

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

**Financial Statements And
Independent Auditors' Report
June 30, 2021**

United Way Of Volusia-Flagler Counties, Inc.
June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses.....	4
Statement of Cash Flows	5
Notes to Financial Statements	6-19

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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
December 13, 2021

United Way Of Volusia-Flagler Counties, Inc.
Statement of Financial Position
As of June 30, 2021 (With Comparative Totals As of June 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 2,013,161	\$ 51,627	\$ 2,064,788	\$ 1,679,239
Annual campaign pledges receivable, net	846,312	-	846,312	644,765
Other receivables	29,486	-	29,486	121,282
Prepaid expenses	30,853	-	30,853	13,007
Total current assets	<u>2,919,812</u>	<u>51,627</u>	<u>2,971,439</u>	<u>2,458,293</u>
Noncurrent Assets:				
Pooled income fund	-	66,834	66,834	66,179
Life insurance cash surrender value	79,623	-	79,623	78,635
Investments	8,417,930	4,845,085	13,263,015	9,317,848
Property and equipment - net	125,702	-	125,702	151,659
Total noncurrent assets	<u>8,623,255</u>	<u>4,911,919</u>	<u>13,535,174</u>	<u>9,614,321</u>
Total assets	<u>\$ 11,543,067</u>	<u>\$ 4,963,546</u>	<u>\$ 16,506,613</u>	<u>\$ 12,072,614</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	\$ 37,242	\$ -	\$ 37,242	\$ 19,713
Accrued expenses	46,540	-	46,540	56,738
Allocations and designations payable	59,642	-	59,642	1,201,961
Deferred revenue	-	-	-	100,000
Agency fund	-	22,179	22,179	12,229
Total current liabilities	<u>143,424</u>	<u>22,179</u>	<u>165,603</u>	<u>1,390,641</u>
Noncurrent Liabilities:				
Gift annuity obligations	-	39,986	39,986	67,409
Notes payable, noncurrent	-	-	-	191,555
Total liabilities	<u>143,424</u>	<u>62,165</u>	<u>205,589</u>	<u>1,649,605</u>
Net Assets:				
Without donor restrictions				
Undesignated without donor restrictions	2,706,826	-	2,706,826	988,952
Designated for the purpose of EDGE	7,938,772	-	7,938,772	6,712,243
Designated for Women's Affinity Group	88,480	-	88,480	43,891
Designated for Donor Advised Funds	665,565	-	665,565	416,082
With donor restrictions				
Purpose Restricted	-	212,585	212,585	189,681
In Perpetuity	-	4,688,796	4,688,796	2,072,160
Total net assets	<u>11,399,643</u>	<u>4,901,381</u>	<u>16,301,024</u>	<u>10,423,009</u>
Total liabilities and net assets	<u>\$ 11,543,067</u>	<u>\$ 4,963,546</u>	<u>\$ 16,506,613</u>	<u>\$ 12,072,614</u>

See accompanying notes to financial statements
and independent auditors' report

United Way Of Volusia-Flagler Counties, Inc.
Statement of Activities
For the year ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Public support and revenue				
Public support:				
Gross annual campaign contributions and pledges	\$ 2,249,598	\$ -	\$ 2,249,598	\$ 2,158,751
Less: Allowance for uncollectible pledges	(210,638)	-	(210,638)	(148,672)
Less: Donor designations	(126,264)	-	(126,264)	(115,294)
Total annual campaign contributions and pledges	1,912,696	-	1,912,696	1,894,785
Other contributions and support	294,013	2,115,737	2,409,750	1,602,437
Bequests and memorial gifts	17,870	-	17,870	315,220
Total public support	2,224,579	2,115,737	4,340,316	3,812,442
Revenue:				
Grants, contracts and fees for service	710,638	20,525	731,163	386,300
Other income	9,367	(6,853)	2,514	2,359
Change in value of charitable gift annuities	20,958	-	20,958	(15,955)
Change in value of pooled income fund	6,318	655	6,973	3,071
Investment income, net	2,164,747	734,932	2,899,679	587,980
Total revenue	2,912,028	749,259	3,661,287	963,755
Net assets released from restrictions:				
Satisfaction of purpose restrictions	225,456	(225,456)	-	-
Total net assets released from restrictions	225,456	(225,456)	-	-
Total public support, revenue, and net assets released from restrictions	5,362,063	2,639,540	8,001,603	4,776,197
Expenses				
Agency allocations	216,490	-	216,490	1,412,633
Community grants	593,056	-	593,056	213,600
Less: Donor designations	(126,264)	-	(126,264)	(115,294)
Net agency allocations	683,282	-	683,282	1,510,939
Scholarships, direct assistance and distributions	313,383	-	313,383	336,403
Total allocations and distributions	996,665	-	996,665	1,847,342
Operating expenses				
Program services	471,489	-	471,489	588,750
Community foundation	274,030	-	274,030	277,883
Fundraising	313,283	-	313,283	304,874
Special events	11,221	-	11,221	56,256
Management and general	248,455	-	248,455	271,680
Total operating expenses	1,318,478	-	1,318,478	1,499,443
Total expenses	2,315,143	-	2,315,143	3,346,785
Change in net assets from operations	3,046,920	2,639,540	5,686,460	1,429,412
Other income				
Gain on extinguishment of debt	191,555	-	191,555	-
Total other income	191,555	-	191,555	-
Change in net assets	3,238,475	2,639,540	5,878,015	1,429,412
Net assets, beginning of year	8,161,168	2,261,841	10,423,009	8,993,597
Net assets, end of year	\$ 11,399,643	\$ 4,901,381	\$ 16,301,024	\$ 10,423,009

