

**UNITED WAY OF  
VOLUSIA-FLAGLER COUNTIES, INC.**

**Financial Statements And  
Independent Auditor's Report  
June 30, 2016**

**United Way Of Volusia-Flagler Counties, Inc.**  
**June 30, 2016**

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 **OLIVARI & ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
United Way of Volusia-Flagler Counties, Inc.

We have audited the accompanying financial statements of United Way of Volusia-Flagler Counties, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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.

**Auditor's 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 auditor's 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 United Way of Volusia-Flagler Counties, Inc. as of June 30, 2016, 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 Summarized Comparative Information**

We have previously audited the United Way of Volusia-Flagler Counties, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Olivari & Associates  
Certified Public Accountants and Consultants  
Ormond Beach, Florida  
September 9, 2016

**United Way Of Volusia-Flagler Counties, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2016 (With Comparative Totals As of June 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 778,878	\$ -	\$ -	\$ 778,878	\$ 877,926
Annual campaign pledges receivable, net	794,446	-	-	794,446	735,839
Other receivables	9,092	-	-	9,092	42,096
Prepaid expenses	34,929	-	-	34,929	23,402
Investments	<u>107,258</u>	<u>-</u>	<u>-</u>	<u>107,258</u>	<u>106,828</u>
Total current assets	<u>1,724,603</u>	<u>-</u>	<u>-</u>	<u>1,724,603</u>	<u>1,786,091</u>
Noncurrent Assets:					
Pooled income fund	-	56,081	-	56,081	56,994
Life insurance cash surrender value	186,506	-	-	186,506	178,659
Investments	5,221,282	920,796	636,208	6,778,286	6,990,510
Property and equipment - net	<u>232,618</u>	<u>-</u>	<u>-</u>	<u>232,618</u>	<u>250,229</u>
Total noncurrent assets	<u>5,640,406</u>	<u>976,877</u>	<u>636,208</u>	<u>7,253,491</u>	<u>7,476,392</u>
Total assets	<u>\$ 7,365,009</u>	<u>\$ 976,877</u>	<u>\$ 636,208</u>	<u>\$ 8,978,094</u>	<u>\$ 9,262,483</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current Liabilities:					
Accounts payable	\$ 44,899	\$ -	\$ -	\$ 44,899	\$ 44,641
Accrued expenses	52,632	-	-	52,632	131,317
Allocations and designations payable	1,445,263	-	-	1,445,263	1,427,486
Agency designations payable	300,000	-	-	300,000	-
Deferred revenue	<u>52,783</u>	<u>-</u>	<u>-</u>	<u>52,783</u>	<u>54,475</u>
Total current liabilities	<u>1,895,577</u>	<u>-</u>	<u>-</u>	<u>1,895,577</u>	<u>1,657,919</u>
Noncurrent Liabilities:					
Split-interest agreements	-	131,348	-	131,348	143,782
Total liabilities	<u>1,895,577</u>	<u>131,348</u>	<u>-</u>	<u>2,026,925</u>	<u>1,801,701</u>
Net Assets:					
Unrestricted	571,889	-	-	571,889	571,432
Designated for Community Foundation Fund	4,868,561	-	-	4,868,561	5,309,378
Designated for Women's Affinity Group	28,982	-	-	28,982	43,192
Temporarily restricted	-	845,529	-	845,529	900,572
Permanently restricted	<u>-</u>	<u>-</u>	<u>636,208</u>	<u>636,208</u>	<u>636,208</u>
Total net assets	<u>5,469,432</u>	<u>845,529</u>	<u>636,208</u>	<u>6,951,169</u>	<u>7,460,782</u>
Total liabilities and net assets	<u>\$ 7,365,009</u>	<u>\$ 976,877</u>	<u>\$ 636,208</u>	<u>\$ 8,978,094</u>	<u>\$ 9,262,483</u>

