

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Financial Statements

**June 30, 2019 and 2018
(With Independent Auditor's Report Thereon)**

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

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United Way Suncoast, Inc. Management Certification Year Ended June 30, 2019

I hereby certify that:

1. I have read the audited financial statements of United Way Suncoast, Inc. for the year ended June 30, 2019.
2. Based on my knowledge, the financial statements of United Way Suncoast, Inc. for the period ended June 30, 2019 do not contain any misstatement of a material fact or omission of a material fact that would make the statements misleading.
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way Suncoast, Inc. as of, and for the period ended, June 30, 2019.

Carrie Zeisse

Carrie Zeisse
Interim Chief Executive Officer

10/17/19

Date

Andrea Lloyd

Andrea Lloyd
Vice President, Finance and Operations

10/17/2019

Date



Mayer Hoffman McCann P.C.

13577 Feather Sound Drive, Suite 400 ■ Clearwater, FL 33762
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ www.mhmcpa.com

Independent Auditor's Report

Board of Directors
United Way Suncoast, Inc. and Affiliate:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of United Way Suncoast, Inc. and Affiliate (collectively, "United Way"), which comprise the combined statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities, cash flows and functional expenses for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of United Way Suncoast, Inc. and Affiliate as of June 30, 2019 and 2018, and the changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

October 17, 2019
Clearwater, Florida

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Statements of Financial Position

June 30, 2019 and 2018

Assets	2019	2018
Cash and cash equivalents	\$ 4,655,057	5,496,817
Pledges receivable, less allowance for uncollectible pledges of approximately \$1,254,000 and \$1,441,000 in 2019 and 2018, respectively	5,074,654	6,065,606
Accrued interest	68,372	37,139
Accounts receivable	54,248	92,963
Accrued bequests	350,000	239,650
Prepaid expenses	110,171	103,646
Community Foundation investments	5,530,073	5,366,128
Investments	23,015,454	22,442,803
Receivable under remainder trusts and other	321,724	440,992
Gifted facility	76,500	12,470
Property and equipment, net	1,627,642	1,844,604
Other	67,823	65,532
Total assets	\$ 40,951,718	42,208,350
Liabilities and Net Assets		
Allocations and designations payable	\$ 4,551,691	5,501,353
Other liabilities	1,010,308	1,551,061
Annuities payable	256,012	258,825
Obligation under remainder trust agreement	70,302	80,128
Deferred lease incentive	63,301	77,700
Capital lease obligations	44,866	56,991
Total liabilities	5,996,480	7,526,058
Net assets:		
Without donor restrictions:		
Operating reserves	4,363,813	4,356,792
Disaster relief reserves	1,000,000	1,000,000
Emergency services	219,925	219,925
Net investment in property and equipment	1,353,290	1,543,728
Board designated for endowment	15,848,985	14,915,548
Board designated for future allocations	85,350	113,350
Undesignated	1,658,256	1,800,155
	24,529,619	23,949,498
With donor restrictions	10,425,619	10,732,794
Total net assets	34,955,238	34,682,292
Total liabilities and net assets	\$ 40,951,718	42,208,350

See accompanying independent auditor's report and notes to financial statements.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Statement of Activities

**For the Year Ended June 30, 2019
(With Comparative Totals for 2018)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Gross campaign contributions	\$ 16,608,041	2,063,596	18,671,637	18,865,632
Donor designations	(2,118,436)	-	(2,118,436)	(2,216,735)
Undesignated campaign contributions	14,489,605	2,063,596	16,553,201	16,648,897
Contributions recognized in a prior period	(39,631)	-	(39,631)	(1,741)
Undesignated campaign contributions	<u>\$ 14,449,974</u>	<u>2,063,596</u>	<u>16,513,570</u>	<u>16,647,156</u>
Public support and revenue:				
Public support:				
Contributions	\$ 14,449,974	2,063,596	16,513,570	16,647,156
Provision for uncollectible pledges	(1,424,883)	-	(1,424,883)	(1,419,319)
Annual campaign, net of uncollectible pledges	13,025,091	2,063,596	15,088,687	15,227,837
Bequests and trusts	478,780	8,207	486,987	465,574
Total public support	13,503,871	2,071,803	15,575,674	15,693,411
Revenue:				
Disaster response	-	-	-	1,046,604
Program revenues	1,424,508	76,500	1,501,008	1,545,533
Service fee income	176,998	-	176,998	172,670
Investment return	1,094,046	451,480	1,545,526	1,805,034
Miscellaneous income	193,342	-	193,342	273,323
Total revenue	2,888,894	527,980	3,416,874	4,843,164
Net assets released from restrictions	2,920,871	(2,920,871)	-	-
Total public support and revenue	19,313,636	(321,088)	18,992,548	20,536,575
Expenses:				
Program services:				
Gross funds awarded/distributed	11,756,696	-	11,756,696	13,250,906
Less donor designations	(2,118,436)	-	(2,118,436)	(2,216,735)
Net funds awarded/distributed to agencies	9,638,260	-	9,638,260	11,034,171
Program services	4,618,036	-	4,618,036	5,215,156
Total program services	14,256,296	-	14,256,296	16,249,327
Supporting services:				
Fundraising	2,089,498	-	2,089,498	1,783,783
Administration	2,338,663	-	2,338,663	2,278,967
Total supporting services	4,428,161	-	4,428,161	4,062,750
Total expenses	18,684,457	-	18,684,457	20,312,077
Increase (decrease) in net assets before other changes	629,179	(321,088)	308,091	224,498
Other changes:				
Change in value of split-interest agreements	(49,058)	13,913	(35,145)	(21,283)
Increase (decrease) in net assets	580,121	(307,175)	272,946	203,215
Net assets, beginning of year	23,949,498	10,732,794	34,682,292	34,479,077
Net assets, end of year	<u>\$ 24,529,619</u>	<u>10,425,619</u>	<u>34,955,238</u>	<u>34,682,292</u>

