

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

**Combined Financial Statements**

**June 30, 2020 and 2019  
(With Independent Auditor's Report Thereon)**

# UNITED WAY SUNCOAST, INC. AND AFFILIATE

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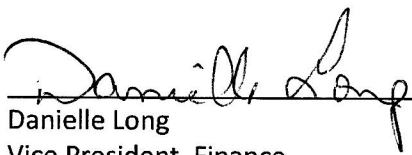
**UNITED WAY SUNCOAST, INC.  
Management Certification  
Year Ended June 30, 2020**

I hereby certify that:

1. I have read the audited financial statements of United Way Suncoast, Inc. for the year ended June 30, 2020.
2. Based on my knowledge, the financial statements of United Way Suncoast, Inc. for the period ended June 30, 2020, 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, 2020.

  
\_\_\_\_\_  
Jessica Muroff  
Chief Executive Officer

12/18/20  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Danielle Long  
Vice President, Finance

12/18/20  
\_\_\_\_\_  
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](http://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, 2020 and 2019, 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, 2020 and 2019, 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.*

December 16, 2020  
Clearwater, Florida

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

**Combined Statements of Financial Position**

**June 30, 2020 and 2019**

| <b>Assets</b>  | <b>2020</b>   | <b>2019</b> |
|--|---------------|-------------|
| Cash and cash equivalents  | \$ 7,331,985  | 4,655,057   |
| Pledges receivable, less allowance for uncollectible<br>pledges of approximately \$1,237,000 and<br>\$1,254,000 in 2020 and 2019, respectively | 5,302,925     | 5,074,654   |
| Accrued interest   | 68,372        | 68,372      |
| Accounts receivable  | 258,658       | 54,248      |
| Accrued bequests   | 33,333        | 350,000     |
| Prepaid expenses   | 123,780       | 110,171     |
| Community Foundation investments   | 5,617,242     | 5,530,073   |
| Investments  | 23,861,204    | 23,015,454  |
| Receivable under remainder trusts and other  | 222,441       | 321,724     |
| Gifted facility  | 61,874        | 76,500      |
| Property and equipment, net  | 1,574,649     | 1,627,642   |
| Other  | 74,947        | 67,823      |
|  | <hr/>         | <hr/>       |
| Total assets   | \$ 44,531,410 | 40,951,718  |
|  | <hr/>         | <hr/>       |
| <b>Liabilities and Net Assets</b>  |               |             |
| Allocations and designations payable   | \$ 6,785,870  | 4,551,691   |
| Other liabilities  | 1,557,809     | 1,010,308   |
| Annuities payable  | 237,476       | 256,012     |
| Obligation under remainder trust agreement   | 56,801        | 70,302      |
| Deferred lease incentive   | 48,608        | 63,301      |
| Capital lease obligations  | 30,710        | 44,866      |
| Federal loan payable   | 1,030,500     | -           |
|  | <hr/>         | <hr/>       |
| Total liabilities  | 9,747,774     | 5,996,480   |
| Net assets:  |               |             |
| Without donor restrictions:  |               |             |
| Operating reserves   | 4,575,942     | 4,363,813   |
| Disaster relief reserves   | 1,219,925     | 1,000,000   |
| Emergency services   | -             | 219,925     |
| Net investment in property and equipment   | 1,075,703     | 1,353,290   |
| Board designated for endowment   | 16,390,591    | 15,848,985  |
| Board designated for future allocations  | 85,350        | 85,350      |
| Undesignated   | 1,386,129     | 1,658,256   |
|  | <hr/>         | <hr/>       |
|  | 24,733,640    | 24,529,619  |
| With donor restrictions  | 10,049,996    | 10,425,619  |
|  | <hr/>         | <hr/>       |
| Total net assets   | 34,783,636    | 34,955,238  |
|  | <hr/>         | <hr/>       |
| Total liabilities and net assets   | \$ 44,531,410 | 40,951,718  |
|  | <hr/>         | <hr/>       |

