UNITED WAY OF VOLUSIA-FLAGLER COUNTIES, INC.

Financial Statements And
Independent Auditor's Report
June 30, 2017

OLIVARI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

United Way Of Volusia-Flagler Counties, Inc.
June 30, 2017

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OLIVARI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' 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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Olivari & Associates

Olivari & Associates
Certified Public Accountants and Consultants
Ormond Beach, Florida
September 14, 2017

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United Way Of Volusia-Flagler Counties, Inc.
Statement of Financial Position
As of June 30, 2017 (With Comparative Totals As of June 30, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 909,443	$ -	$ -	$ 909,443	$ 778,878
Annual campaign pledges receivable, net	741,878	-	-	741,878	794,446
Other receivables	78,750	-	-	78,750	9,092
Prepaid expenses	61,327	-	-	61,327	34,929
Investments	107,688	-	-	107,688	107,258
Total current assets	1,899,086	-	-	1,899,086	1,724,603
Noncurrent Assets:					
Pooled income fund	-	59,374	-	59,374	56,081
Life insurance cash surrender value	192,914	-	-	192,914	186,506
Investments	5,615,422	996,368	636,208	7,247,998	6,778,286
Property and equipment - net	217,776	-	-	217,776	232,618
Total noncurrent assets	6,026,112	1,055,742	636,208	7,718,062	7,253,491
Total assets	$ 7,925,198	$ 1,055,742	$ 636,208	$ 9,617,148	$ 8,978,094
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	$ 49,527	$ -	$ -	$ 49,527	$ 44,899
Accrued expenses	31,393	-	-	31,393	52,632
Allocations and designations payable	1,372,626	-	-	1,372,626	1,445,263
Agency designations payable	91,160	-	-	91,160	300,000
Deferred revenue	59,150	-	-	59,150	52,783
Total current liabilities	1,603,856	-	-	1,603,856	1,895,577
Noncurrent Liabilities:					
Gift annuity obligations	-	72,946	-	72,946	131,348
Total liabilities	1,603,856	72,946	-	1,676,802	2,026,925
Net Assets:					
Unrestricted	1,027,991	-	-	1,027,991	571,889
Designated for Community Foundation Fund	5,255,671	-	-	5,255,671	4,868,561
Designated for Women's Affinity Group	37,680	-	-	37,680	28,982
Temporarily restricted	-	982,796	-	982,796	845,529
Permanently restricted	-	-	636,208	636,208	636,208
Total net assets	6,321,342	982,796	636,208	7,940,346	6,951,169
Total liabilities and net assets	$ 7,925,198	$ 1,055,742	$ 636,208	$ 9,617,148	$ 8,978,094

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, 2017
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Public support and revenue					
Public support:					
Gross annual campaign contributions and pledges	$ 2,417,975	$ -	$ -	$ 2,417,975	$ 2,417,359
Less: Allowance for uncollectible pledges	(153,822)	-	-	(153,822)	(158,549)
Less: Donor designations	(133,440)	-	-	(133,440)	(128,480)
Total annual campaign contributions and pledges	2,130,713	-	-	2,130,713	2,130,330
Other contributions and support	271,862	243,556	-	515,418	482,829
Bequests and memorial gifts	2,500	-	-	2,500	4,145
Donated services and space rental	9,420	-	-	9,420	10,620
Total public support	2,414,495	243,556	-	2,658,051	2,627,924
Revenue:					
Grants, contracts and fees for service	597,010	19,271	-	616,281	275,173
Other income	9,552	-	-	9,552	5,694
Change in value of charitable gift annuities	2,554	-	-	2,554	(4,669)
Change in value of pooled income fund	-	43,531	-	43,531	(1,384)
Investment income, net	973,108	107,615	-	1,080,723	(142,615)
Total revenue	1,582,224	170,417	-	1,752,641	132,199
Net assets released from restrictions:					
Satisfaction of purpose restrictions	276,706	(276,706)	-	-	-
Total net assets released from restriction	276,706	(276,706)	-	-	-
Total public support, revenue, and net assets released from restrictions	4,273,425	137,267	-	4,410,692	2,760,123
Expenses					
Agency allocations	1,451,122	-	-	1,451,122	1,542,723
Less: Donor designations	(133,440)	-	-	(133,440)	(158,549)
Net agency allocations	1,317,682	-	-	1,317,682	1,384,174
Scholarships, direct assistance and distributions	424,105	-	-	424,105	154,942
Total allocations and distributions	1,741,787	-	-	1,741,787	1,539,116
Operating expenses					
Program services	914,132	-	-	914,132	913,891
Community foundation	260,040	-	-	260,040	284,964
Fundraising	295,011	-	-	295,011	307,764
Special events	87,457	-	-	87,457	70,040
Management and general	123,088	-	-	123,088	153,961
Total operating expenses	1,679,728	-	-	1,679,728	1,730,620
Total expenses	3,421,515	-	-	3,421,515	3,269,736
Change in net assets	851,910	137,267	-	989,177	(509,613)
Net assets, beginning of year	5,469,432	845,529	636,208	6,951,169	7,460,782
Net assets, end of year	$ 6,321,342	$ 982,796	$ 636,208	$ 7,940,346	$ 6,951,169