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Statement of Activities

For the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gross campaign contributions	\$ 17,331,020	1,534,612	18,865,632
Donor designations	<u>(2,216,735)</u>	<u>-</u>	<u>(2,216,735)</u>
Undesignated campaign contributions	15,114,285	1,534,612	16,648,897
Contributions recognized in a prior period	<u>(1,741)</u>	<u>-</u>	<u>(1,741)</u>
Undesignated campaign contributions	<u>\$ 15,112,544</u>	<u>1,534,612</u>	<u>16,647,156</u>
Public support and revenue:			
Public support:			
Contributions	\$ 15,112,544	1,534,612	16,647,156
Provision for uncollectible pledges	<u>(1,419,319)</u>	<u>-</u>	<u>(1,419,319)</u>
Annual campaign, net of uncollectible pledges	13,693,225	1,534,612	15,227,837
Bequests and trusts	<u>458,168</u>	<u>7,406</u>	<u>465,574</u>
Total public support	14,151,393	1,542,018	15,693,411
Revenue:			
Disaster response	-	1,046,604	1,046,604
Program revenues	1,545,227	306	1,545,533
Service fee income	172,670	-	172,670
Investment return	1,265,465	539,569	1,805,034
Miscellaneous income	<u>273,323</u>	<u>-</u>	<u>273,323</u>
Total revenue	3,256,685	1,586,479	4,843,164
Net assets released from restrictions	<u>3,486,703</u>	<u>(3,486,703)</u>	<u>-</u>
Total public support and revenue	20,894,781	(358,206)	20,536,575
Expenses:			
Program services:			
Gross funds awarded/distributed	13,250,906	-	13,250,906
Less donor designations	<u>(2,216,735)</u>	<u>-</u>	<u>(2,216,735)</u>
Net funds awarded/distributed to agencies	11,034,171	-	11,034,171
Program services	<u>5,215,156</u>	<u>-</u>	<u>5,215,156</u>
Total program services	16,249,327	-	16,249,327
Supporting services:			
Fundraising	1,783,783	-	1,783,783
Administration	<u>2,278,967</u>	<u>-</u>	<u>2,278,967</u>
Total supporting services	4,062,750	-	4,062,750
Total expenses	<u>20,312,077</u>	<u>-</u>	<u>20,312,077</u>
Increase (decrease) in net assets before other changes	582,704	(358,206)	224,498
Other changes:			
Change in value of split-interest agreements	<u>(34,439)</u>	<u>13,156</u>	<u>(21,283)</u>
Increase (decrease) in net assets	548,265	(345,050)	203,215
Net assets, beginning of year	<u>23,401,233</u>	<u>11,077,844</u>	<u>34,479,077</u>
Net assets, end of year	<u>\$ 23,949,498</u>	<u>10,732,794</u>	<u>34,682,292</u>

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 272,946	203,215
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization expense	239,333	297,668
Provision for uncollectible pledges	1,424,883	1,419,319
Realized and unrealized gains on investments	(1,111,187)	(1,426,055)
Change in value of split-interest agreements	35,145	21,283
Decrease (increase) in gifted facility	(64,030)	12,273
Increase in pledges receivable	(433,931)	(782,111)
Decrease (increase) in other receivables	20,487	(135,297)
Increase in prepaid expenses and other assets	(8,816)	(17,406)
Decrease in allocations and designations payable	(949,662)	(423,870)
Increase (decrease) in other liabilities	(555,152)	313,399
	(1,129,984)	(517,582)
Net cash used in operating activities		
Cash flows from investing activities:		
Property and equipment purchases	(22,371)	(63,831)
Purchases of investment securities	(9,658,020)	(7,704,437)
Proceeds from sale of investment securities	10,032,611	8,872,072
	352,220	1,103,804
Net cash provided by investing activities		
Cash flows from financing activities:		
Principal payments on capital lease obligations	(12,125)	(10,388)
Principal payments on gift annuity obligations	(38,767)	(43,496)
Principal payments on obligation under remainder trust	(13,104)	(13,333)
	(63,996)	(67,217)
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	(841,760)	519,005
Cash and cash equivalents, beginning of year	5,496,817	4,977,812
Cash and cash equivalents, end of year	\$ 4,655,057	5,496,817
Supplemental cash flow information:		
Cash paid for interest	\$ 9,532	11,552

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Statement of Functional Expenses

