

**United Way of Escambia County, Inc.  
(A Nonprofit Organization)**

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**Financial Statements**

**June 30, 2018**

**United Way of Escambia County, Inc.  
(A Nonprofit Organization)**

**Financial Statements**

**June 30, 2018**

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### **Independent Auditor's Report**

To The Board of Directors  
United Way of Escambia County, Inc.  
Pensacola, Florida

We have audited the accompanying financial statements of United Way of Escambia County, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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.

*To The Board of Directors  
United Way of Escambia County, Inc.  
Pensacola, Florida*

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Escambia County, Inc., (a nonprofit organization), as of June 30, 2018, and the changes in its net assets and 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 Escambia County, Inc., (a nonprofit organization) 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Scott E. ... & Company, P.A.*  
Pensacola, Florida  
September 10, 2018

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Statement of Financial Position**  
**June 30, 2018**  
**(with comparative totals for 2017)**

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and equivalents	\$ 106,483	\$ 340,761
Pledges receivable—net	761,323	773,329
Accounts receivable	197,250	95,534
Prepaid expenses and other	61,735	39,184
Investments	1,203,501	1,465,983
Property and equipment—net	568,188	620,769
<b>Total Assets</b>	<b>\$ 2,898,480</b>	<b>\$ 3,335,560</b>
<b>Liabilities:</b>		
Due to designated agencies	\$ 120,584	\$ 144,843
Allocations payable	850,000	1,000,000
Custodial funds payable	5,791	20,652
Accounts payable	12,293	31,704
Accrued expenses	72,182	92,437
Capital lease obligation	10,753	15,341
Total Liabilities	1,071,603	1,304,977
<b>Net Assets:</b>		
Unrestricted	1,053,848	1,281,900
Temporarily restricted	406,103	381,757
Permanently restricted	366,926	366,926
Total Net Assets	1,826,877	2,030,583
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,898,480</b>	<b>\$ 3,335,560</b>

*The accompanying notes are an integral part of these financial statements.*

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Public Support and Revenues:</b>					
Gross campaign results	\$ 1,949,153	\$ 90,479	\$ -	\$ 2,039,632	\$ 2,160,883
Less donor designations	(431,280)			(431,280)	(409,543)
Less provision for uncollectibles	(142,184)			(142,184)	(125,327)
Net campaign results	1,375,689	90,479	-	1,466,168	1,626,013
In-kind contributions	205,070			205,070	295,852
Contributions from outside service area	11,866			11,866	6,124
Investment return	67,326			67,326	97,904
Grants, contracts and program revenues	489,679	291,492		781,171	805,933
Other income	35,401			35,401	41,860
	<u>2,185,031</u>	<u>381,971</u>	<u>-</u>	<u>2,567,002</u>	<u>2,873,686</u>
Net assets released from restrictions					
Satisfaction of time and purpose	<u>357,625</u>	<u>(357,625)</u>		<u>-</u>	<u>-</u>
Total Public Support and Revenues	<u>2,542,656</u>	<u>24,346</u>	<u>-</u>	<u>2,567,002</u>	<u>2,873,686</u>
<b>Expenses:</b>					
Program services					
Gross funds awarded/distributed	1,506,286			1,506,286	1,662,176
Less donor designations	(431,280)			(431,280)	(409,543)
Net funds awarded/distributed	1,075,006			1,075,006	1,252,633
Allocation expenses	77,046			77,046	204,878
Information and referral	239,925			239,925	264,580
Impact initiatives	611,263			611,263	602,449
Total program services	<u>2,003,240</u>	<u>-</u>	<u>-</u>	<u>2,003,240</u>	<u>2,324,540</u>
Supporting services					
Fundraising	254,328			254,328	241,242
Organizational administration	513,140			513,140	418,445
Total supporting services	<u>767,468</u>	<u>-</u>	<u>-</u>	<u>767,468</u>	<u>659,687</u>
Total Expenses	<u>2,770,708</u>	<u>-</u>	<u>-</u>	<u>2,770,708</u>	<u>2,984,227</u>
Change in Net Assets	(228,052)	24,346	-	(203,706)	(110,541)
Net Assets—Beginning of Year	<u>1,281,900</u>	<u>381,757</u>	<u>366,926</u>	<u>2,030,583</u>	<u>2,141,124</u>
Net Assets—End of Year	<u>\$ 1,053,848</u>	<u>\$ 406,103</u>	<u>\$ 366,926</u>	<u>\$ 1,826,877</u>	<u>\$ 2,030,583</u>