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, 2017
(With Comparative Totals for 2016)

	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	2017	2016
Compensation and related expenses												
Salaries	$ 78,191	$ 64,353	$ 224,832	$ -	$ 367,376	$ 80,855	$ 165,769	$ 45,412	$ 48,383	$ 340,419	$ 707,795	$ 722,219
Employee benefits	27,068	13,803	26,366	-	67,237	19,114	27,927	8,636	7,672	63,349	130,586	155,045
Payroll taxes	5,943	4,902	16,277	-	27,122	6,202	12,324	3,397	4,221	26,144	53,266	51,264
	111,202	83,058	267,475	-	461,735	106,171	206,020	57,445	60,276	429,912	891,647	928,528
Other expenses												
Professional and consulting fees	36,000	17,913	60,981	401	115,295	24,575	32,777	8,517	29,667	95,536	210,831	183,795
Bank and trust management fees	-	-	-	-	-	53,240	-	-	-	53,240	53,240	51,429
Supplies	861	2,785	8,585	3,874	16,105	2,826	1,934	2,039	1,397	8,196	24,301	31,611
Telephone and communications	6,903	2,434	4,263	-	13,600	2,573	5,086	1,503	3,068	12,230	25,830	29,310
Postage and shipping	448	350	1,027	-	1,825	1,038	1,670	152	369	3,229	5,054	9,484
Occupancy	12,462	6,872	15,791	-	35,125	6,948	14,349	4,224	7,032	32,553	67,678	50,128
Equipment rental and service	6,791	5,496	3,073	-	15,360	2,363	2,053	610	378	5,404	20,764	15,674
Printing and publications	1,795	7,844	2,816	185	12,640	18,877	6,187	753	1,820	27,637	40,277	40,497
Travel	915	2,496	8,242	-	11,653	3,316	6,208	726	2,583	12,833	24,486	28,996
Conferences, meetings and training	623	6,301	5,411	19,684	32,019	25,066	950	1,793	846	28,655	60,674	75,389
Dues	7,883	4,329	10,400	-	22,612	4,987	8,790	2,467	7,534	23,778	46,390	52,430
Recognition and awards	-	340	9,562	-	9,902	1,739	20	3,388	1,472	6,619	16,521	2,973
Insurance	396	216	384	-	996	240	456	132	93	921	1,917	1,743
Advertising	-	-	10,619	50	10,669	-	4,152	-	-	4,152	14,821	6,113
Program expenses	-	-	-	142,541	142,541	-	-	-	-	-	142,541	188,947
Depreciation	5,576	3,067	5,018	-	13,661	3,345	6,412	1,952	2,509	14,218	27,879	29,214
Miscellaneous	-	-	447	-	447	2,736	-	1,756	(62)	4,430	4,877	4,359
Total operating expenses	$ 191,855	$ 143,501	$ 414,094	$ 166,735	$ 916,185	$ 260,040	$ 297,064	$ 87,457	$ 118,982	$ 763,543	$ 1,679,728	$ 1,730,620