**For the Year Ended June 30, 2019
(With Comparative Totals for 2018)**

	Program Services					Supporting Services			Total	
	Education	Place-Based Initiatives	Financial Stability	Community Support Services	Total Programs	Fundraising	Administration	Total Supporting Services	2019	2018
Allocations/awards	\$ 4,552,591	480,452	2,219,597	4,504,056	11,756,696	-	-	-	11,756,696	13,250,906
Less donor designations	-	-	-	(2,118,436)	(2,118,436)	-	-	-	(2,118,436)	(2,216,735)
	4,552,591	480,452	2,219,597	2,385,620	9,638,260	-	-	-	9,638,260	11,034,171
Salaries	532,125	443,996	572,207	993,290	2,541,618	1,172,585	1,101,367	2,273,952	4,815,570	4,922,046
Payroll taxes/PEO fees	52,066	44,920	56,092	98,120	251,198	124,260	104,719	228,979	480,177	483,995
401(k) and pension	14,407	10,150	12,369	31,456	68,382	33,259	30,449	63,708	132,090	140,062
Other employee benefits	54,371	51,569	59,752	98,787	264,479	110,591	91,937	202,528	467,007	497,297
	652,969	550,635	700,420	1,221,653	3,125,677	1,440,695	1,328,472	2,769,167	5,894,844	6,043,400
Legal fees	-	188	-	113	301	-	1,642	1,642	1,943	1,980
Accounting and audit fees	5,937	5,815	9,119	11,260	32,131	15,990	22,068	38,058	70,189	62,229
Professional and consulting fees	10,500	-	19,049	73,220	102,769	24,331	34,230	58,561	161,330	59,864
Advertising and promotion	12,324	-	11,098	145	23,567	7,019	281,080	288,099	311,666	300,298
Office expense	7,132	25,935	11,259	17,800	62,126	20,732	51,631	72,363	134,489	186,814
Information technology	52,902	49,646	85,894	89,255	277,697	113,755	119,237	232,992	510,689	472,969
Occupancy	70,981	72,945	103,155	134,350	381,431	200,873	171,935	372,808	754,239	680,428
Travel	6,940	1,955	11,688	36,551	57,134	28,437	25,084	53,521	110,655	129,353
Conferences, conventions and meetings	24,589	2,046	13,738	9,402	49,775	75,478	49,367	124,845	174,620	277,614
Interest	615	450	1,457	1,903	4,425	2,925	2,182	5,107	9,532	11,552
UWW and UWFL dues	25,750	14,208	34,904	48,920	123,782	73,855	56,880	130,735	254,517	263,003
Depreciation and amortization	27,891	94,605	20,564	27,654	170,714	40,223	28,396	68,619	239,333	297,668
Insurance	5,905	3,328	4,583	9,744	23,560	9,416	13,047	22,463	46,023	40,743
Printing	2,158	504	18,901	2,052	23,615	21,101	4,455	25,556	49,171	98,599
Program and campaign supplies	48,906	10,252	8,658	66,427	134,243	3,968	56	4,024	138,267	206,536
Memberships, sponsorships and registrations	206	1,040	13,110	9,914	24,270	10,541	100,031	110,572	134,842	85,411
Other expenses	-	130	-	689	819	159	48,870	49,029	49,848	59,445
	302,736	283,047	367,177	539,399	1,492,359	648,803	1,010,191	1,658,994	3,151,353	3,234,506
Total expenses	\$ 5,508,296	1,314,134	3,287,194	4,146,672	14,256,296	2,089,498	2,338,663	4,428,161	18,684,457	20,312,077

See accompanying independent auditor's report and notes to financial statements.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Combined Statement of Functional Expenses

For the Year Ended June 30, 2018

	Program Services					Supporting Services			Total
	Education	Place-Based Initiatives	Financial Stability	Community Support Services	Total Programs	Fundraising	Administration	Total Supporting Services	
Allocations/awards	\$ 5,055,342	456,437	2,404,455	5,334,672	13,250,906	-	-	-	13,250,906
Less donor designations	-	-	-	(2,216,735)	(2,216,735)	-	-	-	(2,216,735)
	5,055,342	456,437	2,404,455	3,117,937	11,034,171	-	-	-	11,034,171
Salaries	315,192	351,029	600,992	1,577,270	2,844,483	1,025,340	1,052,223	2,077,563	4,922,046
Payroll taxes/PEO fees	31,984	35,934	58,550	152,166	278,634	102,001	103,360	205,361	483,995
401(k) and pension	7,784	6,328	11,985	49,464	75,561	25,290	39,211	64,501	140,062
Other employee benefits	36,881	45,053	78,518	153,538	313,990	95,029	88,278	183,307	497,297
	391,841	438,344	750,045	1,932,438	3,512,668	1,247,660	1,283,072	2,530,732	6,043,400
Legal fees	-	559	-	-	559	-	1,421	1,421	1,980
Accounting and audit fees	3,919	5,885	9,102	17,927	36,833	11,910	13,486	25,396	62,229
Professional and consulting fees	8,853	4,055	2,054	7,412	22,374	5,500	31,990	37,490	59,864
Advertising and promotion	3,514	-	31,415	105	35,034	7,523	257,741	265,264	300,298
Office expense	7,865	22,192	21,302	40,800	92,159	27,705	66,950	94,655	186,814
Information technology	42,082	39,594	90,304	116,931	288,911	76,048	108,010	184,058	472,969
Occupancy	34,165	37,268	114,142	208,946	394,521	136,459	149,448	285,907	680,428
Travel	9,473	3,996	23,194	34,297	70,960	29,048	29,345	58,393	129,353
Conferences, conventions and meetings	38,198	4,664	19,259	39,171	101,292	83,805	92,517	176,322	277,614
Interest	-	-	699	499	1,198	359	9,995	10,354	11,552
UWW and UWFL dues	17,445	-	38,580	86,442	142,467	57,040	63,496	120,536	263,003
Depreciation and amortization	24,639	94,833	29,979	63,691	213,142	45,438	39,088	84,526	297,668
Insurance	4,255	2,196	4,193	13,381	24,025	6,694	10,024	16,718	40,743
Printing	15,737	4,671	28,303	1,711	50,422	35,770	12,407	48,177	98,599
Program and campaign supplies	78,086	15,500	26,735	79,167	199,488	6,527	521	7,048	206,536
Memberships, sponsorships and registrations	309	300	1,966	19,333	21,908	4,455	59,048	63,503	85,411
Other expenses	92	-	42	7,061	7,195	1,842	50,408	52,250	59,445
	288,632	235,713	441,269	736,874	1,702,488	536,123	995,895	1,532,018	3,234,506
Total expenses	\$ 5,735,815	1,130,494	3,595,769	5,787,249	16,249,327	1,783,783	2,278,967	4,062,750	20,312,077