See accompanying notes to financial statements
and independent auditors' report

United Way Of Volusia-Flagler Counties, Inc.
Statement of Functional Expenses
For the year ended June 30, 2021
(With Comparative Totals for 2020)

	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	
Compensation and related expenses												
Salaries	\$ 46,857	\$ 32,580	\$ 146,601	\$ 13,923	\$ 239,961	\$ 163,462	\$ 190,352	\$ -	\$ 141,722	\$ 495,536	\$ 735,497	\$ 785,073
Employee benefits	12,372	7,859	33,297	-	53,528	24,501	39,474	-	23,618	87,593	141,121	148,199
Payroll taxes	3,284	2,177	10,543	1,065	17,069	12,405	14,063	-	9,942	36,410	53,479	54,433
	62,513	42,616	190,441	14,988	310,558	200,368	243,889	-	175,282	619,539	930,097	987,705
Other expenses												
Professional and consulting fees	40,426	-	2,814	-	43,240	19,674	5,403	5,550	28,491	59,118	102,358	122,174
Supplies	1,321	170	9,612	141	11,244	711	1,700	4,139	804	7,354	18,598	23,496
Telephone and communications	2,500	1,513	6,635	1,194	11,842	4,010	7,666	21	5,483	17,180	29,022	20,172
Postage and shipping	19	5	95	80	199	604	970	14	275	1,863	2,062	2,916
Occupancy	9,446	7,960	17,913	-	35,319	26,767	18,632	950	16,127	62,476	97,795	112,633
Equipment rental and service	638	535	2,201	-	3,374	1,313	2,359	-	2,459	6,131	9,505	19,900
Printing and publications	774	128	1,078	40	2,020	1,544	1,757	-	827	4,128	6,148	25,849
Travel	394	113	929	-	1,436	491	4,734	-	1,008	6,415	7,851	28,646
Conferences, meetings and training	1,919	193	162	-	2,274	1,514	264	-	366	4,144	4,418	72,597
Dues	892	388	1,318	-	2,598	5,824	2,961	-	661	9,446	12,044	20,730
Dues to affiliates	3,492	2,814	11,428	-	17,734	6,899	12,396	-	9,713	29,008	46,742	35,429
Recognition and awards	182	169	7,474	-	7,825	439	2,169	57	582	3,247	11,072	1,862
Insurance	376	863	1,429	-	2,668	835	1,499	-	1,175	3,509	6,177	6,612
Advertising	-	-	6,028	15	6,043	-	800	-	-	1,108	7,151	713
Depreciation	1,353	1,353	10,281	-	12,987	2,976	5,952	-	5,140	14,068	27,055	17,518
Miscellaneous	-	61	67	-	128	61	132	-	62	255	383	491
Total operating expenses	\$ 126,245	\$ 58,881	\$ 269,905	\$ 16,458	\$ 471,489	\$ 274,030	\$ 313,283	\$ 11,221	\$ 248,455	\$ 846,989	\$ 1,318,478	\$ 1,499,443