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

**United Way Of Volusia-Flagler Counties, Inc.**  
**Statement of Activities**  
**For the year ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<u>Public support and revenue</u>					
Public support:					
Gross annual campaign contributions and pledges	\$ 2,217,473	\$ 199,886	\$ -	\$ 2,417,359	\$ 2,402,411
Less: Allowance for uncollectible pledges	(158,549)	-	-	(158,549)	(133,599)
Less: Donor designations	(128,480)	-	-	(128,480)	(145,389)
Total annual campaign contributions and pledges	<u>1,930,444</u>	<u>199,886</u>	<u>-</u>	<u>2,130,330</u>	<u>2,123,423</u>
Other contributions and support	482,829	-	-	482,829	713,466
Bequests and memorial gifts	4,145	-	-	4,145	36,716
Donated services and space rental	10,620	-	-	10,620	10,620
Total public support	<u>2,428,038</u>	<u>199,886</u>	<u>-</u>	<u>2,627,924</u>	<u>2,884,225</u>
Revenue:					
Grants, contracts and fees for service	255,426	19,747	-	275,173	320,539
Other income	5,694	-	-	5,694	3,803
Change in value of charitable gift annuities	(4,669)	-	-	(4,669)	(13,047)
Change in value of pooled income fund	-	(1,384)	-	(1,384)	(604)
Investment income, net	(115,251)	(27,364)	-	(142,615)	234,403
Total revenue	<u>141,200</u>	<u>(9,001)</u>	<u>-</u>	<u>132,199</u>	<u>545,094</u>
Net assets released from restrictions:					
Satisfaction of purpose restrictions	245,928	(245,928)	-	-	-
Total net assets released from restriction	<u>245,928</u>	<u>(245,928)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support, revenue, and net assets released from restrictions					
	<u>2,815,166</u>	<u>(55,043)</u>	<u>-</u>	<u>2,760,123</u>	<u>3,429,319</u>
<u>Expenses</u>					
Agency allocations	1,542,723	-	-	1,542,723	1,546,736
Less: Donor designations	(158,549)	-	-	(158,549)	(145,389)
Net agency allocations	1,384,174	-	-	1,384,174	1,401,347
Scholarships, direct assistance and distributions	154,942	-	-	154,942	188,789
Total allocations and distributions	<u>1,539,116</u>	<u>-</u>	<u>-</u>	<u>1,539,116</u>	<u>1,590,136</u>
Operating expenses					
Program services	913,891	-	-	913,891	798,924
Community foundation	284,964	-	-	284,964	259,753
Fundraising	307,764	-	-	307,764	293,295
Special events	70,040	-	-	70,040	68,092
Management and general	153,961	-	-	153,961	132,913
Total operating expenses	<u>1,730,620</u>	<u>-</u>	<u>-</u>	<u>1,730,620</u>	<u>1,552,977</u>
Total expenses					
	<u>3,269,736</u>	<u>-</u>	<u>-</u>	<u>3,269,736</u>	<u>3,143,113</u>
Change in net assets	(454,570)	(55,043)	-	(509,613)	286,206
Net assets, beginning of year	<u>5,924,002</u>	<u>900,572</u>	<u>636,208</u>	<u>7,460,782</u>	<u>7,174,576</u>
Net assets, end of year	<u>\$ 5,469,432</u>	<u>\$ 845,529</u>	<u>\$ 636,208</u>	<u>\$ 6,951,169</u>	<u>\$ 7,460,782</u>