*The accompanying notes are an integral part of these financial statements.*

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	Program Services					Supporting Services			2018		2017	
	Gross Funds Awarded/ Distributed	Allocation Services	Information and Referral	Impact Initiatives	Total Program Services	Fundraising	Organizational Administration	Total Supporting Services	Total Expenses	Total Expenses		
<b>Expenses</b>												
Gross funds awarded/distributed	\$ 1,506,286	\$ -	\$ -	\$ -	\$ 1,506,286	\$ -	\$ -	\$ -	\$ -	\$ 1,506,286	\$ 1,662,176	
Less donor designations	(431,280)	-	-	-	(431,280)	-	-	-	-	(431,280)	(409,543)	
Net funds awarded/distributed	1,075,006	-	-	-	1,075,006	-	-	-	-	1,075,006	1,252,633	
Salaries	-	43,144	126,005	282,868	452,017	117,946	316,016	433,962	885,979	881,838		
Benefits and payroll costs	-	11,032	34,233	55,797	101,062	22,306	59,193	81,499	182,561	179,933		
Professional services	-	187	6,121	58,399	64,707	38,011	32,768	70,779	135,486	73,570		
Dues and subscriptions	-	3,842	7,670	12,414	23,926	6,881	10,191	17,072	40,998	40,522		
Insurance	-	2,887	5,198	9,602	17,687	4,909	8,659	13,568	31,255	30,476		
Interest	-	66	118	204	388	112	931	1,043	1,431	1,547		
Printing and promotion	-	6,113	4,332	108,038	118,483	33,435	16,677	50,112	168,595	280,018		
Occupancy	-	4,153	7,475	12,878	24,506	7,100	11,177	18,277	42,783	41,165		
Postage	-	49	45	469	563	829	3,356	4,185	4,748	6,407		
Supplies	-	245	408	1,686	2,339	981	2,423	3,404	5,743	7,561		
Telephone	-	1,264	27,199	4,941	33,404	2,190	4,449	6,639	40,043	42,069		
Staff Development	-	-	399	2,629	3,028	270	2,087	2,357	5,385	2,177		
Travel	-	33	(1,050)	15,657	14,640	4,841	8,906	13,747	28,387	22,166		
Miscellaneous	-	1,660	41	19,292	20,993	6,188	24,247	30,435	51,428	45,260		
Volunteer support	-	30	-	8,980	9,010	939	428	1,367	10,377	9,569		
Depreciation	-	2,195	21,468	16,956	40,619	7,142	10,904	18,046	58,665	64,881		
Licenses and fees	-	146	263	453	862	248	728	976	1,838	2,435		
<b>Total Expenses</b>	<b>\$ 1,075,006</b>	<b>\$ 77,046</b>	<b>\$ 239,925</b>	<b>\$ 611,263</b>	<b>\$ 2,003,240</b>	<b>\$ 254,328</b>	<b>\$ 513,140</b>	<b>\$ 767,468</b>	<b>\$ 2,770,708</b>	<b>\$ 2,984,227</b>		