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United Way Of Volusia-Flagler Counties, Inc.
Statement of Cash Flows
For the year ended June 30, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities:		
Cash received from contributions and pledges	$ 2,183,281	$ 2,071,723
Cash received from other contributions and support	385,760	515,833
Cash received from bequests and memorial gifts	2,500	4,145
Cash received from grants, contracts and fees for service	674,181	275,173
Cash received from other income	11,652	5,694
Cash received from investment income	348,433	312,119
Cash paid for allocations and distributions	(1,814,424)	(1,521,339)
Cash paid for operating expenses	(1,887,913)	(1,482,431)
Cash paid for charitable gift annuities	(15,610)	(17,574)
Net cash (used) provided by operating activities	(112,140)	163,343
Cash flows from investing activities:		
Purchase of equipment	(13,952)	(11,849)
Proceeds from sale and maturities of investments	1,690,231	1,538,711
Purchase of investments	(1,433,574)	(1,789,253)
Net cash provided (used) by investing activities	242,705	(262,391)
Net increase (decrease) in cash and cash equivalents	130,565	(99,048)
Cash and cash equivalents, beginning of year	778,878	877,926
Cash and cash equivalents, end of year	$ 909,443	$ 778,878
Cash flows from operating activities:		
Change in net assets	$ 989,177	$ (509,613)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	27,879	29,214
Net realized (gain) on sale of investments	(110,247)	(114,080)
Net unrealized (gain) loss on investments	(615,636)	576,662
Increase in cash surrender value of life insurance	(6,408)	(7,847)
Provision for uncollectible pledges	153,822	128,480
(Increase) Decrease in certain assets:		
Annual campaign pledges receivable	(101,254)	(187,087)
Other receivables	(69,659)	33,004
Prepaid expenses	(26,398)	(11,527)
Pooled income fund	(3,293)	913
Increase (Decrease) in certain liabilities:		
Accounts payable	4,628	258
Accrued expenses	(21,239)	(78,685)
Allocations and designations payable	(72,637)	17,777
Agency designations payable	(208,840)	300,000
Deferred revenue	6,367	(1,692)
Split-interest agreements	(58,402)	(12,434)
Net cash (used) provided by operating activities	$ (112,140)	$ 163,343

See accompanying notes to financial statements
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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. To be the best stewards of donor investments and in an effort to align community resources for maximum impact, the Organization has made the transition to Community Impact model. Through this transition, the Organization will place a greater strategic emphasis on specific priority areas within Education, Financial Stability, and Health arenas that have a stronger focus on community-level outcomes. This model will allow the Organization to report measurable results for the community through their support partner programs. 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.

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, and trains and matches potential leadership-caliber volunteers for various boards and committees. The Volunteer Center also administers the Reading Pals Program. It is a United Way program where volunteers provide positive reinforcement and personal attention to a child (kindergarten through 3rd grade) who would benefit from extra reading support. The goal is to improve children's reading skills and impart a love of reading.

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 initiatives:

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.

Help Me Grow - The HMG system is designed to help the community leverage existing resources to ensure identification of vulnerable children, link families to proper community-based services, and empower families to support their children's healthy development through a centralized access point, data collection, and family & health care provider outreach.

1. Nature of Organization: (continued)

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.

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.

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 place 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.

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.

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, 2017.

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 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 positon 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, 2016, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 14, 2017 which is prior to the date of availability of September 15, 2017. No subsequent events have been recognized or disclosed.

3. Annual Campaign Pledges Receivable:

At June 30, 2017, annual campaign pledges receivable consist of the following:

2015 - 2016 campaign	$	882,786
2014 - 2015 campaign		144,476
		1,027,262
2015 - 2016 allowance for uncollectible pledges		(140,908)
2014 - 2015 allowance for uncollectible pledges		(144,476)
Annual campaign pledges receivable, net	$	741,878

4. Investments:

At June 30, 2017, investments consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	$ 482,804	$ 482,804	$ -
Certificates of deposit	107,688	107,688	-
Mutual funds	3,647,815	4,009,843	362,028
Equity securities	1,277,417	1,543,835	266,418
Limited partnership	1,052,246	1,694,320	642,074
	$ 6,567,970	$ 7,838,490	$ 1,270,520

The certificates of deposit mature in less than one year.

Reflected in the statement of financial position as follows:

Cash and cash equivalents	$	482,804
Investments-current portion		107,688
Investments-noncurrent portion		7,247,998
	$	7,838,490

Investment income (loss) is summarized as follows:

Interest and dividends	$	348,432
Net increase in cash surrender value of life insurance		6,408
Net realized gains (losses) on investments		110,247
Net unrealized gains (losses) on investments		615,636
	$	1,080,723

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, 2017. 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, 2017.

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.

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.

