

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Financial Statements

**June 30, 2021 and 2020
(With Independent Auditors' Report Thereon)**

UNITED WAY SUNCOAST, INC. AND AFFILIATE

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UNITED WAY SUNCOAST, INC.
Management Certification
Year Ended June 30, 2021

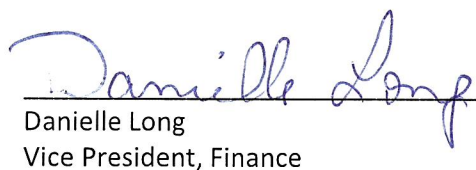
I hereby certify that:

1. I have read the audited financial statements of United Way Suncoast, Inc. for the year ended June 30, 2021.
2. Based on my knowledge, the financial statements of United Way Suncoast, Inc. for the period ended June 30, 2021, 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, 2021.



Jessica Muroff
 Chief Executive Officer

10/22/2021
 Date



Danielle Long
 Vice President, Finance

10/22/2021
 Date



Independent Auditors' 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, 2021 and 2020, 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.

Auditors' 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 auditors' 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, 2021 and 2020, and the changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

October 21, 2021
St. Petersburg, Florida

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Statements of Financial Position

June 30, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents	\$ 23,808,798	7,331,985
Pledges receivable, less allowance for uncollectible pledges of approximately \$1,406,000 and \$1,237,000 in 2021 and 2020, respectively	7,025,870	5,302,925
Accrued interest	32,783	68,372
Accounts receivable	253,333	258,658
Accrued bequests	-	33,333
Prepaid expenses	84,159	123,780
Community Foundation investments	7,039,687	5,617,242
Investments	29,108,382	23,861,204
Receivable under remainder trusts and other	161,514	222,441
Gifted facility	46,186	61,874
Property and equipment, net	1,603,235	1,574,649
Other	85,618	74,947
	<u>69,249,565</u>	<u>44,531,410</u>
Total assets	\$ 69,249,565	44,531,410
Liabilities and Net Assets		
Allocations and designations payable	\$ 7,591,109	6,785,870
Other liabilities	1,512,193	1,557,809
Annuities payable	182,156	237,476
Obligation under remainder trust agreement	51,473	56,801
Deferred lease incentive	49,196	48,608
Capital lease obligations	174,921	30,710
Federal loan payable	-	1,030,500
	<u>9,561,048</u>	<u>9,747,774</u>
Total liabilities	9,561,048	9,747,774
Net assets:		
Without donor restrictions:		
Operating reserves	4,901,918	4,575,942
Disaster relief reserves	1,219,925	1,219,925
Net investment in property and equipment	968,233	1,075,703
Board-designated for endowment	20,260,793	16,390,591
Board-designated for future allocations	85,350	85,350
Transformational community impact	20,000,000	-
Undesignated	121,039	1,386,129
	<u>47,557,258</u>	<u>24,733,640</u>
With donor restrictions	12,131,259	10,049,996
	<u>59,688,517</u>	<u>34,783,636</u>
Total net assets	59,688,517	34,783,636
Total liabilities and net assets	\$ 69,249,565	44,531,410