See accompanying independent auditor's report and notes to financial statements.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements

June 30, 2019 and 2018

(1) Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

The United Way Suncoast, Inc. (the “Organization” or “United Way”) is a not-for-profit organization governed by a volunteer board of directors. United Way’s mission is to provide leadership that improves lives and creates lasting community change by mobilizing the caring people of our communities to give, advocate and volunteer. United Way works with community partners, including a network of partner agencies, businesses, school systems, governments, and other funding sources to break the cycle of generational poverty through educational programs that give children the skills to succeed and help adults achieve long-term financial stability.

United Way leads collective impact programs that help change the story for individuals and families today and build a solid foundation for future success through a committed focus on:

Education

With targeted, holistic intervention in and out of school, children can overcome barriers and catch up to their less challenged peers. United Way provides that support for children 0-12 years old through programs that activate parent involvement, help more children attend enriched out-of-school programs, combat summer learning loss, increase school attendance, provide caregiver education, engage volunteer reading tutors and more. United Way works to help young people ages 13 - 17 graduate from high school ready to pursue college or career training that enables family-sustaining employment. This is accomplished through programs and services that create supportive learning environments, identify and intervene with at-risk students, connect students to careers, improve attendance and increase parental involvement so young people successfully complete high school.

Place-Based Initiatives

In order to strategically bring needed services to areas of high need, United Way developed neighborhood-based community initiatives to deliver coordinated help to track and improve performance. Through collaboration and involvement with these communities, at the Resource Centers United Way operates, the United Way is improving and empowering neighborhoods to create success and change. Resource centers are operated in the following areas: Sulphur Springs (Tampa), North Greenwood (Clearwater), Campbell Park (South St. Petersburg), and Booker Middle School (Sarasota).

Financial Stability

United Way helps adults develop and build the financial and employability skills they need to make informed financial decisions to achieve long-term financial stability. From budgeting to employment skills, to programs that help them save to buy a home or start a business, United Way supports individuals and families.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(a) Nature of Activities - Continued

Community Support Services

United Way supports a network of services to help individuals/families in crisis move past immediate need to participate fully in United Way's Collective Impact priorities. Programs include health, nutrition/food assistance, shelter and safety interventions.

(b) Accounting Method

The combined financial statements of the Organization have been prepared on the accrual basis. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In the accompanying combined financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- (i) *Net assets without donor restrictions*: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Designations of net assets without donor restrictions are summarized as follows:

Operating reserves are used to fund special projects, emergencies and portions of the operating budget as approved by the Board of Directors in the budget process. The funded operating reserve goal is to achieve and maintain between three and six months of program funding and operating costs.

Disaster relief reserves are available for use in the event a major disaster strikes the Tampa Bay community. The funded disaster relief reserve goal is to maintain \$1 million.

Emergency services are funds made available for use in the event of a special emergency in the Manatee County community. The Board of Directors' goal is to maintain a reserve for emergency services of at least \$200,000.

Capital reserves fund the capital outlay needs of the Organization.

Net investment in property and equipment is equal to the net book value of property and equipment less related liabilities.

Designated for endowment is the level of investments designated by the Board to earn interest and appreciation with the long term goal of growth.

Designated for future allocations are funds made available for future allocations to partner and other agencies for educational programs in the Manatee area.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(b) Accounting Method - Continued

- (ii) *Net assets with donor restrictions*: Net assets with donor restrictions whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the income generated by the assets for specific programs under certain named endowments as well as earnings without donor restrictions under various general endowments as more fully described in Note 9.

(c) Principles of Combination

The combined financial statements include the financial statements of United Way Suncoast, Inc. and United Way Foundation of Manatee (collectively, “United Way” or the “Organization”). All significant inter-organizational balances and transactions have been eliminated in the combination.

(d) Activities

Public support consists primarily of pledges promised and of payments on pledges made during annual fund-raising campaigns. All public support is considered to be available for unrestricted use unless specifically restricted by the donor. Pledge income is recognized when unconditional pledge commitments are received and allowances are provided for amounts estimated to be uncollectible.

Allocations expense is recognized when the commitment is made to pay allocations to participating agencies. The Organization’s Board of Directors approves allocations for commitment two times a year.

(e) Functional Expense Allocations

The costs of providing the Organization’s various programs have been summarized on a functional basis in the statement of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time spent by employees on each functional area or based on Organization’s the square footage analysis for all indirect occupancy-related expenses.

(f) Reclassifications

Certain amounts in the 2018 combined financial statements have been reclassified to conform to the 2019 presentation.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(g) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the combined statement of financial position. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is reflected in the combined statement of activities. Purchases and sales of investments are recorded on the trade date. The cost of investments sold is determined by the specific identification method.

(h) Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of three months or less.

(i) Contributions and Allowance for Uncollectible Pledges

Contributions received, including unconditional promises to give, are recorded as with or without donor restrictions in the combined statement of activities, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The allowance for uncollectible pledges is computed based upon a three year historical average of campaign collections adjusted by management estimates of current economic factors, applied to individual campaigns, including donor designations. Management's estimate of the allowance is subject to a significant degree of uncertainty and actual collections experience may differ from projected campaign results.