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

**United Way Of Volusia-Flagler Counties, Inc.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	Program Services				Support Services				Total			
	First Call For Help	Volunteer Center	Community Planning	Community Programs	Total Program Services	Community Foundation	Fund Raising	Special Events	Management and General	Total Support Services	2016	2015
Compensation and related expenses	\$ 127,072	\$ 66,809	\$ 155,481	\$ -	\$ 349,362	\$ 83,217	\$ 179,789	\$ 41,368	\$ 68,483	\$ 372,857	\$ 722,219	\$ 623,496
Salaries	24,665	17,285	32,042	-	73,992	19,589	34,587	10,133	16,744	81,053	155,045	135,502
Employee benefits	9,117	4,750	10,576	-	24,443	6,480	12,792	2,972	4,577	26,821	51,264	44,323
Payroll taxes	160,854	88,844	198,099	-	447,797	109,286	227,168	54,473	89,804	480,731	928,528	803,321
Other expenses	13,143	19,495	67,388	584	100,610	48,973	1,366	1,158	31,688	83,185	183,795	140,049
Professional and consulting fees	-	-	-	-	-	51,429	-	-	-	51,429	51,429	50,563
Bank and trust management fees	2,423	5,453	8,177	5,888	21,941	1,278	3,820	1,858	2,714	9,670	31,611	28,937
Supplies	7,174	2,542	4,594	-	14,310	2,736	5,940	1,501	4,823	15,000	29,310	23,867
Telephone and communications	416	362	2,063	-	2,841	1,038	4,870	183	552	6,643	9,484	9,082
Postage and shipping	8,855	4,605	11,551	-	25,011	7,373	10,426	2,802	4,516	25,117	50,128	59,365
Occupancy	6,261	964	2,028	-	9,253	2,388	1,970	547	1,516	6,421	15,674	16,035
Equipment rental and service	2,110	8,771	6,599	185	17,665	8,835	11,597	813	1,587	22,832	40,497	62,346
Printing and publications	797	3,183	9,925	-	13,905	3,595	8,557	802	2,137	15,091	28,996	22,301
Travel	147	5,392	4,804	22,868	33,211	35,572	2,172	1,195	3,239	42,178	75,389	88,690
Conferences, meetings and training	6,778	3,456	6,495	-	16,729	4,343	22,307	1,961	7,090	35,701	52,430	49,251
Dues	810	-	-	19	829	1,314	50	-	780	2,144	2,973	2,284
Recognition and awards	345	178	344	-	867	208	376	104	188	876	1,743	1,728
Insurance	-	-	6,113	-	6,113	-	-	-	-	-	6,113	2,519
Advertising	-	-	-	188,947	188,947	-	-	-	-	-	188,947	160,939
Program expenses	-	-	-	-	13,545	3,860	7,072	1,788	2,949	15,669	29,214	28,903
Depreciation	5,534	3,341	4,670	-	13,545	3,860	7,072	1,788	2,949	15,669	29,214	28,903
Miscellaneous	59	37	221	-	317	2,736	73	855	378	4,042	4,359	2,797
<b>Total operating expenses</b>	<b>\$ 215,706</b>	<b>\$ 146,623</b>	<b>\$ 333,071</b>	<b>\$ 218,491</b>	<b>\$ 913,891</b>	<b>\$ 284,964</b>	<b>\$ 307,764</b>	<b>\$ 70,040</b>	<b>\$ 153,961</b>	<b>\$ 816,729</b>	<b>\$ 1,730,620</b>	<b>\$ 1,552,977</b>

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

**United Way Of Volusia-Flagler Counties, Inc.**  
**Statement of Cash Flows**  
**For the year ended June 30, 2016**  
**(With Comparative Totals for 2015)**