See accompanying notes to financial statements
and independent auditors' report

United Way Of Volusia-Flagler Counties, Inc.
Statement of Cash Flows
For the year ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from contributions and pledges	\$ 1,711,149	\$ 1,924,561
Cash received from other contributions and support	498,833	169,410
Cash received from bequests and memorial gifts	17,870	315,220
Cash received from grants, contracts and fees for service	731,163	386,300
Cash received from other income	2,514	2,359
Cash received from investment income	444,540	303,615
Cash paid for allocations and distributions	(2,138,984)	(1,809,313)
Cash paid for operating expenses	(1,419,583)	(1,372,470)
Cash paid for charitable gift annuities	(6,464)	(12,624)
Net cash (used) by operating activities	(158,962)	(92,942)
Cash flows from investing activities:		
Purchase of equipment	(1,099)	(1,099)
Proceeds from sale and maturities of investments	7,334,631	5,943,699
Purchase of investments	(8,791,734)	(6,427,438)
Net cash (used) by investing activities	(1,458,202)	(484,838)
Cash flows from financing activities:		
Investment in perpetual endowment	2,002,713	1,377,964
Proceeds from long term debt borrowings	-	191,555
Net cash provided by financing activities	2,002,713	1,569,519
Net increase in cash and cash equivalents	385,549	991,739
Cash and cash equivalents, beginning of year	1,679,239	687,500
Cash and cash equivalents, end of year	\$ 2,064,788	\$ 1,679,239
Cash flows from operating activities:		
Change in net assets	\$ 5,878,015	\$ 1,429,412
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,055	17,518
(Gain) on extinguishment of debt	(191,555)	-
Net realized (gain) on sale of investments	(127,073)	(47,585)
Net unrealized (gain) on investments	(2,354,673)	(233,510)
Increase in cash surrender value of life insurance	(989)	(29,218)
Provision for uncollectible pledges	210,638	148,672
Contributions restricted for perpetual endowment	(2,002,713)	(1,377,964)
(Increase) Decrease in certain assets:		
Annual campaign pledges receivable	(412,185)	(118,896)
Other receivables	91,796	(55,063)
Prepaid expenses	(17,846)	45,325
Pooled income fund	(6,971)	(3,071)
Increase (Decrease) in certain liabilities:		
Accounts payable	17,529	(21,712)
Accrued expenses	(10,198)	19,590
Allocations and designations payable	(1,142,319)	38,029
Agency fund	9,950	12,229
Deferred revenue	(100,000)	85,000
Donor advised fund	-	(5,029)
Split-interest agreements	(27,423)	3,331
Net cash (used) by operating activities	\$ (158,962)	\$ (92,942)

See accompanying notes to financial statements
and independent auditors' report

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements
June 30, 2021

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 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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

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 based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate from net assets without donor restrictions, net assets for an operating reserve 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 without donor restrictions to the Organization.

In general, net assets without donor restrictions 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.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

When the donor stipulated 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 net assets with donor restrictions, if not specifically restricted otherwise, follows the donor's income restriction and is included in the appropriate net asset class based on the existence or absence of donor-imposed restrictions.

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 net assets without donor restrictions, unless its use is 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 \$2,500 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, 2021

2. Summary of Significant Accounting Policies: (Continued)

Revenue Recognition – The Organization recognizes revenues as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restraints. Expenses are reported as decreases in net assets without donor restrictions.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property, buildings and equipment as support without donor restrictions 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 support with donor restrictions. 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.

A portion of our revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

2. Summary of Significant Accounting Policies: (Continued)

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 - Expenses are charged directly to program, management or fundraising in general categories based on specific identification. Indirect expenses are allocated based on program revenue and other bases, as determined by management. Although methods of allocation used are considered reasonable and appropriate, other methods could be used that would produce different results. 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.

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, 2018.

Conditional 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 as an expense as the conditions of the allocation are met. In addition, the allocation payments to funded agencies stop if the condition of allocation is not met. The Board of Directors has approved a conditional allocation for Fiscal Year 2021/2022 and 2022/2023 totaling \$1,237,100 for each Fiscal Year.

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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

2. Summary of Significant Accounting Policies: (Continued)

Comparative Financial Information – The financial statements include certain prior year summarized comparative information. With respect to the statements 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, 2020, from which the summarized information was derived.

Reclassification – Certain 2020 amounts have been reclassified to conform with the 2021 financial statement presentation.

