

**UNITED WAY EMERALD COAST, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2020**

**UNITED WAY EMERALD COAST, INC.**  
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**JUNE 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
United Way Emerald Coast, Inc.

We have audited the accompanying financial statements of the United Way Emerald Coast, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way Emerald Coast, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of payments to agencies for the 2018 campaign on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
June 30, 2021

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 671,538
Cash – restricted	126,274
Certificates of deposit	263,057
Campaign pledges receivable, net	291,545
Property and equipment, net	<u>138,449</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,490,863</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 3,829
Grants payable	400,000
Refundable advances	130,962
Donor designations	<u>95,568</u>
<b>TOTAL LIABILITIES</b>	<b><u>630,359</u></b>
<b>NET ASSETS</b>	
Without donor restrictions	70,009
With donor restrictions	<u>790,495</u>
<b>TOTAL NET ASSETS</b>	<b><u>860,504</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,490,863</u></b>

See notes to the financial statements.

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>CAMPAIGN REVENUES</b>			
Gross campaign contributions	\$ 41,062	\$ 1,031,751	\$ 1,072,813
Less donor designations	-	(95,568)	(95,568)
Less allowance for uncollectible pledges	-	(200,000)	(200,000)
Total net campaign revenues	<u>41,062</u>	<u>736,183</u>	<u>777,245</u>
<b>OTHER SUPPORT</b>			
Special events	15,567	-	15,567
Grants and other contributions	348,736	38,109	386,845
Bad debt recovery	30,027	-	30,027
Interest and miscellaneous	9,393	-	9,393
Rental income	5,750	-	5,750
Total other support	<u>409,473</u>	<u>38,109</u>	<u>447,582</u>
Net assets released from restrictions	<u>754,808</u>	<u>(754,808)</u>	<u>-</u>
Total campaign revenues, other support, and net assets released from restrictions	<u>1,205,343</u>	<u>19,484</u>	<u>1,224,827</u>
<b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES</b>			
Program services			
Awards and distributions to agencies	449,754	-	449,754
Less donor designations	(156,181)	-	(156,181)
Other program services	540,273	-	540,273
Total program services	<u>833,846</u>	<u>-</u>	<u>833,846</u>
Supporting services			
Management and general	60,920	-	60,920
Fundraising	115,191	-	115,191
Total supporting services	<u>176,111</u>	<u>-</u>	<u>176,111</u>
Total allocations and other functional expenses	<u>1,009,957</u>	<u>-</u>	<u>1,009,957</u>
<b>CHANGE IN NET ASSETS</b>	195,386	19,484	214,870
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(125,377)</u>	<u>771,011</u>	<u>645,634</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 70,009</u>	<u>\$ 790,495</u>	<u>\$ 860,504</u>

See notes to the financial statements.

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Support Services</u>			<u>Totals</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
<b>EMPLOYEE COMPENSATION</b>				
Salaries and wages	\$ 166,377	\$ 36,295	\$ 67,406	\$ 270,078
Employee benefits	7,405	1,728	3,209	12,342
Payroll taxes	12,261	2,861	5,313	20,435
Total employee compensation	<u>186,043</u>	<u>40,884</u>	<u>75,928</u>	<u>302,855</u>
<b>OPERATING EXPENSES</b>				
Awards and distributions				
to agencies	449,754	-	-	449,754
Less donor designations	(156,181)	-	-	(156,181)
Financial assistance – individuals	16,128	-	-	16,128
Emergency relief – agencies	215,000	-	-	215,000
Reading Pals program	37,978	-	-	37,978
Special events	8,476	-	2,119	10,595
Campaign	1,082	1,082	5,049	7,213
Depreciation	10,163	564	565	11,292
Dues	9,324	3,729	5,594	18,647
Insurance	9,915	1,322	1,983	13,220
Meetings and conventions	1,081	432	648	2,161
Occupancy	9,511	2,038	2,038	13,587
Postage	175	70	105	350
Professional fees	7,000	2,800	11,100	20,900
Repairs and maintenance	18,085	3,875	3,875	25,835
Supplies	5,590	2,236	3,354	11,180
Telephone	2,599	1,039	1,559	5,197
Travel	2,123	849	1,274	4,246
Total operating expenses	<u>647,803</u>	<u>20,036</u>	<u>39,263</u>	<u>707,102</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 833,846</u></u>	<u><u>\$ 60,920</u></u>	<u><u>\$ 115,191</u></u>	<u><u>\$ 1,009,957</u></u>

See notes to the financial statements.