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Statement of Activities

**For the Year Ended June 30, 2021
(With Comparative Totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Gross campaign contributions	\$ 34,296,467	2,160,513	36,456,980	17,930,832
Donor designations	<u>(1,702,646)</u>	<u>-</u>	<u>(1,702,646)</u>	<u>(1,841,456)</u>
Undesignated campaign contributions	32,593,821	2,160,513	34,754,334	16,089,376
Contributions recognized in a prior period	<u>(144,034)</u>	<u>-</u>	<u>(144,034)</u>	<u>(83,387)</u>
Undesignated campaign contributions	<u>\$ 32,449,787</u>	<u>2,160,513</u>	<u>34,610,300</u>	<u>16,005,989</u>
Public support and revenue:				
Public support:				
Contributions	\$ 32,449,787	2,160,513	34,610,300	16,005,989
Provision for uncollectible pledges	<u>(1,526,720)</u>	<u>-</u>	<u>(1,526,720)</u>	<u>(1,168,828)</u>
Annual campaign, net of uncollectible pledges	30,923,067	2,160,513	33,083,580	14,837,161
Bequests and trusts	<u>61,311</u>	<u>10,671</u>	<u>71,982</u>	<u>76,234</u>
Total public support	30,984,378	2,171,184	33,155,562	14,913,395
Revenue:				
Program revenues	1,431,554	495	1,432,049	1,056,951
Service fee income	136,501	-	136,501	179,954
Investment return	5,025,386	1,771,953	6,797,339	1,190,751
Miscellaneous income	<u>91,854</u>	<u>-</u>	<u>91,854</u>	<u>172,222</u>
Total revenue	6,685,295	1,772,448	8,457,743	2,599,878
Net assets released from restrictions	<u>1,903,433</u>	<u>(1,903,433)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	39,573,106	2,040,199	41,613,305	17,513,273
Expenses:				
Program services:				
Gross funds awarded/distributed	10,831,400	-	10,831,400	11,413,261
Less donor designations	<u>(1,702,646)</u>	<u>-</u>	<u>(1,702,646)</u>	<u>(1,841,456)</u>
Net funds awarded/distributed to agencies	9,128,754	-	9,128,754	9,571,805
Program services	<u>4,252,472</u>	<u>-</u>	<u>4,252,472</u>	<u>4,100,341</u>
Total program services	13,381,226	-	13,381,226	13,672,146
Supporting services:				
Fundraising	2,116,454	-	2,116,454	2,099,016
Administration	<u>2,279,397</u>	<u>-</u>	<u>2,279,397</u>	<u>2,181,945</u>
Total supporting services	<u>4,395,851</u>	<u>-</u>	<u>4,395,851</u>	<u>4,280,961</u>
Total expenses	<u>17,777,077</u>	<u>-</u>	<u>17,777,077</u>	<u>17,953,107</u>
Change in net assets before other changes	21,796,029	2,040,199	23,836,228	(439,834)
Other changes:				
Change in value of split-interest agreements	(40,092)	41,064	972	14,351
Gain on forgiveness of Paycheck Protection Program loan	1,030,500	-	1,030,500	-
Gain on disposal of assets	<u>37,181</u>	<u>-</u>	<u>37,181</u>	<u>253,881</u>
Change in net assets	22,823,618	2,081,263	24,904,881	(171,602)
Net assets, beginning of year	<u>24,733,640</u>	<u>10,049,996</u>	<u>34,783,636</u>	<u>34,955,238</u>
Net assets, end of year	<u>\$ 47,557,258</u>	<u>12,131,259</u>	<u>59,688,517</u>	<u>34,783,636</u>

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Statement of Activities

For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Gross campaign contributions	\$ 15,300,543	2,630,289	17,930,832
Donor designations	<u>(1,841,456)</u>	<u>-</u>	<u>(1,841,456)</u>
Undesignated campaign contributions	13,459,087	2,630,289	16,089,376
Contributions recognized in a prior period	<u>(83,387)</u>	<u>-</u>	<u>(83,387)</u>
Undesignated campaign contributions	<u>\$ 13,375,700</u>	<u>2,630,289</u>	<u>16,005,989</u>
Public support and revenue:			
Public support:			
Contributions	\$ 13,375,700	2,630,289	16,005,989
Provision for uncollectible pledges	<u>(1,168,828)</u>	<u>-</u>	<u>(1,168,828)</u>
Annual campaign, net of uncollectible pledges	12,206,872	2,630,289	14,837,161
Bequests and trusts	<u>69,110</u>	<u>7,124</u>	<u>76,234</u>
Total public support	12,275,982	2,637,413	14,913,395
Revenue:			
Program revenues	1,055,394	1,557	1,056,951
Service fee income	179,954	-	179,954
Investment return	899,002	291,749	1,190,751
Miscellaneous income	<u>172,222</u>	<u>-</u>	<u>172,222</u>
Total revenue	2,306,572	293,306	2,599,878
Net assets released from restrictions	<u>3,356,657</u>	<u>(3,356,657)</u>	<u>-</u>
Total public support and revenue	17,939,211	(425,938)	17,513,273
Expenses:			
Program services:			
Gross funds awarded/distributed	11,413,261	-	11,413,261
Less donor designations	<u>(1,841,456)</u>	<u>-</u>	<u>(1,841,456)</u>
Net funds awarded/distributed to agencies	9,571,805	-	9,571,805
Program services	<u>4,100,341</u>	<u>-</u>	<u>4,100,341</u>
Total program services	13,672,146	-	13,672,146
Supporting services:			
Fundraising	2,099,016	-	2,099,016
Administration	<u>2,181,945</u>	<u>-</u>	<u>2,181,945</u>
Total supporting services	<u>4,280,961</u>	<u>-</u>	<u>4,280,961</u>
Total expenses	<u>17,953,107</u>	<u>-</u>	<u>17,953,107</u>
Change in net assets before other changes	(13,896)	(425,938)	(439,834)
Other changes:			
Change in value of split-interest agreements	(35,964)	50,315	14,351
Gain on sale of building	<u>253,881</u>	<u>-</u>	<u>253,881</u>
Change in net assets	204,021	(375,623)	(171,602)
Net assets, beginning of year	<u>24,529,619</u>	<u>10,425,619</u>	<u>34,955,238</u>
Net assets, end of year	<u>\$ 24,733,640</u>	<u>10,049,996</u>	<u>34,783,636</u>