Recent Pronouncement Adopted – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Beginning fiscal year 2021 the Organization implemented this ASU which did not have a material effect on the financial statements.

In June 2021, the organization changed its Allocation process for the 2021-2023 cycle from a unconditional contribution to a conditional contribution to funded nonprofit agencies. Per ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made: Topic 958*, these contribution allocations will no longer be recorded as an expense at the time of Board approval, but will be booked as an expense as the conditions of the allocation are met. In addition, the allocation payments to funded agencies stop if the condition of allocation is not met. Therefore, FY 20/21 financial statements will reflect no accrued expenditures for Allocations that will be disbursed in FY 21/22.

Recent Accounting Pronouncements – In February 2016, the FASB issued ASU 2016-02 *Leases: Topic 842*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this ASU were officially delayed by the FASB and are effective for fiscal years beginning after December 15, 2021. The Organization has not yet implemented this ASU and is in the process of assessing the effect on the Organization's financial statements.

Subsequent Events - The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 13, 2021 which is prior to the date of availability of December 14, 2021. No subsequent events have been recognized or disclosed.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

3. Annual Campaign Pledges Receivable:

At June 30, 2021, annual campaign pledges receivable consists of the following:

2019 - 2020 campaign		\$ 1,008,606	
2018 - 2019 campaign		181,635	
		1,190,241	
2019 - 2020 allowance for uncollectible pledges		(162,294)	
2018 - 2019 allowance for uncollectible pledges		(181,635)	
Annual campaign pledges receivable, net		\$ 846,312	

4. Investments:

At June 30, 2021, investments consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 1,602,047	\$ 1,602,047	\$ -
Mutual funds	9,757,439	12,160,118	2,402,679
Equity securities	94,831	115,956	21,125
Limited partnerships	986,941	986,941	-
	\$ 12,441,258	\$ 14,865,062	\$ 2,423,804

Reflected in the statement of financial position as follows:

Cash and cash equivalents		\$ 1,602,047	
Investments-current portion		-	
Investments-noncurrent portion		13,263,015	
		\$ 14,865,062	

Investment income (loss) is summarized as follows:

Interest and dividends		\$ 443,891	
Net increase in cash surrender value of life insurance		989	
Net realized gains (losses) on investments		128,358	
Net unrealized gains (losses) on investments		2,281,788	
Increase in Ltd Partnerships		78,098	
Other income (expense)		648	
Investment management fees		(34,093)	
		\$ 2,899,679	

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, 2021. 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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

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, 2021.

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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

5. Fair Value Measurements (continued):

Designations payable: For designations payable that are due within one year, carrying amount is a reasonable estimate of fair value. For 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, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Fixed income funds	\$ 3,277,364	\$ -	\$ -	\$ 3,277,364
Equity funds	8,882,754	-	-	8,882,754
Equity securities:				
Financials	6,410	-	-	6,410
Materials	1,854	-	-	1,854
Consumer	8,738	-	-	8,738
Energy	1,249	-	-	1,249
Information technology	11,089	-	-	11,089
Healthcare	6,399	-	-	6,399
Industrials	6,350	-	-	6,350
ETF's	73,867	-	-	73,867
Limited partnerships	-	986,941	-	986,941
	<u>\$ 12,276,074</u>	<u>\$ 986,941</u>	<u>\$ -</u>	<u>\$ 13,263,015</u>

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>
U.S. Real Estate Investment Fund	\$ 986,941	\$ -	Quarterly	90 days
	<u>\$ 986,941</u>	<u>\$ -</u>		

The limited partnership invests in real estate and is not 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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

6. Property and Equipment:

Property and equipment as of June 30, 2021 consist of the following:

Land	\$ 92,056
Building and improvements	401,591
Furniture and equipment	140,183
	<u>633,830</u>
Less: Accumulated depreciation	508,128
	<u>\$ 125,702</u>

Depreciation expense was \$27,055 for the year ended June 30, 2021.

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. A payout of \$6,318 from the Pooled Income Fund was distributed to the organization during the fiscal year ended June 30, 2021.

The organization records an asset on their books for the current market value of the Pooled Income Fund. At June 30, 2021 the amount is \$66,834.

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.

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 6.8% to 14.2% 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 net assets without donor restrictions. Reserve funds required by the State of Florida amounted to \$49,983 as of June 30, 2021.