**UNITED WAY EMERALD COAST, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 214,870
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,292
(Increase) decrease in assets:	
Campaign pledges receivable	201,556
Increase (decrease) in liabilities:	
Accounts payable	3,736
Deferred revenue	(250)
Grants payable	(29,402)
Refundable advances	40,571
Donor designations to other agencies	(60,613)
	381,760

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment in certificates of deposit	(48,951)
Maturity of certificates of deposit	44,082
	(4,869)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from PPP loan	59,000
	435,891
<b>NET INCREASE IN CASH</b>	
<b>CASH AT BEGINNING OF YEAR</b>	361,921
<b>CASH AT END OF YEAR</b>	\$ 797,812

**COMPOSITION OF CASH**

Cash and cash equivalents	\$ 671,538
Cash – restricted	126,274
	\$ 797,812

See notes to the financial statements.



**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ORGANIZATION**

**Description of Organization**

The United Way Emerald Coast, Inc. (the Organization) was incorporated in 1957 under the laws of the State of Florida to assess, develop, and promote needed human service programs in Okaloosa and Walton Counties of Florida. In 2019, the Organization changed its name from United Way of Okaloosa/Walton Counties, Inc. to its current name by filing amended articles of incorporation with the State of Florida.

The major program of the United Way is conducting a fundraising campaign each year and distributing those funds according to both donor designations and allocations of undesignated contributions as approved by the Board of Directors. The Organization also administers a temporary financial assistance program for individuals with a financial hardship, as well as a local chapter of ReadingPals, a statewide early literacy initiative.

**Basis of Accounting and Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with the accounting principles generally accepted in the United States of America (US GAAP) which requires that the Organization report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified as follows:

Net assets without donor restrictions – net assets available for general use that are not subject to donor restrictions.

Net assets with donor restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may, or will, be met either by passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid financial instruments with a maturity of three months or less on the purchase date to be cash equivalents.

**Certificates of Deposit**

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

**Receivables**

Receivables consist primarily of pledged support to be received from annual fundraising campaigns and State of Florida contracts. An allowance for doubtful accounts related to the campaign pledges is calculated based on prior collection experience.

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ORGANIZATION – CONTINUED**

**Property and Equipment**

The Organization capitalizes all purchases of land, buildings, and equipment in excess of \$500. Donated assets are recorded at their estimated acquisition value on the date of donation. Depreciation of building and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from five to 40 years. Gifts of land, buildings, and equipment are recorded as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions.

**Contributions**

Contributions are recognized as revenues in the period in which they are pledged. Contributions with donor restrictions are classified as increases in net assets without donor restrictions if the restrictions are met in the same reporting period in which the contributions are received.

Contributions received are recorded as increases in net assets with donor restrictions or increases in net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All other support with donor restrictions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the underlying net assets are reclassified and released from restrictions in the statement of activities.

**Refundable Advances**

The Organization receives cash from certain grants before qualifying expenses are incurred. Refundable advances represent unspent grant proceeds that will be recognized as revenue in future periods when the donor-imposed conditions are substantially met.

**Donor Designations**

Some donors designate the specific agency that is to receive their contributions. These donor designations are presented as an offset to campaign revenues and program services in the statement of activities. The amounts that have not been remitted to the designated agency at year-end are presented as a liability in the statement of financial position.

**Expense Allocation**

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities. Expenses directly related to a program or supporting services are charged to that program or supporting service. Indirect expenses are allocated between program services and supporting services based on labor hours or square footage.