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Statements of Cash Flows

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 24,904,881	(171,602)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	140,148	148,708
Provision for uncollectible pledges	1,526,720	1,168,828
Realized and unrealized gains on investments	(6,448,840)	(702,468)
Forgiveness of Paycheck Protection Program loan	(1,030,500)	-
Gain on disposal of assets	(37,181)	(253,881)
Change in value of split-interest agreements	(972)	(14,351)
Decrease in gifted facility	15,688	14,626
Increase in pledges receivable	(3,249,665)	(1,397,099)
Decrease in other receivables	132,947	252,332
Decrease (increase) in prepaid expenses and other assets	28,950	(20,733)
Increase in allocations and designations payable	805,239	2,234,179
Increase (decrease) in other liabilities	<u>(45,028)</u>	<u>532,808</u>
Net cash provided by operating activities	16,742,387	1,791,347
Cash flows from investing activities:		
Property and equipment purchases	(7,753)	(98,230)
Proceeds from sale of building	55,467	256,396
Purchases of investment securities	(5,779,058)	(3,024,047)
Proceeds from sale of investment securities	<u>5,558,275</u>	<u>2,793,596</u>
Net cash used in investing activities	(173,069)	(72,285)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(35,056)	(14,156)
Principal payments on gift annuity obligations	(42,687)	(46,012)
Principal payments on obligation under remainder trust	(14,762)	(12,466)
Proceeds received from Paycheck Protection Program loan	<u>-</u>	<u>1,030,500</u>
Net cash (used in) provided by financing activities	<u>(92,505)</u>	<u>957,866</u>
Net increase in cash and cash equivalents	16,476,813	2,676,928
Cash and cash equivalents, beginning of year	<u>7,331,985</u>	<u>4,655,057</u>
Cash and cash equivalents, end of year	<u>\$ 23,808,798</u>	<u>7,331,985</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 16,672</u>	<u>7,207</u>

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Statement of Functional Expenses

For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Program Services					Supporting Services			Total	
	Education	Place-Based Initiatives	Financial Stability	Community Support Services	Total Programs	Fundraising	Administration	Total Supporting Services	2021	2020
Allocations/awards	\$ 4,540,473	396,545	3,377,863	813,873	9,128,754	1,702,646	-	1,702,646	10,831,400	11,413,261
Less donor designations	-	-	-	-	-	(1,702,646)	-	(1,702,646)	(1,702,646)	(1,841,456)
	4,540,473	396,545	3,377,863	813,873	9,128,754	-	-	-	9,128,754	9,571,805
Salaries	437,658	457,492	434,888	1,062,673	2,392,711	1,297,777	942,962	2,240,739	4,633,450	4,497,301
Payroll taxes/PEO fees	43,810	46,744	40,953	109,130	240,637	133,822	55,450	189,272	429,909	445,663
401(k) and pension	10,849	13,325	9,594	18,034	51,802	31,180	19,432	50,612	102,414	119,650
Other employee benefits	51,762	63,195	45,090	124,755	284,802	144,638	57,607	202,245	487,047	469,116
	544,079	580,756	530,525	1,314,592	2,969,952	1,607,417	1,075,451	2,682,868	5,652,820	5,531,730
Legal fees	4,456	354	1,374	4,027	10,211	1,139	11,070	12,209	22,420	3,403
Accounting and audit fees	5,068	6,028	8,844	11,538	31,478	16,810	16,332	33,142	64,620	69,000
Professional and consulting fees	33,330	-	671	63,001	97,002	17,550	208,291	225,841	322,843	208,347
Advertising and promotion	802	-	525	2,500	3,827	1,801	392,412	394,213	398,040	332,232
Office expense	5,744	19,607	7,581	12,739	45,671	17,743	65,694	83,437	129,108	127,963
Information technology	40,461	53,687	123,118	104,105	321,371	116,792	145,485	262,277	583,648	463,563
Occupancy	50,322	86,993	100,105	124,062	361,482	188,118	140,365	328,483	689,965	755,717
Travel	952	88	1,150	2,902	5,092	2,618	2,438	5,056	10,148	66,454
Conferences, conventions and meetings	151	175	2,842	204	3,372	1,333	35,027	36,360	39,732	64,261
Interest	-	59	214	181	454	266	15,952	16,218	16,672	7,207
UWW and UWFL dues	23,172	13,009	36,104	52,687	124,972	76,575	58,618	135,193	260,165	239,540
Depreciation and amortization	16,776	17,800	18,087	22,494	75,157	33,611	31,380	64,991	140,148	148,708
Insurance	5,021	3,915	6,282	9,854	25,072	13,266	9,421	22,687	47,759	45,870
Printing	626	-	2,410	5	3,041	8,413	5,389	13,802	16,843	37,470
Program and campaign supplies	96,632	3,600	10,520	31,277	142,029	3,843	311	4,154	146,183	151,798
Memberships, sponsorships and registrations	459	-	2,885	28,408	31,752	8,714	39,407	48,121	79,873	88,312
Other expenses	-	-	-	537	537	445	26,354	26,799	27,336	39,727
	283,972	205,315	322,712	470,521	1,282,520	509,037	1,203,946	1,712,983	2,995,503	2,849,572
Total expenses	\$ 5,368,524	1,182,616	4,231,100	2,598,986	13,381,226	2,116,454	2,279,397	4,395,851	17,777,077	17,953,107