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Cash received from contributions and pledges	\$ 2,071,723	\$ 2,119,032
Cash received from other contributions and support	515,833	684,847
Cash received from bequests and memorial gifts	4,145	36,716
Cash received from grants, contracts and fees for service	275,173	320,539
Cash received from other income	5,694	3,803
Cash received from investment income	312,119	323,155
Cash paid for allocations and distributions	(1,521,339)	(1,553,384)
Cash paid for operating expenses	(1,482,431)	(1,544,218)
Cash paid for charitable gift annuities	(17,574)	(17,574)
Net cash provided by operating activities	163,343	372,916
Cash flows from investing activities:		
Purchase of equipment	(11,849)	(12,862)
Proceeds from sale and maturities of investments	1,538,711	3,594,194
Purchase of investments	(1,789,253)	(3,858,094)
Net cash used by investing activities	(262,391)	(276,762)
Net decrease in cash and cash equivalents	(99,048)	96,154
Cash and cash equivalents, beginning of year	877,926	781,772
Cash and cash equivalents, end of year	\$ 778,878	\$ 877,926
Cash flows from operating activities:		
Change in net assets	\$ (509,613)	\$ 286,206
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,214	28,903
Net realized gain on sale of investments	(114,080)	(197,280)
Net unrealized loss on investments	576,662	325,381
Increase in cash surrender value of life insurance	(7,847)	(39,346)
Provision for uncollectible pledges	128,480	133,599
(Increase) Decrease in certain assets:		
Annual campaign pledges receivable	(187,087)	(137,989)
Other receivables	33,004	(28,619)
Prepaid expenses	(11,527)	(7,733)
Pooled income fund	913	(1,439)
Increase (Decrease) in certain liabilities:		
Accounts payable	258	(33,398)
Accrued expenses	(78,685)	87,565
Allocations and designations payable	17,777	36,752
Agency designations payable	300,000	-
Deferred revenue	(1,692)	(75,159)
Split-interest agreements	(12,434)	(4,527)
Net cash provided by operating activities	\$ 163,343	\$ 372,916

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

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements**  
**June 30, 2016**

1. Nature of Organization:

The United Way of Volusia-Flagler Counties, Inc. (the Organization) is a not-for-profit organization incorporated under the laws of Florida. The mission of the Organization is to increase the organized capacity of the community to care for its people. The Organization brings its mission to life through an annual fund-raising campaign which results in the allocation of funds to its human service member agencies in Volusia and Flagler counties. All funds are allocated through a volunteer driven, citizen-review process. Distributions are reported as “agency allocations” in the accompanying statement of activities. The distribution of funds by trained and knowledgeable volunteers sets the Organization apart from other funding sources, with nearly 60 volunteers participating in these activities each year. In addition, the Organization provides funding for several community building programs and services directly managed by the Organization. Program service areas directly managed by the Organization are summarized as follows:

First Call for Help - This program is the only comprehensive information and referral program that is available to anyone seeking information about human service agencies in Volusia and Flagler Counties. Trained and certified information and referral specialists are available 24 hours per day 365 days per year by phone to provide information about human service agencies in Volusia and Flagler counties. A searchable index of services is available at the Organization’s online website and First Call for Help operates several walk-in centers in area communities.

Volunteer Center - This program is devoted solely to the promotion and nurturing of volunteerism and community service. The Volunteer Center recruits, develops, places and recognizes volunteers for hundreds of organizations and agencies community wide, trains and matches potential leadership-caliber volunteers for various boards and committees, and administers the Corrections Department’s Community Service program through the court system.

Community Planning - The Organization engages in community planning through the Public Policy Committee, Partner Agency Council, and the Human Services Coordinating Council for the purposes of assessing community needs, coordinating public and private funding, and aiding in the development of other human services efficiencies and collaborations. In addition, the community planning function coordinates the following initiative:

Campaign For Working Families (CFWF) - The CFWF is a coalition of community business, government, and non-profit partners whose mission is to help provide financial stability to low-and-moderate-income working families in Volusia and Flagler Counties by providing free tax return preparation, providing financial education classes to help individuals manage their money in a way that helps them build financial assets, providing outreach and education about the Earned Income Tax Credit, and promoting and encouraging savings.

Community Programs - The Organization provides fiscal sponsor services for several community service programs. Each of the programs has a steering committee of community residents who provide all the support for fundraising and fund distribution decisions.