(j) Designations

All pledges designated to 501(c)(3) agencies are sent directly to those agencies or to federations for future distribution to member agencies.

(k) Property and Equipment

Property and equipment are recorded at cost or, in the case of donated items used in operations, at fair value on the date received. The Organization capitalizes all purchases and donated items with a cost or fair value in excess of \$1,000.

Depreciation of property and equipment is provided for by the use of the straight-line method. The estimated useful lives range from fifteen to forty years for buildings and improvements and three to ten years for furniture and equipment. Leasehold improvements are amortized over the lesser of their estimated useful lives or the related lease term. Property and equipment and the allowance for depreciation are relieved upon retirement or sale and the related gain or loss is included in the statements of activities.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(l) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under the provisions of the Florida Statutes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. The Organization has adopted the provisions of ASC 740 relating to *Accounting for Uncertainty in Income Taxes* and does not believe it has any material income tax exposure relating to uncertain tax positions. The income tax filings for United Way Suncoast, Inc., United Way of Manatee County, Inc. and United Way Foundation of Manatee County for the year ended June 30, 2016 and thereafter remain subject to examination.

(m) Concentration of Credit Risk

The Organization has no financial instruments which subject it to off-balance-sheet risk. Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, investments in debt securities and pledges receivable. The Organization maintains its cash balances with what management believes to be high-credit quality financial institutions. Management considers the credit-worthiness of issuers of debt securities as part of its overall investment evaluation and monitoring process. Credit risk related to pledges receivable is alleviated due to the large number of individual donors.

(n) Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

(o) New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adopted ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact on net assets without donor restrictions or net assets with donor restrictions as no underwater endowment funds were identified.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(2) Investments

Investments, stated at market value, consist of the following at June 30, 2019 and 2018:

	2019		2018	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash, money market funds, and certificates of deposit	\$ 1,166,020	1,166,020	1,537,201	1,536,770
U.S. government and agency obligations	1,572,537	1,631,334	1,646,739	1,614,072
Mortgaged-backed securities	2,327,904	2,334,780	1,855,064	1,829,578
Corporate bonds	2,345,139	2,396,694	2,425,361	2,352,105
Equity mutual funds	-	-	810,517	883,260
Bond mutual funds	2,600,594	2,679,715	2,606,056	2,555,838
Exchange traded funds	11,560,882	12,806,911	9,652,112	11,671,180
	<u>\$ 21,573,076</u>	<u>23,015,454</u>	<u>20,533,050</u>	<u>22,442,803</u>

The Organization's investments in corporate bonds are not concentrated in a single entity or in a few entities nor are there any specific industry concentrations. Investments include amounts which have donor restrictions for endowment purposes.

Investment return consists of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 555,286	502,104
Realized and unrealized gains	1,111,187	1,426,055
	1,666,473	1,928,159
Less investment expenses	(120,947)	(123,125)
	<u>\$ 1,545,526</u>	<u>1,805,034</u>

Investment income includes earnings from certificates of deposit and from Community Foundation investments.

(3) Community Foundation Investments

In 1992, the Organization established a fund account with the Community Foundation of Tampa Bay, Inc. naming itself as the beneficiary. Under the terms of the fund agreement, the Community Foundation has not been granted variance power over the funds. Distributions may be made from the fund with approval from the United Way Board of Directors. The Organization did not receive any distributions from the fund in fiscal 2019 or 2018. Net investment income for the years ended June 30, 2019 and 2018 was \$44,194, and \$79,996, respectively.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(3) Community Foundation Investments - Continued

In 2018, the Board of Directors established an account at Community Foundation of Manatee County (Community Foundation) by transferring the majority of the Foundation's investments totaling \$3,663,566. Under the terms of the agreement with the Community Foundation, these assets will be invested at the Community Foundation for a period of three years. At June 30, 2019 and 2018, the balance of investments held by the Community Foundation was \$4,176,939 and \$4,057,188, respectively. Net investment income for the years ended June 30, 2019 and 2018 was \$119,751 and \$393,622, respectively.

(4) Charitable Remainder Trusts

The Organization has been named as a remainder beneficiary under several charitable remainder trusts. Under one of the charitable remainder unitrust agreements, the Organization was also named the trustee. Under the terms of the trusts, quarterly distributions are paid to income beneficiaries over their lifetimes or over defined periods. Quarterly distributions range from actual earnings to fixed rates ranging from 6% to 7% of the fair market value of the trust assets as of the beginning of each year. Upon the death of income beneficiaries and donors, the remaining assets are available for the Organization's use. The portion of the trust attributable to the present value of the future benefits to be received by the Organization is recorded in the combined statement of activities as a contribution with donor restrictions in the period the trust is established and the Organization is notified of its existence. Assets held under the charitable remainder trust are included with investments in the accompanying combined statement of financial position and are reported at their estimated fair value. Receivables under remainder trust agreements and the obligation under a remainder trust are also reported at their estimated fair values in the accompanying combined statement of financial position.