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Combined Statement of Functional Expenses

For the Year Ended June 30, 2020

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

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements

June 30, 2021 and 2020

(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 provide pathways to education and financial stability that give every child and adult the freedom to rise.

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 United Way Suncoast Reading Rooms in Manatee County.

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. We focus specifically on ALICE families, those hard-working parents and children that represent 43 percent of our service area and stand just one unexpected expense from dire circumstances.

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.

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.

Transitional community impact is made available to fund strategic initiatives and priorities of the region served by United Way Suncoast and aligned to support the Board approved Organization strategic plan.

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 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 value 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 \$80,863 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred, with advance payments of \$466,514 recognized as a component of 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. Management's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the combined financial statements were available for issuance.

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, 2018 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) Fair Value Measurements

The Organization has adopted the provisions of ASC 820, *Fair Value Measurement*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

(2) Investments

Investments, stated at fair value, consist of the following at June 30, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash, money market funds, and certificates of deposit	\$ 2,243,675	2,243,675	1,656,818	1,656,818
U.S. government and agency obligations	907,377	925,867	720,629	793,827
Mortgaged-backed securities	2,456,640	2,476,169	2,494,432	2,557,009
Corporate bonds	3,477,170	3,547,123	2,772,884	2,924,494
Bond mutual funds	3,212,723	3,376,065	2,500,728	2,714,480
Exchange traded funds	11,226,157	16,539,483	12,056,181	13,214,576
	<u>\$ 23,523,742</u>	<u>29,108,382</u>	<u>22,201,672</u>	<u>23,861,204</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 include donor restrictions for endowment purposes.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(2) Investments - Continued

Investment return consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 498,531	600,400
Realized and unrealized gains	<u>6,448,840</u>	<u>702,468</u>
	6,947,371	1,302,868
Less investment expenses	<u>(150,032)</u>	<u>(112,117)</u>
	<u>\$ 6,797,339</u>	<u>1,190,751</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 2021 or 2020. At June 30, 2021 and 2020, the balance of investments held by the Community Foundation of Tampa Bay, Inc. was \$1,769,610 and \$1,356,261, respectively. Net investment income for the years ended June 30, 2021 and 2020 was \$413,349 and \$44,194, respectively.

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, 2021 and 2020, the balance of investments held by the Community Foundation of Manatee County was \$5,270,077 and \$4,260,981, respectively. Net investment income for the years ended June 30, 2021 and 2020 was \$1,009,096 and \$84,042, respectively.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(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 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, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 386,245	386,245
Buildings and improvements	1,332,835	1,332,835
Leasehold improvements	1,008,550	1,008,550
Furniture, fixtures and equipment	<u>1,423,893</u>	<u>1,308,873</u>
	4,151,523	4,036,503
Less accumulated depreciation	<u>(2,548,288)</u>	<u>(2,461,854)</u>
	<u>\$ 1,603,235</u>	<u>1,574,649</u>

For the years ended June 30, 2021 and 2020, depreciation and amortization expense was \$140,148 and \$148,708, respectively.