As of June 30, 2021, the present value of future annuity payments for existing gift annuities was \$39,986.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

9. Extinguishment of Debt

In July of 2021, the organization was granted full forgiveness of its Paycheck Protection Program (PPP) long term borrowing. Forgiveness was authorized by Section 1106 of the Cares Act and funds were remitted by the Small Business Administration (SBA) to the lender of record. As of June 30, 2021, the amount of debt considered to be extinguished was \$191,555. Such debt does not appear as a liability in the accompanying statement of financial position.

10. 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, 2021 was \$41,929.

11. Board Designated Net Assets:

At June 30, 2021, the Organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

Designated for the purpose of EDGE	\$ 7,938,772
Designated for Donor Advised Funds	665,565
Designated for Women's Affinity Group	<u>88,480</u>
	<u>\$ 8,692,817</u>

The purpose of EDGE 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. The United Way of Volusia-Flagler Counties currently has six Donor Advised Funds in which the Donors can make recommendations on how to grant monies from these Funds, but ultimately, the United Way of Volusia-Flagler Counties has complete authority on how to grant from these funds as they are unrestricted gifts to the United Way of Volusia-Flagler Counties.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

12. Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021:

Restricted for specified purposes:

Pooled Income Funds directed by United Way Worldwide	\$ 66,834
Gift annuity reserves in excess of gift annuity obligations	9,997
Donor Designated funds	134,111
Families in need	1,643
	<u>212,585</u>

Restricted in perpetuity:

EDGE - Every Dollar Gets Empowered	554,690
Donor Designated funds endowed	1,633,750
Field of Interest funds endowed	1,113,102
Endowment funds	1,387,254
	<u>4,688,796</u>

Total net assets with donor restrictions	<u>\$ 4,901,381</u>
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Net assets with donor restrictions that are perpetual in nature consist of the Organization's eleven endowment funds established to support a variety of programs and specific agencies (See Note 14: Endowments).

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors as follows:

Publix designated corporate gift	\$ 33,177
Utility assistance	20,278
Funds with purpose restrictions	172,001
Total donor restricted net assets released from restrictions	<u>\$ 225,456</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, 2021 exceeded federally insured limits by \$193,377.

In the current year, approximately 47% 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.

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

14. Endowments:

The Organization's endowments consist of eleven 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.

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 net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 net assets without donor restrictions. There were no such deficiencies for the year ended June 30, 2021.

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, 2021

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, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
EDGE - Every Dollar Gets Empowered	\$ -	\$ 554,690	\$ 554,690
Restricted in perpetuity	-	4,134,106	4,134,106
	<u>\$ -</u>	<u>\$ 4,688,796</u>	<u>\$ 4,688,796</u>

Changes in endowment net assets consist of the following for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets as of July 1, 2020	\$ -	\$ 2,072,160	\$ 2,072,160
Contributions	-	2,002,713	2,002,713
Investment gains	-	736,188	736,188
Distributions	-	(99,442)	(99,442)
Fees	-	(22,823)	(22,823)
Endowment net assets as of June 30, 2021	<u>\$ -</u>	<u>\$ 4,688,796</u>	<u>\$ 4,688,796</u>

United Way Of Volusia-Flagler Counties, Inc.
Notes to Financial Statements (continued)
June 30, 2021

15. Liquidity and Availability of Resources:

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

Cash and cash equivalents – Without Donor Restriction	\$ 2,013,161
Annual campaign pledges receivable, net	846,312
Other receivables	29,486
Life insurance cash surrender value	79,623
Investments – Without Donor Restriction	<u>8,417,930</u>
	11,386,512
Board Designated Net Assets	<u>(8,692,817)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 2,693,695</u></u>

As a federated fundraising organization, The Organization receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Allocations to agencies are paid monthly over a 12-month period from July to June. During a different 12-month period of January to December, additional contributions are received from donors. In addition, all board designated net assets can be made available to meet operating needs if necessary. During the year ended June 30, 2021, the organization was able to meet its cash needs without utilizing board designated net assets.

16. Significant Events:

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease (“COVID-19”) as a pandemic. There have been mandates from international, federal, state, and local authorities requiring forced shut downs of business, facilities and organizations. These forced closures and limitations are expected to be temporary. The duration of this disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have an effect on the Organization’s financial position, results of operations and cash flows.