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

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

**Combined Statement of Activities**

**For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>       |                    |
|--|---------------------------------------|------------------------------------|--------------------|--------------------|
|  |                                       |                                    | <u>2020</u>        | <u>2019</u>        |
| Gross campaign contributions                           | \$ 15,300,543                         | 2,630,289                          | 17,930,832         | 18,671,637         |
| Donor designations                                     | <u>(1,841,456)</u>                    | <u>-</u>                           | <u>(1,841,456)</u> | <u>(2,118,436)</u> |
| Undesignated campaign contributions                    | 13,459,087                            | 2,630,289                          | 16,089,376         | 16,553,201         |
| Contributions recognized in a prior period             | <u>(83,387)</u>                       | <u>-</u>                           | <u>(83,387)</u>    | <u>(39,631)</u>    |
| Undesignated campaign contributions                    | \$ <u>13,375,700</u>                  | <u>2,630,289</u>                   | <u>16,005,989</u>  | <u>16,513,570</u>  |
| Public support and revenue:                            |                                       |                                    |                    |                    |
| Public support:  |                                       |                                    |                    |                    |
| Contributions  | \$ 13,375,700                         | 2,630,289                          | 16,005,989         | 16,513,570         |
| Provision for uncollectible pledges                    | <u>(1,168,828)</u>                    | <u>-</u>                           | <u>(1,168,828)</u> | <u>(1,424,883)</u> |
| Annual campaign, net of uncollectible pledges          | 12,206,872                            | 2,630,289                          | 14,837,161         | 15,088,687         |
| Bequests and trusts                                    | <u>69,110</u>                         | <u>7,124</u>                       | <u>76,234</u>      | <u>486,987</u>     |
| Total public support                                   | 12,275,982                            | 2,637,413                          | 14,913,395         | 15,575,674         |
| Revenue:   |                                       |                                    |                    |                    |
| Program revenues                                       | 1,055,394                             | 1,557                              | 1,056,951          | 1,501,008          |
| Service fee income                                     | 179,954                               | -                                  | 179,954            | 176,998            |
| Investment return                                      | 899,002                               | 291,749                            | 1,190,751          | 1,545,526          |
| Miscellaneous income                                   | <u>172,222</u>                        | <u>-</u>                           | <u>172,222</u>     | <u>193,342</u>     |
| Total revenue  | 2,306,572                             | 293,306                            | 2,599,878          | 3,416,874          |
| Net assets released from restrictions                  | <u>3,356,657</u>                      | <u>(3,356,657)</u>                 | <u>-</u>           | <u>-</u>           |
| Total public support and revenue                       | 17,939,211                            | (425,938)                          | 17,513,273         | 18,992,548         |
| Expenses:  |                                       |                                    |                    |                    |
| Program services:                                      |                                       |                                    |                    |                    |
| Gross funds awarded/distributed                        | 11,413,261                            | -                                  | 11,413,261         | 11,756,696         |
| Less donor designations                                | <u>(1,841,456)</u>                    | <u>-</u>                           | <u>(1,841,456)</u> | <u>(2,118,436)</u> |
| Net funds awarded/distributed to agencies              | 9,571,805                             | -                                  | 9,571,805          | 9,638,260          |
| Program services                                       | <u>4,100,341</u>                      | <u>-</u>                           | <u>4,100,341</u>   | <u>4,618,036</u>   |
| Total program services                                 | 13,672,146                            | -                                  | 13,672,146         | 14,256,296         |
| Supporting services:                                   |                                       |                                    |                    |                    |
| Fundraising  | 2,099,016                             | -                                  | 2,099,016          | 2,089,498          |
| Administration   | <u>2,181,945</u>                      | <u>-</u>                           | <u>2,181,945</u>   | <u>2,338,663</u>   |
| Total supporting services                              | 4,280,961                             | -                                  | 4,280,961          | 4,428,161          |
| Total expenses   | <u>17,953,107</u>                     | <u>-</u>                           | <u>17,953,107</u>  | <u>18,684,457</u>  |
| Increase (decrease) in net assets before other changes | (13,896)                              | (425,938)                          | (439,834)          | 308,091            |
| Other changes:   |                                       |                                    |                    |                    |
| Change in value of split-interest agreements           | (35,964)                              | 50,315                             | 14,351             | (35,145)           |
| Gain on sale of building                               | <u>253,881</u>                        | <u>-</u>                           | <u>253,881</u>     | <u>-</u>           |
| Increase (decrease) in net assets                      | 204,021                               | (375,623)                          | (171,602)          | 272,946            |
| Net assets, beginning of year                          | <u>24,529,619</u>                     | <u>10,425,619</u>                  | <u>34,955,238</u>  | <u>34,682,292</u>  |
| Net assets, end of year                                | \$ <u>24,733,640</u>                  | <u>10,049,996</u>                  | <u>34,783,636</u>  | <u>34,955,238</u>  |