(5) Property and Equipment

Property and equipment at June 30, 2019 and 2018 consists of the following:

	2019	2018
Land	\$ 386,245	386,245
Buildings and improvements	1,740,337	1,740,337
Leasehold improvements	976,883	976,883
Furniture, fixtures and equipment	1,254,485	1,232,116
	4,357,950	4,335,581
Less accumulated depreciation	(2,730,308)	(2,490,977)
	\$ 1,627,642	1,844,604

For the years ended June 30, 2019 and 2018, depreciation and amortization expense was \$239,333 and \$297,668, respectively.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(5) Property and Equipment - Continued

In 2006, the UWMC and the Manatee Chamber of Commerce, Inc. (Chamber) conducted a joint fundraising campaign in an effort to raise capital to fund the construction of an office building to be jointly occupied and utilized by both nonprofit organizations under a Joint Venture Operating Agreement (Agreement). In November 2008, construction was completed and the McClure Center building was placed in service. Upon completion of the merger, United Way is the fee simple title holder and owner of an undivided 50% interest, as a tenant in common of the property. There is a special warranty deed on the building which restricts the use of the building for a period of twenty-five years. This restriction requires that the building be fully occupied by the Chamber and/or United Way.

The Agreement specifies with the exception of janitorial services and property and casualty insurance premiums, the costs and expenses associated with the operation and use of the building will be shared equally to the extent that such expenses are incurred on behalf of both parties. Janitorial services and property and casualty insurance premiums are allocated based on the square footage of the building occupied by each entity. United Way's share of facility operating costs was \$26,100 and \$25,250 for the years ended June 30, 2019 and 2018, respectively.

(6) Gifted Facility

The Organization leases land from the School Board of Hillsborough County at a rental rate of \$1 per year. In February 2019, the lease was extended to May 2024. Accordingly, the Organization has recorded a gifted facility contribution which represents the present value of the excess of the aggregate fair rental value of the land lease over below market rent payments due over the remaining term of the lease.

Recognition of the fair value of this lease as of and for the years ended June 30, 2019 and 2018 is summarized below:

Fair value of gifted facility at July 1, 2017	\$ 24,743
Recognition of fair value of gifted land lease	306
Recognition of rent expense for the year ended June 30, 2018	<u>(12,579)</u>
Fair value of gifted facility at June 30, 2018	12,470
Recognition of fair value of gifted land lease	109
Recognition of additional contribution for for extended lease term	76,500
Recognition of rent expense for the year ended June 30, 2019	<u>(12,579)</u>
Fair value of gifted facility at June 30, 2019	<u>\$ 76,500</u>

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(7) Annuities Payable

The Organization is certified by the State of Florida to market and manage charitable gift annuity contracts. Under these contracts, a donor transfers assets to the Organization at the beginning of the contract and the Organization makes predetermined quarterly or semi-annual payments to the donor, or in certain cases donors' spouses, over their remaining lifetimes. Upon the donors' death, the remaining assets are available for the Organization's use. Annuities payable are stated at the actuarial present value of future cash flows expected to be paid to donors over their lifetimes. The discount rate used in computing the present value of annuities payable ranges from 1.71% to 1.87% as of June 30, 2019 and from 2.52% to 2.73% as of June 30, 2018.

State law requires that the Organization maintain a reserve fund in connection with its gift annuity program. The required amount to be maintained in the fund is based on a multiple of the actuarial present value of the related annuity obligations.

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 consist of the following:

	2019	2018
Net assets subject to donor use restrictions:		
Future campaign pledges	\$ 83,387	39,631
Remainder trusts and other	389,546	506,524
Gifted facility:		
Sulphur Springs Resource Center	76,500	12,470
Program initiatives	1,453,976	1,106,343
	2,003,409	1,664,968
Net assets subject to time restrictions:		
Unappropriated endowment earnings	4,576,849	4,633,528
Emergency relief fund	-	176,023
Hurricane disaster recovery	-	422,740
Property and equipment subject to use restrictions	166,186	166,186
	4,743,035	5,398,477
Net assets to be held in perpetuity:		
Donor endowments	3,518,538	3,518,538
Charitable remainder unitrust	160,637	150,811
	\$ 10,425,619	10,732,794

At June 30, 2019 and 2018, donor endowments include \$2,201,507 of general endowments with no restrictions on the use of earnings and \$1,317,031 of named endowments which restrict the use of endowment earnings for specific purposes.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(9) Endowment Funds

The Organization's internally-controlled endowment net assets are comprised of investments held in various donor endowments, investments held under a charitable remainder trust agreement, and funds designated by the Board of Directors to function as endowments. 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.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the wishes of donors and state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets restricted by the donor in perpetuity as (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Organization classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Organization reclassifies the amount appropriated as a component of net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment policies, approved by the Board of Directors. The policies stipulate that the endowment investments should be managed as a long-term goal designed to maximize the returns without exposure to undue risk. Whereas it is understood that fluctuating rates of return are characteristic of the securities markets, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns. Recognizing that short-term market fluctuations may cause variations in the account performance, the Organization will pursue a strategy seeking to exceed a benchmark return of a target portfolio consisting of the following:

	<u>Cash and Equivalents</u>	<u>Fixed Income</u>	<u>Equities</u>
Operating reserves:			
Tampa area	9%	61%	30%
Sarasota area	7%	30%	63%
Named endowments	7%	30%	63%
Charitable gift annuities	15%	40%	45%
Charitable remainder trusts	7%	30%	63%

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(9) Endowment Funds - Continued

Spending Policy

The Organization's spending policies allow for the distribution of assets for operating expenses as follows:

<u>Investment Class</u>	<u>Spending Policy</u>
Operating and capital reserves	5% annually of the average fair value of investments at March 31st of each of the previous three years
Endowment assets:	
General and Board-Designated Named endowments	5% annually of the average fair value of investments at March 31st of each of the previous three years
Charitable gift annuity investments	Actuarially determined annuity payments due
Charitable remainder unitrust assets	6% of fair value of investments as of each January 1st

