury				
Passed through Polk County, Florida:				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	\$ 9,918,600	\$ 9,920,646
Total U.S. Department of Treasury			<u>9,918,600</u>	<u>9,920,646</u>
U.S. Department of Health and Human Services:				
Passed through Heartland for Children:				
Temporary Assistance for Needy Families	93.558	NUWMS1	-	2,972
Grants to States for Access and Visitation Programs	93.597	NUWMS1	-	19,108
Child Welfare Services State Grants	93.645	NUWMS1	-	613
Foster Care Title IV-E	93.658	NUWMS1	-	165
Child Abuse and Neglect State Grants	93.669	NUWMS1	-	191
Total U.S. Department of Health and Human Services			<u>-</u>	<u>23,049</u>
Department of Homeland Security				
Direct:				
Federal Emergency Management Agency - EFSP	97.024		-	4,342
Total Department of Homeland Security			<u>-</u>	<u>4,342</u>
Total Federal Awards			<u>\$ 9,918,600</u>	<u>\$ 9,948,037</u>

See Notes to Schedule of Expenditures of Federal Awards

UNITED WAY OF CENTRAL FLORIDA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2020

NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of United Way of Central Florida, Inc. (the Organization) and is presented on the accrual basis of accounting. Federal award expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), wherein certain types of expenditures are not allowable or are limited to reimbursement. The amounts reported in the accompanying schedule as expenditures may differ from certain financial reports submitted on either a cash or modified accrual basis of accounting. Because this schedule presents only a select portion of the operations of the Organization, it is not intended to and does not present the financial position, changes to its net assets, or cash flows of the Organization.

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards is presented in accordance with requirements of the Uniform Guidance.

NOTE 3 – INDIRECT COST RATE

For certain grants the amount expended includes an indirect cost recovery using an indirect cost rate of percent. The Organization has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance during the year ended June 30, 2020.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central Florida, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Tampa, Florida
February 15, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited United Way of Central Florida, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

(Continued)

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2020, and have issued our report thereon dated February 15, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Crowe LLP

Tampa, Florida
February 15, 2021

UNITED WAY OF CENTRAL FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ___X___ No

Significant deficiency(ies) identified? _____ Yes ___X___ None Reported

Noncompliance material to financial statements noted? _____ Yes ___X___ No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ Yes ___X___ No

Significant deficiency(ies) identified? _____ Yes ___X___ None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes ___X___ No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program of Cluster</u>
21.019	Coronavirus Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes ___X___ No

(Continued)

UNITED WAY OF CENTRAL FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no such matters identified.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There were no such matters identified.