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

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

**Combined Statement of Activities**

**For the Year Ended June 30, 2019**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>             |
|--|---------------------------------------|------------------------------------|--------------------------|
| Gross campaign contributions                           | \$ 16,608,041                         | 2,063,596                          | 18,671,637               |
| Donor designations                                     | <u>(2,118,436)</u>                    | <u>-</u>                           | <u>(2,118,436)</u>       |
| Undesignated campaign contributions                    | 14,489,605                            | 2,063,596                          | 16,553,201               |
| Contributions recognized in a prior period             | <u>(39,631)</u>                       | <u>-</u>                           | <u>(39,631)</u>          |
| Undesignated campaign contributions                    | \$ <u>14,449,974</u>                  | <u>2,063,596</u>                   | <u>16,513,570</u>        |
| Public support and revenue:                            |                                       |                                    |                          |
| Public support:  |                                       |                                    |                          |
| Contributions  | \$ 14,449,974                         | 2,063,596                          | 16,513,570               |
| Provision for uncollectible pledges                    | <u>(1,424,883)</u>                    | <u>-</u>                           | <u>(1,424,883)</u>       |
| Annual campaign, net of uncollectible pledges          | 13,025,091                            | 2,063,596                          | 15,088,687               |
| Bequests and trusts                                    | <u>478,780</u>                        | <u>8,207</u>                       | <u>486,987</u>           |
| Total public support                                   | 13,503,871                            | 2,071,803                          | 15,575,674               |
| Revenue:   |                                       |                                    |                          |
| Program revenues                                       | 1,424,508                             | 76,500                             | 1,501,008                |
| Service fee income                                     | 176,998                               | -                                  | 176,998                  |
| Investment return                                      | 1,094,046                             | 451,480                            | 1,545,526                |
| Miscellaneous income                                   | <u>193,342</u>                        | <u>-</u>                           | <u>193,342</u>           |
| Total revenue  | 2,888,894                             | 527,980                            | 3,416,874                |
| Net assets released from restrictions                  | <u>2,920,871</u>                      | <u>(2,920,871)</u>                 | <u>-</u>                 |
| Total public support and revenue                       | 19,313,636                            | (321,088)                          | 18,992,548               |
| Expenses:  |                                       |                                    |                          |
| Program services:                                      |                                       |                                    |                          |
| Gross funds awarded/distributed                        | 11,756,696                            | -                                  | 11,756,696               |
| Less donor designations                                | <u>(2,118,436)</u>                    | <u>-</u>                           | <u>(2,118,436)</u>       |
| Net funds awarded/distributed to agencies              | 9,638,260                             | -                                  | 9,638,260                |
| Program services                                       | <u>4,618,036</u>                      | <u>-</u>                           | <u>4,618,036</u>         |
| Total program services                                 | 14,256,296                            | -                                  | 14,256,296               |
| Supporting services:                                   |                                       |                                    |                          |
| Fundraising  | 2,089,498                             | -                                  | 2,089,498                |
| Administration   | <u>2,338,663</u>                      | <u>-</u>                           | <u>2,338,663</u>         |
| Total supporting services                              | 4,428,161                             | -                                  | 4,428,161                |
| Total expenses   | <u>18,684,457</u>                     | <u>-</u>                           | <u>18,684,457</u>        |
| Increase (decrease) in net assets before other changes | 629,179                               | (321,088)                          | 308,091                  |
| Other changes:   |                                       |                                    |                          |
| Change in value of split-interest agreements           | <u>(49,058)</u>                       | <u>13,913</u>                      | <u>(35,145)</u>          |
| Increase (decrease) in net assets                      | 580,121                               | (307,175)                          | 272,946                  |
| Net assets, beginning of year                          | <u>23,949,498</u>                     | <u>10,732,794</u>                  | <u>34,682,292</u>        |
| Net assets, end of year                                | \$ <u><u>24,529,619</u></u>           | <u><u>10,425,619</u></u>           | <u><u>34,955,238</u></u> |

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



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

**Combined Statements of Cash Flows**

**For the Years Ended June 30, 2020 and 2019**

|   | <u>2020</u>         | <u>2019</u>      |
|---|---------------------|------------------|
| Cash flows from operating activities:   |                     |                  |
| Change in net assets  | \$ (171,602)        | 272,946          |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                     |                  |
| Depreciation and amortization expense   | 148,708             | 239,333          |
| Provision for uncollectible pledges   | 1,168,828           | 1,424,883        |
| Realized and unrealized gains on investments  | (702,468)           | (1,111,187)      |
| Gain on sale of building  | (253,881)           | -                |
| Change in value of split-interest agreements  | (14,351)            | 35,145           |
| Decrease (increase) in gifted facility  | 14,626              | (64,030)         |
| Increase in pledges receivable  | (1,397,099)         | (433,931)        |
| Decrease in other receivables   | 252,332             | 20,487           |
| Increase in prepaid expenses and other assets   | (20,733)            | (8,816)          |
| Increase (decrease) in allocations and designations payable   | 2,234,179           | (949,662)        |
| Increase (decrease) in other liabilities  | 532,808             | (555,152)        |
| Net cash provided by (used in) operating activities   | 1,791,347           | (1,129,984)      |
| Cash flows from investing activities:   |                     |                  |
| Property and equipment purchases  | (98,230)            | (22,371)         |
| Proceeds from sale of building  | 256,396             | -                |
| Purchases of investment securities  | (3,024,047)         | (9,658,020)      |
| Proceeds from sale of investment securities   | 2,793,596           | 10,032,611       |
| Net cash provided by (used in) investing activities   | (72,285)            | 352,220          |
| Cash flows from financing activities:   |                     |                  |
| Principal payments on capital lease obligations   | (14,156)            | (12,125)         |
| Principal payments on gift annuity obligations  | (46,012)            | (38,767)         |
| Principal payments on obligation under remainder trust  | (12,466)            | (13,104)         |
| Proceeds received from federal loan   | 1,030,500           | -                |
| Net cash provided by (used in) financing activities   | 957,866             | (63,996)         |
| Net increase (decrease) in cash and cash equivalents  | 2,676,928           | (841,760)        |
| Cash and cash equivalents, beginning of year  | 4,655,057           | 5,496,817        |
| Cash and cash equivalents, end of year  | \$ <u>7,331,985</u> | <u>4,655,057</u> |
| Supplemental cash flow information:   |                     |                  |
| Cash paid for interest  | \$ <u>7,207</u>     | <u>9,532</u>     |