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.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(5) Property and Equipment - Continued

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 \$31,196 and \$37,903 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020 is summarized below:

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		61,874
Recognition of fair value of gifted land lease		495
Recognition of rent expense for the year ended June 30, 2021		<u>(16,183)</u>
Fair value of gifted facility at June 30, 2021	\$	<u><u>46,186</u></u>

(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 .46% to 1.21 % as of June 30, 2021 and from .18% to .49% as of June 30, 2020.

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.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(8) Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Net assets subject to donor use restrictions:		
Future campaign pledges	\$ 288,521	144,034
Remainder trusts and other	247,132	297,388
Gifted facility:		
Sulphur Springs Resource Center	46,186	61,874
Program initiatives	<u>1,956,868</u>	<u>1,453,107</u>
	2,538,707	1,956,403
Net assets subject to time restrictions:		
Unappropriated endowment earnings	<u>5,860,564</u>	<u>4,404,895</u>
	5,860,564	4,404,895
Net assets to be held in perpetuity:		
Donor endowments	3,518,538	3,518,538
Charitable remainder unitrust	<u>213,450</u>	<u>170,160</u>
	<u>\$ 12,131,259</u>	<u>10,049,996</u>

At June 30, 2021 and 2020, 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.

(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.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(9) Endowment Funds - Continued

Interpretation of Relevant Law

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

Investment Return Objectives, Risk Parameters and Strategies

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

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

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(9) Endowment Funds - Continued

Spending Policy

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

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

Endowment net asset composition by type of fund as of June 30, 2021 and 2020 follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
June 30, 2021:			
Board-designated endowment funds	\$ 14,095,166	-	14,095,166
Charitable remainder unitrust	51,472	213,450	264,922
Donor-restricted endowment funds	<u>6,114,155</u>	<u>9,379,102</u>	<u>15,493,257</u>
	<u>\$ 20,260,793</u>	<u>9,592,552</u>	<u>29,853,345</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>

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(9) Endowment Funds - Continued

Spending Policy - Continued

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance at July 1, 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	-	(463,700)	(463,700)
Balance at June 30, 2020	16,390,591	8,093,593	24,484,184
Contributions	57,999	-	57,999
Net investment income	595,449	112,700	708,149
Net appreciation	3,801,674	1,702,542	5,504,216
Withdrawals	(584,920)	(316,283)	(901,203)
Balance at June 30, 2021	<u>\$ 20,260,793</u>	<u>9,592,552</u>	<u>29,853,345</u>

(10) Concentrations

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 \$3,462,000 and \$6,961,000 as of June 30, 2021 and 2020, respectively. At June 30, 2021, the Organization maintained approximately \$20 million in a money market mutual fund managed by a high credit quality financial institution which was considered to be a cash equivalent. The balance is not insured by the financial institution, federal deposit insurance, or any other government agency.

One donor accounted for approximately 58% of gross contribution revenue for the year ended June 30, 2021. No concentrations existed with respect to contribution revenue for the year ended June 30, 2020.

(11) Contingencies

The Organization is involved in various claims and legal actions arising in the ordinary course of operations. 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

(12) 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 2021, 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.

(13) Leases

The Organization leases office facilities and certain equipment under various operating leases. Rent expense was approximately \$655,000 and \$693,000 for the years ended June 30, 2021 and 2020, respectively.

The Organization was also obligated under two capital leases for office equipment that would have expired over the next two years. Effective December 2020, the Organization terminated the existing capital leases upon the execution of a new capital lease for replacement office equipment which expires in December 2026. The gross amount of office equipment and related accumulated amortization recorded under the capital leases as of June 30, 2021 were \$179,267 and \$17,927, respectively. 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. 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, 2021 and 2020 was \$15,779 and \$6,008, respectively.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(13) 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, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2022	\$ 54,896	667,900	722,796
2023	54,896	591,000	645,896
2024	54,896	20,200	75,096
2025	54,896	-	54,896
2026	22,873	-	22,873
Total minimum lease payments	242,457	<u>1,279,100</u>	<u>1,521,557</u>
Less amount representing interest	<u>(67,536)</u>		
Present value of minimum capital lease payments	\$ <u>174,921</u>		