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE ORGANIZATION – CONTINUED**

**Expense Allocation – Continued**

The expense allocation utilized during the year is as follows:

	<b>Allocation</b>	
	<b>Labor</b>	<b>Footage</b>
Program services	60%	70%
Management and general	14%	15%
Fundraising	26%	15%

**Fundraising**

Fundraising expenses are considered an expense in the year incurred and, accordingly, are charged to operations on a current basis.

**Donated Materials, Equipment, and Service**

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated acquisition values on the date of receipt. In addition, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising campaigns. However, no amounts have been reflected in the financial statements because these services do not meet the specialized skills definition required for not-for-profit entities.

**Income Taxes**

The Organization has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit corporation. The Organization is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

The Organization's information returns are subject to possible examination by the taxing authorities. For federal tax purposes, the information returns filed remain open to possible examination for a period of three years after the respective filing deadlines of those returns.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The Organization has evaluated events and transactions that occurred between June 30, 2020, and June 30, 2021, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**2. CERTIFICATES OF DEPOSIT**

As of June 30, 2020, the Organization held four certificates of deposit totaling \$263,057. The certificates of deposit bear interest at rates between 0.15% and 0.29% with maturity dates ranging from October 2020 to April 2021.

**3. LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash, certificates of deposit, and campaign pledges receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of its mission as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2020, the following table shows the total financial assets held by the Organization and the amounts of those financial assets available within one year of the date of the statement of net position to meet general expenditures.

Financial assets at year end:

Cash and cash equivalents	\$ 797,812
Certificates of deposit	263,057
Campaign pledges receivable	<u>291,545</u>
Total financial assets at year end	1,352,414

Financial assets unavailable to meet general expenditures over the next 12 months:

Cash and cash equivalents - restricted	<u>(126,274)</u>
Total financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 1,226,140</u></u>

**UNITED WAY EMERALD COAST, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**4. CAMPAIGN FUNDS RECEIVABLE**

As of June 30, 2020, pledged campaign funds receivable are summarized as follows:

2017 campaign	\$ 180,196
2018 campaign	165,377
2019 campaign	490,945
Less allowance for doubtful accounts	<u>(544,973)</u>
Total	<u><u>\$ 291,545</u></u>

**5. PROPERTY AND EQUIPMENT**

As of June 30, 2020, property and equipment is summarized as follows:

Land	\$ 56,000
Buildings and improvements	358,061
Equipment	<u>75,791</u>
	489,852
Less accumulated depreciation	<u>(351,403)</u>
Total property and equipment, net	<u><u>\$ 138,449</u></u>

Depreciation expense was \$11,292 for the year ended June 30, 2020.

**6. REFUNDABLE ADVANCES**

Refundable advances consisted of the following at June 30, 2020:

Grant advance - Reading Pals	\$ 71,962
Paycheck Protection Program (PPP) loan	<u>59,000</u>
	<u><u>\$ 130,962</u></u>

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**6. REFUNDABLE ADVANCES – CONTINUED**

**Paycheck Protection Program (PPP) Loan**

The Organization received a Paycheck Protection Program (PPP) loan in the amount of \$59,000 granted by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are classified as conditional contributions, with a right-of-return in the form of an obligation to be repaid to the lender if a barrier to entitlement is not overcome. The PPP loan funds must be used to maintain compensation costs and employee headcounts, as well as for other qualifying expenses (mortgage interest, rent, and utilities) incurred following the receipt of the funds. In January 2021, the Organization received notice from the SBA that the PPP loan was fully forgiven. Revenue from the forgiveness of debt will be recognized in the subsequent fiscal year.