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

**Combined Statement of Functional Expenses**

**For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

|   | Program Services    |                         |                     |                            |                   | Supporting Services |                  |                           | Total             |                   |
|---|---------------------|-------------------------|---------------------|----------------------------|-------------------|---------------------|------------------|---------------------------|-------------------|-------------------|
|   | Education           | Place-Based Initiatives | Financial Stability | Community Support Services | Total Programs    | Fundraising         | Administration   | Total Supporting Services | 2020              | 2019              |
|   |                     |                         |                     |                            |                   |                     |                  |                           |                   |                   |
| Allocations/awards                          | \$ 4,335,639        | 392,813                 | 2,887,919           | 3,796,890                  | 11,413,261        | -                   | -                | -                         | 11,413,261        | 11,756,696        |
| Less donor designations                     | -                   | -                       | -                   | (1,841,456)                | (1,841,456)       | -                   | -                | -                         | (1,841,456)       | (2,118,436)       |
|   | <u>4,335,639</u>    | <u>392,813</u>          | <u>2,887,919</u>    | <u>1,955,434</u>           | <u>9,571,805</u>  | <u>-</u>            | <u>-</u>         | <u>-</u>                  | <u>9,571,805</u>  | <u>9,638,260</u>  |
| Salaries                                    | 440,295             | 421,481                 | 460,835             | 968,621                    | 2,291,232         | 1,261,455           | 944,614          | 2,206,069                 | 4,497,301         | 4,815,570         |
| Payroll taxes/PEO fees                      | 43,277              | 42,655                  | 46,351              | 99,298                     | 231,581           | 134,163             | 79,919           | 214,082                   | 445,663           | 480,177           |
| 401(k) and pension                          | 11,098              | 10,808                  | 11,983              | 25,311                     | 59,200            | 41,583              | 18,867           | 60,450                    | 119,650           | 132,090           |
| Other employee benefits                     | 49,353              | 54,560                  | 56,055              | 97,843                     | 257,811           | 136,622             | 74,683           | 211,305                   | 469,116           | 467,007           |
|   | <u>544,023</u>      | <u>529,504</u>          | <u>575,224</u>      | <u>1,191,073</u>           | <u>2,839,824</u>  | <u>1,573,823</u>    | <u>1,118,083</u> | <u>2,691,906</u>          | <u>5,531,730</u>  | <u>5,894,844</u>  |
| Legal fees                                  | 1,995               | -                       | -                   | 595                        | 2,590             | -                   | 813              | 813                       | 3,403             | 1,943             |
| Accounting and audit fees                   | 5,068               | 6,028                   | 8,844               | 11,538                     | 31,478            | 16,810              | 20,712           | 37,522                    | 69,000            | 70,189            |
| Professional and consulting fees            | -                   | -                       | 1,402               | 70,277                     | 71,679            | 2,500               | 134,168          | 136,668                   | 208,347           | 161,330           |
| Advertising and promotion                   | 775                 | -                       | 3,294               | 775                        | 4,844             | 3,858               | 323,530          | 327,388                   | 332,232           | 311,666           |
| Office expense                              | 5,296               | 27,586                  | 9,266               | 17,092                     | 59,240            | 18,637              | 50,086           | 68,723                    | 127,963           | 134,489           |
| Information technology                      | 35,795              | 57,487                  | 66,101              | 88,076                     | 247,459           | 104,201             | 111,903          | 216,104                   | 463,563           | 510,689           |
| Occupancy                                   | 47,963              | 67,790                  | 107,593             | 154,217                    | 377,563           | 201,858             | 176,296          | 378,154                   | 755,717           | 754,239           |
| Travel                                      | 4,933               | 2,055                   | 12,799              | 26,116                     | 45,903            | 17,443              | 3,108            | 20,551                    | 66,454            | 110,655           |
| Conferences, conventions and meetings       | 3,328               | 2,798                   | 1,616               | 3,476                      | 11,218            | 12,675              | 40,368           | 53,043                    | 64,261            | 174,620           |
| Interest                                    | -                   | 79                      | 288                 | 242                        | 609               | 357                 | 6,241            | 6,598                     | 7,207             | 9,532             |
| UWW and UWFL dues                           | 21,306              | 12,218                  | 33,273              | 48,446                     | 115,243           | 70,414              | 53,883           | 124,297                   | 239,540           | 254,517           |
| Depreciation and amortization               | 18,467              | 24,510                  | 17,120              | 25,619                     | 85,716            | 38,188              | 24,804           | 62,992                    | 148,708           | 239,333           |
| Insurance                                   | 4,831               | 3,239                   | 5,135               | 8,788                      | 21,993            | 11,455              | 12,422           | 23,877                    | 45,870            | 46,023            |
| Printing                                    | 1,738               | 3,020                   | 8,675               | 1,816                      | 15,249            | 19,727              | 2,494            | 22,221                    | 37,470            | 49,171            |
| Program and campaign supplies               | 75,176              | 14,457                  | 9,687               | 49,844                     | 149,164           | 2,634               | -                | 2,634                     | 151,798           | 138,267           |
| Memberships, sponsorships and registrations | 197                 | 2,165                   | 6,389               | 11,688                     | 20,439            | 4,256               | 63,617           | 67,873                    | 88,312            | 134,842           |
| Other expenses                              | 112                 | -                       | -                   | 18                         | 130               | 180                 | 39,417           | 39,597                    | 39,727            | 49,848            |
|   | <u>226,980</u>      | <u>223,432</u>          | <u>291,482</u>      | <u>518,623</u>             | <u>1,260,517</u>  | <u>525,193</u>      | <u>1,063,862</u> | <u>1,589,055</u>          | <u>2,849,572</u>  | <u>3,151,353</u>  |
| Total expenses                              | \$ <u>5,106,642</u> | <u>1,145,749</u>        | <u>3,754,625</u>    | <u>3,665,130</u>           | <u>13,672,146</u> | <u>2,099,016</u>    | <u>2,181,945</u> | <u>4,280,961</u>          | <u>17,953,107</u> | <u>18,684,457</u> |