**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

2. Summary of Significant Accounting Policies:

The following is a summary of the Organization's significant accounting policies:

Basis of Presentation - The Organization reports its financial information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - The unrestricted net asset class includes the general and board designated assets and liabilities of the Organization. Revenue and support received by the Organization without explicit donor restrictions that specify how the donated asset must be used or maintained are reported as unrestricted to the Organization. In general, the unrestricted net assets of the Organization may be used at the discretion of the Organization's management and the Board of Directors to support the Organization's purposes and operations.

Temporarily Restricted Net Assets - The temporarily restricted net asset class includes expendable assets and related liabilities of the Organization. These assets relate to gifts with explicit time or purpose restrictions that have not yet been met. When the time or purpose restriction is met these assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Permanently Restricted Net Assets - The permanently restricted net asset class includes assets and related liabilities of the Organization related to contributions for which the donor has restricted the investment of the gift corpus in perpetuity. The income generated from the investment of corpus is available for the Organization's operations in accordance with the donor restrictions. Appreciation related to the permanently restricted net assets, if not specifically restricted otherwise, follows the donor's income restriction and is included in the appropriate unrestricted or temporarily restricted net asset class.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include checking and money market accounts.

Investments - Investments are reported at fair value. Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned. Investment income (loss) is included in the change in unrestricted net assets, unless its use is temporarily or permanently restricted by donor stipulations or law. When a donor restriction is met the amount is reclassified and reported as released from restriction.

Property and Equipment - Purchases of land, buildings and equipment having a unit cost of \$500 or more are capitalized at cost. Donated assets are capitalized at the estimated fair-market value at the time of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5 to 33 years.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

2. Summary of Significant Accounting Policies: (Continued)

Contributions - The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service and/or construction expenses have been incurred.

Contributed services are reflected in the accompanying financial statements at the fair value of the services received, if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would otherwise need to be purchased if not provided by donation.

No amounts have been included in the accompanying financial statements for services contributed by campaign volunteers since such services generally do not require specialized skills. Nevertheless, a substantial number of volunteers from the area donated their time to the Organization.

Annual Campaign Pledges Receivable - Annual campaigns are conducted from July 1 through June 30 to raise funds for allocation to participating agencies in the subsequent calendar year. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. An allowance for uncollectible pledges is established by the Organization's management based on past collection experience and current economic conditions. Because of uncertainties in the estimation process it is at least reasonably possible that management's estimate of uncollectible pledges will change in the near term. It is the Organization's policy to write-off uncollectible pledges within two years after an annual campaign has ended. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donor Designations - The Organization offers contributors the opportunity to designate their contributions to specific agencies. Contributions over which the Organization has little or no discretion in determining how funds are to be used are considered an agency relationship and, therefore, not recorded as a contribution when received or an agency allocation when disbursed. Donor designations are shown as reductions in gross annual campaign and agency allocations in the accompanying statement of activities.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

2. Summary of Significant Accounting Policies: (Continued)

Income Taxes - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. The Organization follows accounting standards relating to accounting for uncertainty in income taxes. The Organization assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements.

The Organization files tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by taxing authorities for years before June 30, 2013.

Agency Allocations - Allocations to agencies are distributed over the year from July 1 through June 30, based on the preceding year's campaign. The Organization follows professional standards for contributions received and contributions made. Professional standards require recognition of allocations pledged to agencies as an expense in the period the pledge or allocation is made at their fair values. Therefore, amounts pledged or allocated as of June 30 but unpaid have been recorded as allocations and designations payable as of June 30, 2016.

Impairment of Long-Lived Assets - Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

Deferred Revenue - The Organization is a beneficiary of donations maintained in the United Way of America pooled income fund. The fair value of the donation is included in temporarily restricted assets in the accompanying statement of financial position. Contribution revenue is recorded at the present value of the ultimate amount to be received upon the death of the donor on the date the donation is made to the pooled income fund. The difference between the fair value of the assets received and the contribution recognized is recorded as deferred revenue. The organization receives grants for various programs. The deferred revenue represents the amount of revenue that will be earned in the future periods.