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

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Board-designated endowment funds	\$ 11,574,427	-	11,574,427
Charitable remainder unitrust	68,780	160,637	229,417
Donor-restricted endowment funds	<u>4,205,778</u>	<u>8,095,387</u>	<u>12,301,165</u>
	<u>\$ 15,848,985</u>	<u>8,256,024</u>	<u>24,105,009</u>

**UNITED WAY SUNCOAST, INC.
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Notes to Combined Financial Statements - Continued

(9) Endowment Funds - Continued

Endowment net assets composition by type of fund as of June 30, 2018 follow:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Board-designated endowment funds	\$ 11,114,290	-	11,114,290
Charitable remainder unitrust	80,128	150,811	230,939
Donor-restricted endowment funds	<u>3,721,130</u>	<u>8,152,066</u>	<u>11,873,196</u>
	<u>\$ 14,915,548</u>	<u>8,302,877</u>	<u>23,218,425</u>

Changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance at July 1, 2017	\$ 10,612,486	8,683,640	19,296,126
Contributions	4,074,144	-	4,074,144
Net investment income	218,575	132,733	351,308
Net appreciation	814,924	418,129	1,233,053
Transfer of donor advised fund	-	(400,000)	(400,000)
Withdrawals	<u>(804,581)</u>	<u>(531,625)</u>	<u>(1,336,206)</u>
Balance at June 30, 2018	14,915,548	8,302,877	23,218,425
Contributions	446,975	-	446,975
Net investment income	199,901	141,518	341,419
Net appreciation	552,790	319,790	872,580
Withdrawals	<u>(266,229)</u>	<u>(508,161)</u>	<u>(774,390)</u>
Balance at June 30, 2019	<u>\$ 15,848,985</u>	<u>8,256,024</u>	<u>24,105,009</u>

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(10) Leases

The Organization leases office facilities and certain equipment under various operating leases. Rent expense was approximately \$697,000 and \$632,000 for the years ended June 30, 2019 and 2018, respectively.

The Organization is also obligated under two capital leases for office equipment that expire over the next three years. The gross amount of office equipment and related accumulated amortization recorded under the capital leases as of June 30, 2019 were \$72,000 and \$34,285, respectively. The gross amount of office equipment and related accumulated amortization recorded under the capital leases as of June 30, 2018 were \$72,000 and \$21,257, respectively. Amortization of assets held under the capital leases is included in depreciation expense. Interest expense recorded under the capital leases for the years ended June 30, 2019 and 2018 was \$8,038 and \$9,776, respectively.

Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year and the present value of minimum capital lease payments as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2020	\$ 20,164	651,600	671,764
2021	20,164	668,600	688,764
2022	15,122	684,400	699,522
2023	-	599,700	599,700
2024	-	21,600	21,600
Total minimum lease payments	55,450	<u>2,625,900</u>	<u>2,681,350</u>
Less amount representing interest	<u>(10,584)</u>		
Present value of minimum capital lease payments	<u>\$ 44,866</u>		

(11) Concentration of Credit Risk

As stated previously, the Organization maintains its cash and cash equivalent balances with what management believes to be high credit quality financial institutions. The Organization's deposit balances exceeded federal deposit insurance limits by approximately \$4,493,000 and \$4,990,000 as of June 30, 2019 and 2018, respectively.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(12) Contingencies

The Organization is involved in various claims and legal actions arising in the ordinary course of business. Management believes that any liability incurred in connection with these claims would be nominal in amount because the claims are without merit or would be covered under the Organization's insurance policies. In the opinion of management, no material liability exists with respect to these claims.

(13) Fair Value Measurements

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are exchange traded funds, corporate bonds, U.S. Treasury notes, real estate investment trusts, mutual funds, and money market funds.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include agency obligations, mortgage backed securities, alternative investments, and certificates of deposit. The fair value of the Organization's beneficial interest in the Community Foundation of Tampa Bay (Community Foundation) is based on valuation information provided by the Community Foundation which is primarily derived from or corroborated by observable market data as it relates to the Community Foundation's underlying investments.

Level 3: Valuation is based on unobservable inputs. The Organization's beneficial interest in charitable remainder trusts is considered a financial asset subject to the valuation hierarchy and has been classified as Level 3 since observable inputs are minimal. Fair values for annuities payable are determined by calculating the present value of expected cash flows over the expected term of the underlying agreements.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(13) Fair Value Measurements - Continued

Fair value of assets and liabilities measured on a recurring basis at June 30, 2019 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Money market funds	\$ 1,166,020	1,166,020	-	-
Debt securities:				
Corporate and foreign bonds	2,396,694	2,396,694	-	-
Fixed income mutual funds	2,679,715	2,679,715	-	-
CMOs & mortgaged-backed securities	2,334,780	-	2,334,780	-
U.S. government & agency obligations	1,631,334	1,220,104	411,230	-
	<u>9,042,523</u>	<u>6,296,513</u>	<u>2,746,010</u>	<u>-</u>
Exchange traded funds:				
Emerging markets equity	348,487	348,487	-	-
International equity	3,737,202	3,737,202	-	-
Short term bond	64,941	64,941	-	-
US large cap core	3,511,395	3,511,395	-	-
US large cap growth	533,929	533,929	-	-
US large cap value	3,216,137	3,216,137	-	-
US mid cap core	731,578	731,578	-	-
US small cap core	663,242	663,242	-	-
	<u>12,806,911</u>	<u>12,806,911</u>	<u>-</u>	<u>-</u>
Community Foundation investments	5,530,073	-	5,530,073	-
Receivable under remainder trusts	321,724	-	-	321,724
	<u>\$ 28,867,251</u>	<u>20,269,444</u>	<u>8,276,083</u>	<u>321,724</u>
Liabilities:				
Annuities payable	\$ 256,012	-	-	256,012
Obligation under remainder trust agreement	70,302	-	-	70,302
	<u>\$ 326,314</u>	<u>-</u>	<u>-</u>	<u>326,314</u>