*The accompanying notes are an integral part of these financial statements.*

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (203,706)	\$ (110,541)
Adjustments to reconcile change in net assets to net cash provided by operating activities—		
Depreciation	58,665	64,881
Gains on sale of securities	(34,357)	(104,942)
Unrealized (gains) losses on investments	(16,193)	15,871
Donated securities	(12,502)	(1,484)
Changes in assets and liabilities		
Decrease (increase) in:		
Pledges receivable—net	12,006	(21,893)
Accounts receivable	(101,716)	91,400
Prepaid expenses	(22,551)	(1,073)
Increase (decrease) in:		
Due to designated agencies	(24,259)	24,883
Allocations payable	(150,000)	100,000
Custodial funds payable	(14,862)	(26,027)
Accounts payable	(19,411)	(22,878)
Accrued expenses	(20,255)	15,090
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(549,141)</b>	<b>23,287</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(371,466)	(1,076,359)
Proceeds from sale of investments	697,001	969,287
Purchases of property and equipment	(6,084)	(19,881)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>319,451</b>	<b>(126,953)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on capital lease	(4,588)	(4,366)
<b>Net Cash Used by Financing Activities</b>	<b>(4,588)</b>	<b>(4,366)</b>
<b>Decrease in Cash</b>	<b>(234,278)</b>	<b>(108,032)</b>
<b>Cash and Equivalents—Beginning of Year</b>	<b>340,761</b>	<b>448,793</b>
<b>Cash and Equivalents—End of Year</b>	<b>\$ 106,483</b>	<b>\$ 340,761</b>

*The accompanying notes are an integral part of these financial statements.*



**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1—Summary of Significant Accounting Policies**

Organization and Program Activities

United Way of Escambia County, Inc., (United Way) began as Greater Pensacola United Fund, Inc., in 1944. A local volunteer Board of Directors governs United Way. The mission of United Way is uniting our community and leveraging resources to improve lives.

United Way works with community partners, including a network of partner agencies, businesses, schools, governments and other funding sources to raise funds through an annual campaign to raise support for participating agencies.

Financial Statement Presentation

United Way reports information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets are classified based on externally imposed restrictions, if any, that may or may not be met by actions of management or by the passage of time.

Cash and Equivalents

For purposes of the statements of cash flows, United Way considers investments in highly liquid debt instruments with original maturities of three months or less to be cash equivalents. United Way does not include cash held within its separate investment accounts (see note 3) as cash and equivalents.

Contributions

United Way records contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted net assets.

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1—Summary of Significant Accounting Policies (continued)**

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Conditional promises to give are not included as support until such time as the conditions are substantially met. There were no conditional promises made to the United Way during the year ended June 30, 2018. An allowance for uncollectible pledges receivable is provided based on management's estimate using prior collection history and current economic conditions.

Accounts Receivable

Accounts receivable consist primarily of grants or amounts due from providing services or goods. Management believes no allowance for doubtful accounts is necessary.

Investments

Investments are stated at fair value. Donated investments are recorded at fair value at the date of the gift.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value on date of gift. United Way capitalizes asset acquisitions over \$500. Depreciation is provided for on the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	15–30 years
Furniture and fixtures	5–10 years
Equipment	5–7 years

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1—Summary of Significant Accounting Policies (continued)**

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recovered. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair market value of the assets. As of June 30, 2018, none of United Way's long-lived assets were considered to be impaired.

Due to Designated Agencies

Donors contributing to United Way may choose to designate that all or part of their contributions be distributed to specific agencies. These transactions are reported in the statement of activities as part of the United Way campaign results and are then deducted to arrive at the net campaign revenue. Amounts deducted are carried as liabilities, net of an estimated allowance for uncollectible amounts, until paid to the designated agencies.

Donated Services and Materials

During the year ended June 30, 2018, approximately 36,408 hours were volunteered by employees of local workplaces and unaffiliated volunteers participating in various volunteer activities, including but not limited to: Day of Caring, Cram the Van, Communities Caring at Christmas, Miracle on Palafox, the United Way Community Investment Process, and the United Way Loaned Executive Program. No value has been recognized for these volunteer hours in the financial statements, because the criteria established by the Financial Accounting Standards Board (FASB) for recognition of such volunteer efforts have not been satisfied.

Donated services including media space (television and radio airtime and newspaper print space) are recorded if the services received create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated materials and supplies are recorded at fair value at the date of donation.