**7. NET ASSETS**

**Net Assets with Donor Restrictions**

As of June 30, 2020, the Organization's net assets with donor restrictions are as follows:

Time restrictions (net campaign pledges expected within the next year)	\$ 1,031,751
Less donor designations	(95,568)
Less allowance for uncollectible pledges	(200,000)
Restricted by donor - Publix Emergency Assistance Fund	39,312
Restricted by donor - COVID Relief Fund	15,000
Total	<u>\$ 790,495</u>

For the year ended June 30, 2020, net assets were released from donor restrictions as follows:

Time restrictions (net campaign pledges received in prior periods)	\$ 1,110,989
Less donor designations	(156,181)
Less allowance for uncollectible pledges	(200,000)
Total	<u>\$ 754,808</u>

**UNITED WAY EMERALD COAST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**8. RETIREMENT PLANS**

The Organization sponsors a defined contribution simplified employee pension (SEP) plan that covers all personnel who have been employed for more than one year. The SEP plan provides for employer contributions of 4% of eligible employee compensation. For the year ended June 30, 2020, the Organization's contributions to the SEP plan were \$6,330.

The Organization also sponsors a tax deferred 403(b) retirement plan for eligible employees. The Organization does not contribute to this retirement plan, which is funded solely by employee contributions under salary reduction arrangements and is entirely separate from the aforementioned SEP plan.

**9. TRANSACTIONS WITH AFFILIATED ORGANIZATIONS**

The Organization remits quarterly membership dues to its global affiliate organization, United Way Worldwide. For the year ended June 30, 2020, the Organization remitted dues of \$14,823 to United Way Worldwide.

The Organization remits quarterly membership dues to its state affiliate organization, United Way of Florida, Inc. For the year ended June 30, 2020, the Organization remitted dues of \$2,340 to United Way of Florida, Inc.

**10. CONCENTRATION OF CUSTODIAL CREDIT RISK**

The Organization maintains its cash accounts at various local financial institutions. The balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2020, the Organization exceeded federally insured limits by \$388,251, which is the amount of its exposure to credit losses. The Organization has not experienced any such losses, and management believes there is little or no exposure to any significant credit risk.

**SUPPLEMENTARY INFORMATION**



**UNITED WAY EMERALD COAST, INC.  
SCHEDULE OF PAYMENTS TO AGENCIES  
FOR THE 2018 CAMPAIGN**

	<u><b>2018 Campaign</b></u>
American Red Cross of NW Florida	\$ 2,387
ARC of Walton County	871
Big Brothers/Big Sisters	640
Boy Scouts	4,197
Boys and Girls Clubs of the Emerald Coast	4,319
Bridgeway Center	499
Catholic Charities	39,294
Chautauqua Healthcare Services (COPE)	5,154
Children in Crisis	8,252
Coalition on the Homeless (Fresh Start)	11,546
Crossroads Medical	30,281
Early Learning Coalition of the Emerald Coast	51,555
Elder Services of Okaloosa County	23,136
Eleanor Johnson Youth Center	28,902
Emerald Coast Science Center	201
Horizons (ARC of the Emerald Coast)	34,250
Mental Health Association of Okaloosa-Walton Counties	74,137
Non-United Way Agencies	39,014
Northwest Florida Guardian ad Litem Foundation	5,893
Okaloosa County Habitat for Humanity	2,417
Okaloosa Public Schools Foundation	845
Opportunity Place (One Hopeful Place)	65,488
Ronald McDonald House Charities of NW Florida	7,207
S4P Synergy	25
Safe Connections	390
Sharing and Caring	51,192
Shelter House	45,807
The Salvation Army (FWB)	2,720
Walton County Council on Aging	741
Walton County Habitat for Humanity	1,295
Walton Education Foundation	11,501
	<u>11,501</u>
Total payments to agencies	\$ 554,156

\* The amounts shown in this schedule are distributions of contributions collected from the 2018 annual campaign. The 2018 campaign began in September 2018, and the Organization collected the related pledges throughout fiscal year 2019. In June 2019, the Board of Directors approved community impact grants to charitable agencies, payable from 2018 campaign contributions, that were paid out in three installments during fiscal year 2020. The amounts in this schedule represent approved community impact grants disbursed to agencies during fiscal year 2020 and disbursements of donor designated contributions collected for the 2018 campaign.

See independent auditors' report.