(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

There have been no changes in the valuation methodologies used at June 30, 2021 and 2020 and there have been no transfers between levels during the years then ended. 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, 2021 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Cash and money market funds	\$ 2,243,675	2,243,675	-	-
Debt securities:				
Corporate bonds	3,547,123	3,547,123	-	-
Bond mutual funds	3,376,065	3,376,065	-	-
Mortgage-backed securities	2,476,169	-	2,476,169	-
U.S. government and agency obligations	925,867	514,637	411,230	-
	<u>10,325,224</u>	<u>7,437,825</u>	<u>2,887,399</u>	<u>-</u>
Exchange traded funds:				
Emerging markets equity	471,597	471,597	-	-
International equity	3,156,024	3,156,024	-	-
US large cap core	4,136,967	4,136,967	-	-
US large cap growth	607,985	607,985	-	-
US large cap value	5,136,601	5,136,601	-	-
US mid cap core	1,245,353	1,245,353	-	-
US small cap core	1,784,956	1,784,956	-	-
	<u>16,539,483</u>	<u>16,539,483</u>	<u>-</u>	<u>-</u>
Community Foundation investments	7,039,687	-	7,039,687	-
Receivable under remainder trusts	161,514	-	-	161,514
	<u>\$ 36,309,583</u>	<u>26,220,983</u>	<u>9,927,086</u>	<u>161,514</u>
Liabilities:				
Annuities payable	\$ 182,156	-	-	182,156
Obligation under remainder trust agreement	51,473	-	-	51,473
	<u>\$ 233,629</u>	<u>-</u>	<u>-</u>	<u>233,629</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, 2020 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Cash and money market funds	\$ 1,656,818	1,656,818	-	-
Debt securities:				
Corporate bonds	2,924,494	2,924,494	-	-
Bond mutual funds	2,714,480	2,714,480	-	-
Mortgage-backed securities	2,557,009	-	2,557,009	-
U.S. government and 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>
Liabilities:				
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

The following table sets forth a summary of changes in fair value for the years ended June 30, 2021 and 2020 for which the Organization has used Level 3 inputs to determine fair value:

	Receivable under Remainder Trusts	Annuities Payable	Obligation under Remainder Trust
Balance at June 30, 2019	\$ 321,724	256,012	70,302
Total gains (losses) included in changes in net assets	40,792	27,476	(1,035)
Contributions	76,233	-	-
Settlements	(216,308)	(46,012)	(12,466)
Balance at June 30, 2020	222,441	237,476	56,801
Total gains (losses) included in changes in net assets	(2,227)	(12,633)	9,434
Contributions	30,315	-	-
Settlements	(89,015)	(42,687)	(14,764)
Balance at June 30, 2021	<u>\$ 161,514</u>	<u>182,156</u>	<u>51,471</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, 2021 include using discount rates ranging from .46% to 1.21% and life expectancy estimates for income beneficiaries which range from 3 to 7 years. 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.

(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.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(15) Liquidity and Availability of Resources - Continued

As of June 30, 2021 and 2020, the Organization's financial assets available to meet general expenditures within one year were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 23,808,798	7,331,985
Pledges receivable, net	7,025,870	5,302,925
Accrued interest	32,783	68,372
Accounts receivable	253,333	258,658
Accrued bequests	-	33,333
Investments	36,148,069	29,478,446
Receivable under remainder trusts and other	<u>161,514</u>	<u>222,441</u>
Total financial assets	67,430,367	42,696,160
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Unappropriated endowment earnings	(5,860,564)	(4,404,895)
Endowments	(3,518,538)	(3,518,538)
Program initiatives	(1,956,868)	(1,453,107)
Other donor imposed restrictions	(749,103)	(611,582)
Board-designations:		
Operating reserves	(4,901,918)	(4,575,942)
Disaster relief reserves	(1,219,925)	(1,219,925)
Quasi-endowment	(20,260,793)	(16,390,591)
Future allocations	(85,350)	(85,350)
Transformational community impact	<u>(20,000,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,877,308</u>	<u>10,436,230</u>

(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, 2021 and 2020, employer contributions were approximately \$102,000 and \$120,000, respectively.

UNITED WAY SUNCOAST, INC. AND AFFILIATE

Notes to Combined Financial Statements - Continued

(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 carried an interest rate of 1%.

A formal request for forgiveness was submitted on the loan upon the conclusion of the performance period outlined above. In May 2021, the Organization received notice of legal release of the \$1,030,500 obligation, which is reflected in the accompanying combined statement of activities as gain on forgiveness of Paycheck Protection Program loan.

(18) Noncash Investing and Financing Activities

The Organization financed the acquisition of certain office equipment under a capital lease obligation in the amount of \$179,267 during the year ended June 30, 2021.

(19) Subsequent Events

The Organization has evaluated subsequent events through October 21, 2021, the date the combined financial statements were available for issuance.