Concentration of Credit Risk - The Organization's financial instruments that are exposed to concentrations of credit risk consist of checking and money market accounts held at creditworthy financial institutions. Such accounts may at times exceed federally insured limits. The organization has not experienced any losses on such accounts.

Estimates - The preparation of financial statements in conformity with United States generally accepted accounting principles 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.

Comparative Financial Information - The financial statements include certain prior year summarized comparative information. With respect to the statement of financial position and activities, the prior year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

2. Summary of Significant Accounting Policies: (Continued)

Subsequent Events - The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 9, 2016 which is prior to the date of availability of September 12, 2016. No subsequent events have been recognized or disclosed.

3. Annual Campaign Pledges Receivable:

At June 30, 2016, annual campaign pledges receivable consist of the following:

2014 - 2015 campaign	\$ 929,505
2013 - 2014 campaign	140,664
	1,070,169
2014 - 2015 allowance for uncollectible pledges	(135,059)
2013 - 2014 allowance for uncollectible pledges	(140,664)
Annual campaign pledges receivable, net	\$ 794,446

4. Investments:

At June 30, 2016, investments consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 169,164	\$ 169,164	\$ -
Certificates of deposit	107,258	107,258	-
Mutual funds	3,889,858	4,047,573	157,715
Equity securities	1,260,990	1,397,315	136,325
Limited partnership	972,553	1,333,398	360,845
	\$ 6,399,823	\$ 7,054,708	\$ 654,885

The certificates of deposit mature in less than one year.

Reflected in the statement of financial position as follows:

Cash and cash equivalents	\$ 169,164
Investments-current portion	107,258
Investments-noncurrent portion	6,778,286
	\$ 7,054,708

Investment income (loss) is summarized as follows:

Interest and dividends	\$ 312,120
Net increase in cash surrender value of life insurance	7,847
Net realized gains (losses) on investments	114,080
Net unrealized gains (losses) on investments	(576,662)
	\$ (142,615)

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

4. Investments: (Continued)

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the estimated fair value of investments reported in the statement of financial position as of June 30, 2016. However, the diversification of the Organization's invested assets among these various asset classes is management's strategy to mitigate the impact of any dramatic change on any one asset class.

5. Fair Value Measurements:

The Organization utilizes fair value measurements to record certain assets and to determine fair value disclosures. In accordance with FASB ASC Topic 820, "Fair Value Measurements," fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Level 1 - Values measured using quoted prices in active markets for identical investments. Assets in this level typically include publicly traded equities, mutual fund investments, cash equivalents, and listed derivatives.

Level 2 - Values measured using observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in active markets that are not active; or other inputs that are observable by market data for substantially the full term of the assets or liabilities.

Level 3 - Values measured using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In certain cases, the inputs to measure fair value may result in an asset or liability falling into more than one level of the fair value hierarchy. In such cases, the determination of the classification of an asset or liability within the fair value hierarchy is based on the least determinate input that is significant to the fair value measurement. Investments measured using net asset value are classified as Level 2 if they are redeemable at or near year-end otherwise they are considered Level 3.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

Cash and cash equivalents and certificates of deposit: Valued at cost, which approximates fair value.

Contributions receivable: For contributions receivable that are due within one year, carrying amount is a reasonable estimate of fair value. For contributions receivable that are due in more than one year, fair value is estimated at the present value of estimated future cash flows, using a discount rate reflective of current interest rates.

Mutual funds: Valued at the closing price reported on the active markets on which the individual funds are traded.

