# United Way Emerald Coast, Inc.

FINANCIAL STATEMENT AUDIT RESULTS
FOR YEAR ENDED JUNE 30, 2022

JANUARY 18, 2023

Warren Averett
CPAs AND ADVISORS

# Audit Overview

- Unmodified opinion on financial statements
- Audit process
  - Interim audit fieldwork performed in July 2022
  - Year-end audit fieldwork performed in October 2022
  - Audit completed and issued in November 2022
- Financial highlights
- Analysis of annual campaign pledges and collections
- No significant deficiencies or material weaknesses in internal controls

# Financial Highlights

| Item | Commentary |
|---|---|
| Cash and certificates of deposit decreased by $82,184 (or 7%) | ▪ Due to various factors: expending 2nd PPP loan proceeds, reduction in ReadingPals grant funding, and disbursing $450,000 of community investment grants approved in June 2021<br>▪ Ending balance represents approximately 91% of average total expenses for the prior two-year period |
| Grants payable decreased by $90,000 (or 20%) | ▪ Function of reduction in campaign pledges and absence of COVID-19 related funding received in previous years<br>▪ These grant awards are approved by the Board of Directors each June |
| Campaign receivables were consistent with the prior year, while other receivables increased $19,588 (or 61%) | ▪ Details on other receivables can be found in Note 4 to the financial statements<br>▪ Primary cause of increase is the return of unspent CI grants awarded for 2020-21 campaign |
| Grants and other contributions (including corporate sponsorships) increased $98,783 (or 72%) | ▪ Result of new sources of grant funding, most notably the RSVP program<br>▪ Also attributable to sponsorship contributions for Donor Network events (which were suspended during the COVID-19 pandemic) |
| Bad debt recovery increased from $1,680 in the prior year to $39,914 in FY2021-22 | ▪ Actual collection rates on campaign pledges exceeded projected collections |

# Financial Highlights - Continued

| Item | Commentary |
|---|---|
| Most financial ratios that potential donors and grantors monitor have remained consistent with prior years (within 3%) | ▪ Management and general expenses (admin) to total expenses is 7.5%, which is up 1.1% from the prior year<br>▪ Fundraising expenses to total expenses is 13.9%, which is up 0.4% from the prior year<br>▪ Program expenses to total expenses is 78.7%, which is down 1.5% from the prior year<br>▪ Campaign revenues to program expenses is 90.3%, which is down 1.6% from the prior year |
| Negative cash flows from operating activities for each of the previous two years | ▪ Operating activities were partially subsidized by redemption of certificates of deposit in FY2021-22 and proceeds from PPP loans that were subsequently forgiven by the lender in FY2020-21 |

# Annual Campaign Pledges & Collections

| | ANNUAL CAMPAIGN | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020-21 | 2021-22 | Avg ^^ |
| Gross Pledges | $1,122,889 | $1,109,248 | $1,021,124 | $1,101,015 | $ 933,364 | $1,088,569 |
| Other Contributions | 37,331 | 38,377 | 26,499 | 22,696 | - | 31,226 |
| Campaign Revenue | 1,160,220 | 1,147,625 | 1,047,623 | 1,123,711 | 933,364 | 1,119,795 |
| Total Collections @ 6/30/22 | (980,024) | (982,748) | (849,403) | (983,625) | (425,528) | (948,950) |
| Uncollectible Pledges | 180,196 | 164,877 | 198,220 | 140,086 | ** | 170,845 |
| Estimated Shrinkage | (175,000) | (200,000) | (200,000) | (175,000) | (130,000) | (187,500) |
| (Over) Under Collection | | | | | | |
| of Campaign Revenues | $ 5,196 | $ (35,123) | $ (1,780) | $ (34,914) | ** | $ (16,655) |
| Actual Shrinkage Rate | 15.53% | 14.37% | 18.92% | 12.47% | ** | 15.26% |

** Historically, between 45% - 55% of total campaign revenues are collected in the first year of the campaign

^^ Averages do not include the 2021-22 Campaign as amounts are not yet final

# Thank You