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

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

**Combined Statement of Functional Expenses**

**For the Year Ended June 30, 2019**

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

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

# UNITED WAY SUNCOAST, INC. AND AFFILIATE

## Notes to Combined Financial Statements

June 30, 2020 and 2019

### (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 combined 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 the Organization’s the square footage analysis for all indirect occupancy-related expenses.

#### (f) Cash and Cash Equivalents

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

## 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) 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.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as other liabilities in the combined statement of financial position. The Organization received cost-reimbursable grants of approximately \$476,000 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred, with advance payments of \$416,051 recognized as other liabilities in the combined statement of financial position.

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.

##### (i) Going Concern Evaluation

On an annual basis, as required by Accounting Standards Codification ("ASC") Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

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

##### (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 combined statements of activities.

##### (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 Topic 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, 2017 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.



## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

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

##### (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 Pronouncements

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-08, *Not-for-Profit-Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit-Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The contribution standard was applied using the modified retrospective method. This method was applied to transactions that were not complete or had otherwise already been recognized as of July 1, 2019. Adoption of the new standard did not have material impact on fiscal 2020 results. In evaluating the effects of the change, contributions in process as of the date of adoption were considered.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that will supersede most current revenue recognition guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14 which deferred the provisions of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05, deferring the effective date for all entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Topic 606 as of the date the ASU was issued. In accordance with this guidance, the Organization will adopt Topic 606 on July 1, 2020 and is currently evaluating the full effect that the adoption of this standard will have on the combined financial statements.

**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, 2020 and 2019:

|   | <u>2020</u>          |                   | <u>2019</u>       |                   |
|---|----------------------|-------------------|-------------------|-------------------|
|   | <u>Cost</u>          | <u>Market</u>     | <u>Cost</u>       | <u>Market</u>     |
| Cash, money market funds, and certificates of deposit | \$ 1,656,818         | 1,656,818         | 1,166,020         | 1,166,020         |
| U.S. government and agency obligations                | 720,629              | 793,827           | 1,572,537         | 1,631,334         |
| Mortgaged-backed securities                           | 2,494,432            | 2,557,009         | 2,327,904         | 2,334,780         |
| Corporate bonds                                       | 2,772,884            | 2,924,494         | 2,345,139         | 2,396,694         |
| Bond mutual funds                                     | 2,500,728            | 2,714,480         | 2,600,594         | 2,679,715         |
| Exchange traded funds                                 | 12,056,181           | 13,214,576        | 11,560,882        | 12,806,911        |
|   | <u>\$ 22,201,672</u> | <u>23,861,204</u> | <u>21,573,076</u> | <u>23,015,454</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, 2020 and 2019:

|                               | <u>2020</u>         | <u>2019</u>      |
|-------------------------------|---------------------|------------------|
| Interest and dividends        | \$ 600,400          | 555,286          |
| Realized and unrealized gains | 702,468             | 1,111,187        |
|                               | 1,302,868           | 1,666,473        |
| Less investment expenses      | (112,117)           | (120,947)        |
|                               | <u>\$ 1,190,751</u> | <u>1,545,526</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 of Tampa Bay, Inc. 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 2020 or 2019. At June 30, 2020 and 2019, the balance of investments held by the Community Foundation of Tampa Bay, Inc. was \$1,356,261 and \$1,353,134, respectively. Net investment income for the years ended June 30, 2020 and 2019 was \$3,127 and \$44,194, respectively.