Equity securities: Valued at the closing price reported on the active markets on which the individual securities are traded.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

5. Fair Value Measurements: (Continued)

Limited partnerships: These investments include limited partnerships, private equity funds, and other types of non-traditional investments. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. The fair values of these investments are estimated based on a review of all available information provided by fund managers and general partners. These fair value estimates are evaluated on a regular basis and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

Allocations and designations payable: For allocations and designations payable that are due within one year, carrying amount is a reasonable estimate of fair value. For allocations and designations payable that are due in more than one year, fair value is estimated at the present value of estimated future cash flows, using a discount rate reflective of current interest rates.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at June 30, 2016 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income funds	\$ 2,289,908	\$ -	\$ -	\$ 2,289,908
Equity funds	1,757,665	-	-	1,757,665
Equity securities:				
Financials	205,761	-	-	205,761
Materials	58,616	-	-	58,616
Consumer	276,369	-	-	276,369
Energy	179,592	-	-	179,592
Information technology	173,426	-	-	173,426
Healthcare	120,609	-	-	120,609
Industrials	137,055	-	-	137,055
Utilities	36,962	-	-	36,962
REIT	73,355	-	-	73,355
Foreign	135,570	-	-	135,570
Limited partnership	-	1,333,398	-	1,333,398
	<u>\$ 5,444,888</u>	<u>\$ 1,333,398</u>	<u>\$ -</u>	<u>\$ 6,778,286</u>

Reflected in the statement of financial position as follows:

Investments measured at fair value on a recurring basis:

    Investments-noncurrent portion \$ 6,778,286

Investments not measured at fair value on a recurring basis:

    Cash and cash equivalents 169,164

    Investments-current (certificates of deposit) 107,258

\$ 7,054,708

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

5. Fair Value Measurements: (Continued)

The following table represents fair value measurements of investments in certain entities that calculate net asset value per share:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited partnership	<u>\$ 1,333,398</u>	<u>\$ -</u>	Monthly	30 days

The limited partnership includes one private equity fund that invests primarily in stock of foreign companies that are publicly traded. The fair value of the investment has been estimated using the net asset value of the Organization's ownership interest in partners' capital.

6. Property and Equipment:

Property and equipment as of June 30, 2016 consist of the following:

Land	\$ 92,056
Building and improvements	401,591
Furniture and equipment	<u>153,828</u>
	647,475
Less: Accumulated depreciation	<u>414,857</u>
	<u>\$ 232,618</u>

Depreciation expense was \$29,214 for the year ended June 30, 2016.

7. Split-Interest Agreements:

The Organization sells and administers several charitable gift annuities. In addition, the organization holds a beneficial interest in a Pooled Income Fund attributable to local donors.

A charitable gift annuity is an arrangement between a donor and the Organization in which the donor contributes assets in exchange for a promise by the Organization to pay a fixed amount for a specified period of time (typically the life of the donor or a designated beneficiary). Subject to certain reserve and other regulatory requirements, the contributed assets are held as general assets of the Organization and the annuity liability is a general obligation of the Organization.

The assets received are recognized at fair market value when received, and an annuity payment liability is recognized at the present value of annuity payments expected to be paid. The annuity payment liability is based on life expectancies of the donors and payout rate from 3.8% to 8.0% depending upon the year of the donation. Contribution revenue (gift value) is recognized as the difference between these two amounts. Payments to beneficiaries reduce the annuity liability. Adjustments are made to the annuity liability at the end of each subsequent year to reflect the current present value of future annuity payments. These adjustments are recognized in the statement of activities as changes in the value of gift annuities in temporarily restricted net assets. Reserve funds required by the State of Florida amounted to \$113,888 as of June 30, 2016.

As of June 30, 2016, the present value of future annuity payments for existing gift annuities was \$91,110.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

7. Split-Interest Agreements (continued):

For the Pooled Income Fund, the donor has contributed the asset to United Way Worldwide. The responsibility for future payments to the donor is held by United Way Worldwide. At the death of the last surviving income beneficiary, the then value of the principal of the gift will be distributed to the organization.