5. Fair Value Measurements: (Continued)

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, 2017 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income funds	$ 1,910,504	$ -	$ -	$ 1,910,504
Equity funds	2,099,339	-	-	2,099,339
Equity securities:				
Financials	340,498	-	-	340,498
Materials	79,704	-	-	79,704
Consumer	226,482	-	-	226,482
Energy	120,620	-	-	120,620
Information technology	148,103	-	-	148,103
Healthcare	189,381	-	-	189,381
Industrials	134,774	-	-	134,774
Utilities	75,416	-	-	75,416
REIT	29,678	-	-	29,678
Foreign	199,179	-	-	199,179
Limited partnership	-	1,694,320	-	1,694,320
	$ 5,553,678	$ 1,694,320	$ -	$ 7,247,998

Reflected in the statement of financial position as follows:	
Investments measured at fair value on a recurring basis:	
Investments-noncurrent portion	$ 7,247,998
Investments not measured at fair value on a recurring basis:	
Cash and cash equivalents	482,804
Investments-current (certificates of deposit)	107,688
	$ 7,838,490

5. Fair Value Measurements: (Continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnership	$ 1,694,320	$ -	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, 2017 consist of the following:

Land	$ 92,056
Building and improvements	401,591
Furniture and equipment	149,014
	642,661
Less: Accumulated depreciation	424,885
	$ 217,776

Depreciation expense was $27,879 for the year ended June 30, 2017.

7. Pooled Income Funds:

For the Pooled Income Fund, the donor has contributed the asset to United Way Worldwide. All similar donations are pooled in a investment account managed by 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 current market value of the Pooled Income Fund. At June 30, 2017 the amount is $59,374.

8. Gift Annuity Obligations:

The Organization sells and administers several charitable gift annuities. 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.

7. Gift Annuity Obligation (continued):

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 $113,184 as of June 30, 2017.

As of June 30, 2017, the present value of future annuity payments for existing gift annuities was $72,946.

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, 2017 was $36,277.

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	3,400
Program materials and services	1,020
	$ 9,420

10. Unrestricted Net Assets:

At June 30, 2017, the Organization's board of directors has chosen to place the following limitations on unrestricted net assets:

Designated for Community Foundation Fund	$ 5,255,671
Designated for Women's Affinity Group	37,680
Undesignated	1,027,991
	$ 6,321,342

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.

11. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at June 30, 2017:

Pooled Income Funds directed by United Way Worldwide	$	59,374
Gift annuity reserves in excess of gift annuity obligations		18,237
Every dollar gets empowered		233,943
Fiscal sponsor community programs		669,697
Families in need		1,545
Total temporarily restricted net assets	$	982,796

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, 2017 were as follows:

Gift annuity reserves in excess of gift annuity obligations	$	4,541
Utility assistance		19,197
Fiscal sponsor community programs		252,969
	$	276,707

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, 2017 exceeded federally insured limits by $178,766.

In the current year, approximately 49% 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.

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, 2017.

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.

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, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 636,208	$ 636,208

Changes in endowment net assets consist of the following for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, beginning of year	$ -	$ -	$ 636,208	$ 636,208
Contributions	-	-	-	-
Endowment funds, end of year	$ -	$ -	$ 636,208	$ 636,208

OLIVARI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Board of Directors and Management

United Way of Volusia-Flagler Counties, Inc.
3747 W. International Speedway Blvd.
Daytona Beach, FL 32124

In planning and performing our audit of the financial statements of United Way of Volusia-Flagler Counties, Inc. as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered United Way of Volusia-Flagler Counties, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Olivari & Associates

Olivari & Associates
Certified Public Accountants And Consultants
Ormond Beach, Florida
September 14, 2017

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OLIVARI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

September 14, 2017

Board of Directors

United Way of Volusia-Flagler Counties, Inc.
3747 W. International Speedway Blvd.
Daytona Beach, FL 32124

We have audited the financial statements of United Way of Volusia-Flagler Counties, Inc. for the year ended June 30, 2017, and have issued our report thereon dated September 14, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 24, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Volusia-Flagler Counties, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the allowance for uncollectible pledges is based on past collection experience and current economic conditions. We evaluated the key factors and assumptions used to develop the allowance for uncollectible pledges in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> The Organization's depreciation expense is based on the estimated useful life of the depreciable fixed assets.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 4 – Investments
Note 6 – Property and equipment
Note 7 – Gift Annuity Obligation
Note 10 – Unrestricted net assets
Note 11 – Temporarily restricted net assets
Note 12 – Release of temporarily restricted net assets
Note 13 – Concentrations

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of United Way of Volusia-Flagler Counties, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Olivari & Associates

Olivari & Associates
Certified Public Accountants And Consultants