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1—Summary of Significant Accounting Policies (continued)**

Functional Allocation of Expenses

The costs of providing 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 estimated and allocated among the programs and supporting services benefited based on management's best judgment.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

United Way is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recognized. United Way annually files federal information returns (Form 990), which are subject to possible examination by the taxing authorities until the expiration of the related statute of limitations, which is generally three years.

Management believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and no returns are currently under examination.

Financial Instruments

United Way's financial instruments include cash, pledges and accounts receivable, certain investments, designated/allocations payable, accounts payable, accrued expenses, and capital lease obligations. The carrying values of cash, pledges and accounts receivable, designated/allocations payable, accounts payable and accrued expenses approximate their fair values due to their short-term nature. The carrying value of capital lease obligations approximates fair value due to their bearing interest at rates that approximate current market rates for notes with similar maturities and credit quality.

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1—Summary of Significant Accounting Policies (continued)**

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Events Occurring After the Reporting Date

United Way has evaluated events and transactions that occurred between June 30, 2018, and September 10, 2018, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**Note 2—Pledges Receivable**

Pledges receivable and changes in the allowance for uncollectible amounts during the year ended June 30, 2018, are summarized as follows:

Pledges receivable	\$ <u>905,361</u>
Allowance for uncollectible pledges:	
Balance—Beginning of Year	139,206
Add provision for uncollectible pledges	147,016
Deduct write-off of net uncollectible pledges and amounts received from prior campaigns	<u>(142,184)</u>
Balance—End of Year	<u>144,038</u>
Pledges receivable—Net	<u>\$ 761,323</u>

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 3—Investments**

Effective July 1, 2008, United Way adopted Fair Value Measurements (FASB ASC 820-10), which provides a framework for measuring fair value under generally accepted accounting principles. Fair Value Measurements establishes a fair value. This hierarchy consists of three broad levels: Level 1 consists of unadjusted quoted prices in active markets for identical assets and has the highest priority, Level 2 consists of observable inputs other than quoted prices for identical assets, and Level 3 consists of significant unobservable inputs and has the lowest priority. United Way measures fair value using Level 1 inputs.

Fair value of assets measured on a recurring basis at June 30, 2018, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds—Equity	\$ 560,222	\$ 560,222
Mutual funds—Fixed income	363,172	363,172
	<u>\$ 923,394</u>	<u>\$ 923,394</u>

Cost, fair value and unrealized gains from acquisition until June 30, 2018, for assets held as investments are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash	\$ 280,107	\$ 280,107	\$ -
Mutual funds—Equity	497,856	560,222	62,366
Mutual funds—Fixed income	372,239	363,172	(9,067)
	<u>\$ 1,150,202</u>	<u>\$ 1,203,501</u>	<u>\$ 53,299</u>

Investment return for the year ended June 30, 2018, is summarized as follows:

Dividends and interest	\$ 24,774
Realized gains on sales of securities	34,356
Less investment expense	<u>(7,997)</u>
	51,133
Unrealized gains on investments	<u>16,193</u>
Investment return	<u>\$ 67,326</u>

Investments at June 30, 2018, were included in the following net assets accounts:

Unrestricted	\$ 836,575
Permanently restricted	<u>366,926</u>
	<u>\$ 1,203,501</u>

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 4—Property and Equipment**

Property and equipment consists of the following at June 30, 2018:

Land	\$ 92,350
Buildings	262,723
Building improvements	909,337
Furniture and equipment	<u>412,231</u>
	1,676,641
Less accumulated depreciation	<u>(1,108,453)</u>
Property and equipment—Net	<u>\$ 568,188</u>

Depreciation expense totaled \$58,665 for the year ended June 30, 2018.

**Note 5—Designations and Allocations Payable**

Due to designated agencies, allocations payable and custodial funds payable at June 30, 2018, represent either designations by donors or allocations payable as determined by United Way. These amounts are all due and payable within one year.