The organization records an asset on their books for the remaining market value of the Pooled Income Fund. The organization also records a liability on their books for the present value of the future payments expected to be paid to the donor. At June 30, 2016 those amounts are \$56,081 and \$40,238 respectively.

8. Employee Benefit Plan:

The Organization sponsors a 403(b) thrift plan that covers all salaried employees with at least one year of service and who are at least 21 years of age and work over 1,000 hours in the calendar year. The Organization contributes 5% of the participant's salary and will match up to 2% of the employees contributions. Participant's account balance shall be 100% non-forfeitable after completion of 3 years of vesting services or at 59.5 years of age. Total expense for the year ended June 30, 2016 was \$39,964.

9. Donated Services and Facilities:

The Organization recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the current year, donated services were as follows:

Audit fees	\$ 5,000
Printing and communication services	4,600
Program materials and services	1,020
	\$ 10,620

10. Unrestricted Net Assets:

At June 30, 2016, the Organization's board of directors has chosen to place the following limitations on unrestricted net assets:

Designated for Community Foundation Fund	\$ 4,868,561
Designated for Women's Affinity Group	28,982
Undesignated	571,889
	\$ 5,469,432

The Community Foundation Fund is established to combine legacy gifts, using the growth and income of the corpus to ensure funding for changing community needs for many future years. Currently that fund is managed by the Community Foundation, a Division of the United Way of Volusia-Flagler Counties. The Women's Affinity Group raises funds to improve the life of women and children in Volusia and Flagler Counties.



**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

11. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at June 30, 2016:

Pooled Income Funds directed by United Way Worldwide	\$ 15,843
Gift annuity reserves in excess of gift annuity obligations	22,778
Daytona Beach Police Foundation	29,659
Kelton Family Fund	101,536
Hosseini Family Fund	132,416
Booher Family Fund	246,700
Every dollar gets empowered	155,124
Hendrickson Fund	111,874
Fux Family Fund	19,730
Splash Fund	8,398
Families in need	1,471
Total temporarily restricted net assets	<u>\$ 845,529</u>

12. Release of Temporarily Restricted Net Assets:

Temporarily restricted net assets released from restriction by incurring expenses satisfying the restricted purpose or time restrictions for the year ended June 30, 2016 were as follows:

Gift annuity reserves in excess of gift annuity obligations	\$ 3,226
Utility assistance	19,891
Daytona Beach Police Foundation	116,580
Hosseini family fund	96,231
Hendricks family fund	10,000
	<u>\$ 245,928</u>

13. Concentrations

The Organization maintains a single bank account in Daytona Beach, Florida. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash for the year ended June 30, 2016 exceeded federally insured limits by \$396,566.

In the current year, approximately 41% of all public support was provided by one corporation and their employees. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

14. Endowments:

The Organization's endowments consist of five funds established to support a variety of programs and specific agencies. Its endowments consist of only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

14. Endowments: (Continued)

*Interpretation of Relevant Law*

The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with FUPMIFA, the Organization considers the following factors in taking a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

*Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the Organization. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies for the year ended June 30, 2016.

*Return Objectives and Risk Parameters*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and organizations supported by the endowments. The endowment assets are invested in a manner that is intended to produce positive results, while assuming a moderate level of investment risk.

*Strategies Employed for Achieving Objectives*

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

**United Way Of Volusia-Flagler Counties, Inc.**  
**Notes to Financial Statements (continued)**  
**June 30, 2016**

14. Endowments: (Continued)

*Spending Policy and How the Investment Objectives Relate to the Spending Policy*

The Organization has a policy of appropriating for distribution each year all of its endowment fund's earnings to the programs and organizations the donor has specified.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Endowment net asset composition consisted of the following at June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 636,208	\$ 636,208

Changes in endowment net assets consist of the following for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$ -	\$ 636,208	\$ 636,208
Contributions	-	-	-	-
Endowment funds, end of year	\$ -	\$ -	\$ 636,208	\$ 636,208