# UNITED WAY SUNCOAST, INC. AND AFFILIATE

## Notes to Combined Financial Statements - Continued

### (3) Community Foundation Investments - Continued

In 2019, the Board of Directors established an account at the Community Foundation of Manatee County by transferring the majority of the Foundation's investments totaling \$3,663,566. Under the terms of the agreement with the Community Foundation of Manatee County, these assets will be invested at the Community Foundation of Manatee County for a period of three years. At June 30, 2020 and 2019, the balance of investments held by the Community Foundation of Manatee County was \$4,260,981 and \$4,176,939, respectively. Net investment income for the years ended June 30, 2020 and 2019 was \$84,042 and \$119,751, 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, 2020 and 2019 consists of the following:

|                                   | <u>2020</u>         | <u>2019</u>        |
|-----------------------------------|---------------------|--------------------|
| Land                              | \$ 386,245          | 386,245            |
| Buildings and improvements        | 1,332,835           | 1,740,337          |
| Leasehold improvements            | 1,008,550           | 976,883            |
| Furniture, fixtures and equipment | <u>1,308,873</u>    | <u>1,254,485</u>   |
|                                   | 4,036,503           | 4,357,950          |
| Less accumulated depreciation     | <u>(2,461,854)</u>  | <u>(2,730,308)</u> |
|                                   | <u>\$ 1,574,649</u> | <u>1,627,642</u>   |

For the years ended June 30, 2020 and 2019, depreciation and amortization expense was \$148,708 and \$239,333, respectively.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (5) Property and Equipment - Continued

In 2006, the United Way of Manatee County, Inc. 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. The 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 \$37,903 and \$26,100 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 is summarized below:

|  |    |                 |
|--|----|-----------------|
| 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 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                 |    | 76,500          |
| Recognition of fair value of gifted land lease                 |    | 1,557           |
| Recognition of rent expense for the year ended June 30, 2020   |    | <u>(16,183)</u> |
| Fair value of gifted facility at June 30, 2020                 | \$ | <u>61,874</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 .18% to .49% as of June 30, 2020 and from 1.71% to 1.87% as of June 30, 2019.

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, 2020 and 2019 consist of the following:

|  | <b>2020</b>          | <b>2019</b>       |
|--|----------------------|-------------------|
| Net assets subject to donor use restrictions:      |                      |                   |
| Future campaign pledges                            | \$ 144,034           | 83,387            |
| Remainder trusts and other                         | 297,388              | 389,546           |
| Gifted facility:                                   |                      |                   |
| Sulphur Springs Resource Center                    | 61,874               | 76,500            |
| Program initiatives                                | 1,453,107            | 1,453,976         |
|  | 1,956,403            | 2,003,409         |
| Net assets subject to time restrictions:           |                      |                   |
| Unappropriated endowment earnings                  | 4,404,895            | 4,576,849         |
| Property and equipment subject to use restrictions | -                    | 166,186           |
|  | 4,404,895            | 4,743,035         |
| Net assets to be held in perpetuity:               |                      |                   |
| Donor endowments                                   | 3,518,538            | 3,518,538         |
| Charitable remainder unitrust                      | 170,160              | 160,637           |
|  | <b>\$ 10,049,996</b> | <b>10,425,619</b> |

At June 30, 2020 and 2019, 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<br/>Equivalents</u> | <u>Fixed<br/>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<br>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, 2020 and 2019 follows:

|                                  | <u>Net Assets<br/>Without<br/>Restrictions</u> | <u>Net Assets<br/>With Donor<br/>Restrictions</u> | <u>Total<br/>Endowment<br/>Net Assets</u> |
|----------------------------------|--|---|---|
| June 30, 2020:                   |  |   |   |
| Board-designated endowment funds | \$ 12,002,473                                  | -   | 12,002,473                                |
| Charitable remainder unitrust    | 56,801   | 170,160   | 226,961                                   |
| Donor-restricted endowment funds | <u>4,331,317</u>                               | <u>7,923,433</u>                                  | <u>12,254,750</u>                         |
|                                  | <u>\$ 16,390,591</u>                           | <u>8,093,593</u>                                  | <u>24,484,184</u>                         |
| June 30, 2019:                   |  |   |   |
| 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. AND AFFILIATE**