**Note 6—Capital Lease Obligation**

United Way leases office equipment. Obligations under capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments. The capitalized cost and accumulated depreciation of this equipment at June 30, 2018, was \$24,201 and \$14,924, respectively.

**United Way of Escambia County, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2018**

**Note 6—Capital Lease Obligation (continued)**

Future minimum lease payments under this capital lease are as follows:

Years ending June 30:		
2019	\$	5,244
2020		5,244
2021		<u>874</u>
Total future payments		11,362
Less amount representing interest		<u>(609)</u>
Present Value of Future Payments	\$	<u><u>10,753</u></u>

Interest paid and expensed under these leases for the year ended June 30, 2018, was \$656.

**Note 7—In-Kind Gifts**

In-kind gifts include contributions of tangible and intangible personal property and were expensed as follows:

Printing, media advertising and promotion	\$	110,737
Cram the Van and related in-kind distributions		44,837
Miscellaneous, operating supplies and expenses		<u>49,496</u>
	\$	<u><u>205,070</u></u>

**Note 8—Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for manner of use or time as follows:

Grants, fiscal agent funds, and other initiatives	\$	306,082
Disaster relief		13,942
Annual meeting, campaign kickoff, victory celebration and Day of Caring		9,000
Time		<u>77,079</u>
	\$	<u><u>406,103</u></u>



**United Way of Escambia County, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2018**

**Note 8—Temporarily Restricted Net Assets (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified as follows:

Grants, fiscal agent funds, and other initiatives	\$ 275,462
Annual meeting, campaign kickoff, victory celebration and Day of Caring	20,400
Time	61,763
	\$ 357,625

**Note 9—Permanently Restricted Net Assets**

Permanently restricted net assets consist of endowment fund assets established to support United Way. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held in perpetuity with the income therefrom available as a contribution to the campaign each year. Income includes market value changes (unrealized and realized) and interest and dividends. The income therefrom is considered as an increase in unrestricted net assets since the Organization deems the restriction as met in the same reporting period. Any market declines below the original contributions are shown as a reduction in unrestricted net assets.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide campaign contributions for the United Way of Escambia County. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk.

**United Way of Escambia County, Inc.**  
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**Notes to Financial Statements**  
**June 30, 2018**

**Note 9—Permanently Restricted Net Assets (continued)**

The composition and changes in endowment net assets for the year ended June 30, 2018, are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets—Beginning of Year	\$ 366,926
Investment income	8,067
Net unrealized and realized gains (losses)	15,120
Investment expenses	(2,642)
Amounts appropriated	<u>(20,545)</u>
Endowment Net Assets—End of Year	<u>\$ 366,926</u>

**Note 10—Employee Benefit Plan**

United Way sponsors a 401K retirement plan through their employee leasing company. The plan covers substantially all of United Way's employees who have met certain service requirements. Employees' vesting is based on a five-year schedule. Employer contributions are 50% of employee contributions with a 3% cap on the employer match and amounted to \$4,343 during the year ended June 30, 2018.

**Note 11—Related Parties**

Due to designated agencies—Due to designated agencies represents the amount of contributions pledged and designated to other non-profit organizations, including United Way member agencies.

National affiliation—United Way is required to make payments for membership privileges to the related national organization. For the year ended June 30, 2018, payments to national were \$29,718.

**United Way of Escambia County, Inc.**  
**(A Nonprofit Organization)**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 12—Concentration of Risk**

The standard FDIC coverage is \$250,000 at each financial institution. As of June 30, 2018, United Way maintained cash balances of \$520 in excess of FDIC coverage.

**Note 13—Risks and Uncertainties**

United Way invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets.

Each year United Way records a provision for uncollectible pledges which is estimated based on past collection experience and current economic conditions. It is at least reasonably possible that changes in this estimate in the near term could be material to the financial statements.

**Note 14—New Accounting Pronouncements**

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information in liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017, with retrospective application. Early adoption of ASU 2016-14 is permitted. The requirements of this statement are effective for United Way for the year ending June 30, 2019. United Way has not evaluated the impact of this statement.