**UNITED WAY SUNCOAST, INC.
AND AFFILIATE**

Notes to Combined Financial Statements - Continued

(13) Fair Value Measurements - Continued

Fair value of assets and liabilities measured on a recurring basis at June 30, 2018 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Money market funds	\$ 1,536,770	1,536,770	-	-
Debt securities:				
Corporate and foreign bonds	2,352,105	2,352,105	-	-
Fixed income mutual funds	2,555,838	2,555,838	-	-
CMOs & mortgaged-backed securities	1,829,578	-	1,829,578	-
U.S. government & agency obligations	1,614,072	1,289,352	324,720	-
	8,351,593	6,197,295	2,154,298	-
Mutual funds - equities	883,260	883,260	-	-
Exchange traded funds:				
Emerging markets equity	324,858	324,858	-	-
International equity	2,484,694	2,484,694	-	-
Short term bond	108,714	108,714	-	-
US large cap core	3,293,368	3,293,368	-	-
US large cap growth	1,790,225	1,790,225	-	-
US large cap value	2,027,039	2,027,039	-	-
US mid cap core	727,117	727,117	-	-
US small cap core	915,165	915,165	-	-
	11,671,180	11,671,180	-	-
Community Foundation investments	5,366,128	-	5,366,128	-
Receivable under remainder trusts	440,992	-	-	440,992
	<u>\$ 28,249,923</u>	<u>20,288,505</u>	<u>7,520,426</u>	<u>440,992</u>
Liabilities:				
Annuities payable	\$ 258,825	-	-	258,825
Obligation under remainder trust agreement	80,128	-	-	80,128
	<u>\$ 338,953</u>	<u>-</u>	<u>-</u>	<u>338,953</u>

**UNITED WAY SUNCOAST, INC.
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Notes to Combined Financial Statements - Continued

(13) Fair Value Measurements - Continued

The following table sets forth a summary of changes in fair value for the years ended June 30, 2019 and 2018 for which the Organization has used Level 3 inputs to determine fair value:

	Receivable under Remainder Trusts	Annuities Payable	Obligation under Remainder Trust
	<u> </u>	<u> </u>	<u> </u>
Balance at July 1, 2017	\$ 468,379	282,076	90,560
Total gains included in changes in net assets	1,863	20,245	2,901
Contributions	225,925	-	-
Settlements	<u>(255,175)</u>	<u>(43,496)</u>	<u>(13,333)</u>
Balance at June 30, 2018	440,992	258,825	80,128
Total gains included in changes in net assets	4,087	35,955	3,278
Contributions	126,373	-	-
Settlements	<u>(249,728)</u>	<u>(38,768)</u>	<u>(13,104)</u>
Balance at June 30, 2019	<u>\$ 321,724</u>	<u>256,012</u>	<u>70,302</u>

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The Organization utilizes discounted cash flow methods to estimate the fair value of the receivable under remainder trusts, annuities payable and the obligation under a remainder trust. Significant unobservable inputs as of June 30, 2019 include using discount rates ranging from 1.71% to 1.87% and life expectancy estimates for income beneficiaries which range from 3 to 8 years. Significant unobservable inputs as of June 30, 2018 include using discount rates ranging from 2.52% to 2.73% and life expectancy estimates for income beneficiaries which range from 4 to 8 years.

**UNITED WAY SUNCOAST, INC.
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Notes to Combined Financial Statements - Continued

(14) Liquidity and Availability

The Organization is supported by both contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Board designates endowment earnings to fund long-term needs of the Organization and the Finance Committee has the authority to defer distributions from the funds based upon the needs of the Organization and changing economic conditions. Additionally, the Board has designated certain net assets without donor restrictions that, while the Organization does not intend to spend for purposes other than those identified in Note 9, the amounts could be made available for current operations, if necessary.

As of June 30, 2019, the Organization's financial assets available to meet general expenditures within one year were as follows:

Financial assets:	
Cash and cash equivalents	\$ 4,655,057
Pledges receivable, net	5,074,654
Accrued interest	68,372
Accounts receivable	54,248
Accrued bequests	350,000
Investments	28,545,527
Receivable under remainder trusts and other	<u>321,724</u>
Total financial assets	39,069,582
Less amounts unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	
Unappropriated endowment earnings	(4,576,849)
Endowments	(3,518,538)
Program initiatives	(1,453,976)
Other donor imposed restrictions	(633,570)
Board-designations:	
Operating reserves	(4,363,813)
Disaster relief and community emergencies	(1,219,925)
Quasi-endowment	(15,848,985)
Future allocations	<u>(85,350)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,368,576</u>

**UNITED WAY SUNCOAST, INC.
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Notes to Combined Financial Statements - Continued

(15) Pension Plan

The Organization has adopted a defined contribution 401(k) plan for the benefit of employees who are at least 21 years old and who have completed at least ninety days of service. Employees may contribute to the plan to the extent allowable by law. The Plan requires employer safe harbor matching contributions of 100% of the first 4% of eligible compensation. For the years ended June 30, 2019 and 2018, employer contributions were approximately \$132,000 and \$135,000, respectively.

(16) Subsequent Events

The Organization has evaluated subsequent events through October 17, 2019, the date the financial statements were available for issuance.