**Notes to Combined Financial Statements - Continued**

**(9) Endowment Funds - Continued**

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

|                          | <u>Net Assets<br/>Without<br/>Restrictions</u> | <u>Net Assets<br/>With Donor<br/>Restrictions</u> | <u>Total<br/>Endowment<br/>Net Assets</u> |
|--------------------------|--|---|---|
| Balance at July 1, 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 | 15,848,985                                     | 8,256,024   | 24,105,009                                |
| Contributions            | 41,374   | -   | 41,374                                    |
| Net investment income    | 197,595  | 156,667   | 354,262                                   |
| Net appreciation         | 302,637  | 144,602   | 447,239                                   |
| Withdrawals              | <u>-</u>                                       | <u>(463,700)</u>                                  | <u>(463,700)</u>                          |
| Balance at June 30, 2020 | <u>\$ 16,390,591</u>                           | <u>8,093,593</u>                                  | <u>24,484,184</u>                         |

**(10) Leases**

The Organization leases office facilities and certain equipment under various operating leases. Rent expense was approximately \$693,000 and \$697,000 for the years ended June 30, 2020 and 2019, respectively.

The Organization is also obligated under two capital leases for office equipment that expire over the next two years. The gross amount of office equipment and related accumulated amortization recorded under the capital leases as of June 30, 2020 were \$72,000 and \$48,000, respectively. 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. 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, 2020 and 2019 was \$6,008 and \$8,038, respectively.



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

**Notes to Combined Financial Statements - Continued**

**(10) Leases - Continued**

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, 2020 are as follows:

| <u>Year Ending June 30,</u>                     | <u>Capital<br/>Leases</u> | <u>Operating<br/>Leases</u> | <u>Total</u>     |
|---|---------------------------|-----------------------------|------------------|
| 2021  | \$ 20,164                 | 669,400                     | 689,564          |
| 2022  | 15,122                    | 684,400                     | 699,522          |
| 2023  | -                         | 599,700                     | 599,700          |
| 2024  | -                         | 21,600                      | 21,600           |
|   | <hr/>                     | <hr/>                       | <hr/>            |
| Total minimum lease payments                    | 35,286                    | <u>1,975,100</u>            | <u>2,010,386</u> |
| Less amount representing interest               | <u>(4,576)</u>            |                             |                  |
| Present value of minimum capital lease payments | <u>\$ 30,710</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 \$6,961,000 and \$4,493,000 as of June 30, 2020 and 2019, respectively.

**(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.

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (13) Risks and Uncertainties

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts will likely affect operations through the remainder of 2020, although such effects may vary significantly. The duration and extent of the pandemic and its effects over longer terms cannot be reasonably estimated as of the date the combined financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of the curtailment of various program activities and the long-term effect on campaign contributions.

The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, there has been heightened market risk and the Organization’s investment portfolio has incurred significant volatility in fair value since March 2020. Because the values of the Organization’s individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in future periods, if any, and the related impact on the Organization’s liquidity cannot be determined at this time.

#### (14) 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 investments held at the Community Foundation of Tampa Bay, Inc. and the Community Foundation of Manatee County (collectively, “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.

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

**Notes to Combined Financial Statements - Continued**

**(14) Fair Value Measurements - Continued**

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.

Fair value of assets and liabilities measured on a recurring basis at June 30, 2020 are as follows:

|  | <u>Fair Value</u>    | <u>Level 1</u>    | <u>Level 2</u>   | <u>Level 3</u> |
|--|----------------------|-------------------|------------------|----------------|
| <b>Assets:</b>                             |                      |                   |                  |                |
| Money market funds                         | \$ 1,656,818         | 1,656,818         | -                | -              |
| Debt securities:                           |                      |                   |                  |                |
| Corporate and foreign bonds                | 2,924,494            | 2,924,494         | -                | -              |
| Fixed income mutual funds                  | 2,714,480            | 2,714,480         | -                | -              |
| CMOs & mortgaged-backed securities         | 2,557,009            | -                 | 2,557,009        | -              |
| U.S. government & agency obligations       | 793,827              | 382,597           | 411,230          | -              |
|  | <u>8,989,810</u>     | <u>6,021,571</u>  | <u>2,968,239</u> | <u>-</u>       |
| Exchange traded funds:                     |                      |                   |                  |                |
| Emerging markets equity                    | 375,004              | 375,004           | -                | -              |
| International equity                       | 3,071,536            | 3,071,536         | -                | -              |
| US large cap core                          | 4,045,267            | 4,045,267         | -                | -              |
| US large cap growth                        | 466,595              | 466,595           | -                | -              |
| US large cap value                         | 3,804,715            | 3,804,715         | -                | -              |
| US mid cap core                            | 774,931              | 774,931           | -                | -              |
| US small cap core                          | 676,528              | 676,528           | -                | -              |
|  | <u>13,214,576</u>    | <u>13,214,576</u> | <u>-</u>         | <u>-</u>       |
| Community Foundation investments           | 5,617,242            | -                 | 5,617,242        | -              |
| Receivable under remainder trusts          | 222,441              | -                 | -                | 222,441        |
|  | <u>\$ 29,700,887</u> | <u>20,892,965</u> | <u>8,585,481</u> | <u>222,441</u> |
| <b>Liabilities:</b>                        |                      |                   |                  |                |
| Annuities payable                          | \$ 237,476           | -                 | -                | 237,476        |
| Obligation under remainder trust agreement | 56,801               | -                 | -                | 56,801         |
|  | <u>\$ 294,277</u>    | <u>-</u>          | <u>-</u>         | <u>294,277</u> |

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

**Notes to Combined Financial Statements - Continued**

**(14) 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> |
|--|----------------------|-------------------|------------------|----------------|
| <b>Assets:</b>                             |                      |                   |                  |                |
| Money market funds                         | \$ 1,166,020         | 1,166,020         | -                | -              |
| <b>Debt securities:</b>                    |                      |                   |                  |                |
| 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>       |
| <b>Exchange traded funds:</b>              |                      |                   |                  |                |
| 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> |
| <b>Liabilities:</b>                        |                      |                   |                  |                |
| 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**

**(14) Fair Value Measurements - Continued**

The following table sets forth a summary of changes in fair value for the years ended June 30, 2020 and 2019 for which the Organization has used Level 3 inputs to determine fair value:

|   | <b>Receivable<br/>under<br/>Remainder<br/>Trusts</b> | <b>Annuities<br/>Payable</b> | <b>Obligation<br/>under<br/>Remainder<br/>Trust</b> |
|---|--|------------------------------|---|
| 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                      | 321,724  | 256,012                      | 70,302  |
| Total gains included in changes in net assets | 40,792   | 27,476                       | (1,035)   |
| Contributions                                 | 76,233   | -                            | -   |
| Settlements                                   | <u>(216,308)</u>                                     | <u>(46,012)</u>              | <u>(12,466)</u>                                     |
| Balance at June 30, 2020                      | \$ <u>222,441</u>                                    | <u>237,476</u>               | <u>56,801</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, 2020 include using discount rates ranging from .18% to .49% and life expectancy estimates for income beneficiaries which range from 3 to 7 years. 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.

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

**Notes to Combined Financial Statements - Continued**

**(15) Liquidity and Availability of Resources**

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, 2020 and 2019, the Organization's financial assets available to meet general expenditures within one year were as follows:

|  | <b>2020</b>   | <b>2019</b>  |
|--|---------------|--------------|
| Financial assets:  |               |              |
| Cash and cash equivalents  | \$ 7,331,985  | 4,655,057    |
| Pledges receivable, net  | 5,302,925     | 5,074,654    |
| Accrued interest   | 68,372        | 68,372       |
| Accounts receivable  | 258,658       | 54,248       |
| Accrued bequests   | 33,333        | 350,000      |
| Investments  | 29,478,446    | 28,545,527   |
| Receivable under remainder trusts and other  | 222,441       | 321,724      |
| Total financial assets   | 42,696,160    | 39,069,582   |
| Less amounts unavailable for general expenditure within one year due to:               |               |              |
| Contractual or donor-imposed restrictions:   |               |              |
| Unappropriated endowment earnings  | (4,404,895)   | (4,576,849)  |
| Endowments   | (3,518,538)   | (3,518,538)  |
| Program initiatives  | (1,453,107)   | (1,453,976)  |
| Other donor imposed restrictions   | (611,582)     | (633,570)    |
| Board-designations:  |               |              |
| Operating reserves   | (4,575,942)   | (4,363,813)  |
| Disaster relief and community emergencies  | (1,219,925)   | (1,219,925)  |
| Quasi-endowment  | (16,390,591)  | (15,848,985) |
| Future allocations   | (85,350)      | (85,350)     |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 10,436,230 | 7,368,576    |

## UNITED WAY SUNCOAST, INC. AND AFFILIATE

### Notes to Combined Financial Statements - Continued

#### (16) 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, 2020 and 2019, employer contributions were approximately \$120,000 and \$132,000, respectively.

#### (17) Paycheck Protection Program Loan

The Organization applied for and received a forgivable Paycheck Protection Program Loan of \$1,030,500 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 17, 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through October 1, 2020 and that certain employment levels are maintained.

To the extent a portion of the loan does not meet the criteria to be forgiven, principal and interest is payable monthly through the maturity date of April 17, 2022. The loan carries an interest rate of 1%. The Organization anticipates using all of the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness will be submitted after the performance period outlined above. Upon receipt of a legal release from the obligation, the Organization will record a gain on the extinguishment of debt equal to the amount forgiven.

#### (18) Subsequent Events

The Organization has evaluated subsequent events through December 16, 2020, the date the combined financial statements were available for issuance.