

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

Financial Statements

June 30, 2017

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

Financial Statements

June 30, 2017

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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, 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.

*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, 2017, 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) 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 25, 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.

Scott E. ... a company, P.A.
Pensacola, Florida
September 26, 2017

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Statement of Financial Position
June 30, 2017
(with comparative totals for 2016)

	2017	2016
Assets:		
Cash and equivalents	\$ 340,761	\$ 448,793
Pledges receivable—net	773,329	751,436
Accounts receivable	95,534	186,934
Prepaid expenses and other	39,184	38,111
Investments	1,465,983	1,268,356
Property and equipment—net	620,769	665,769
Total Assets	\$ 3,335,560	\$ 3,359,399
 Liabilities:		
Due to designated agencies	\$ 144,843	\$ 119,960
Allocations payable	1,000,000	900,000
Custodial funds payable	20,652	46,679
Accounts payable	31,704	54,582
Accrued expenses	92,437	77,347
Capital lease obligation	15,341	19,707
Total Liabilities	1,304,977	1,218,275
 Net Assets:		
Unrestricted	1,281,900	1,400,740
Temporarily restricted	381,757	473,458
Permanently restricted	366,926	266,926
Total Net Assets	2,030,583	2,141,124
Total Liabilities and Net Assets	\$ 3,335,560	\$ 3,359,399

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, 2017
(with comparative totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Public Support and Revenues:					
Gross campaign results	\$ 1,999,120	\$ 61,763	\$ 100,000	\$ 2,160,883	\$ 2,050,026
Less donor designations	(409,543)	-	-	(409,543)	(396,371)
Less provision for uncollectibles	(125,327)	-	-	(125,327)	(133,982)
Net campaign results	1,464,250	61,763	100,000	1,626,013	1,519,673
In-kind contributions	295,852	-	-	295,852	551,882
Contributions from outside service area	6,124	-	-	6,124	6,476
Investment return	97,904	-	-	97,904	(18,171)
Grants, contracts and program revenues	454,439	351,494	-	805,933	1,321,640
Other income	41,860	-	-	41,860	65,217
	2,360,429	413,257	100,000	2,873,686	3,446,717
Net assets released from restrictions					
Satisfaction of time and purpose	504,958	(504,958)	-	-	-
Total Public Support and Revenues	2,865,387	(91,701)	100,000	2,873,686	3,446,717
Expenses:					
Program services					
Gross funds awarded/distributed	1,662,176	-	-	1,662,176	1,931,291
Less donor designations	(409,543)	-	-	(409,543)	(396,371)
Net funds awarded/distributed	1,252,633	-	-	1,252,633	1,534,920
Allocation expenses	204,878	-	-	204,878	205,505
Information and referral	264,580	-	-	264,580	341,250
Impact initiatives	602,449	-	-	602,449	702,442
Total program services	2,324,540	-	-	2,324,540	2,784,117
Supporting services					
Fundraising	241,242	-	-	241,242	304,389
Organizational administration	418,445	-	-	418,445	417,581
Total supporting services	659,687	-	-	659,687	721,970
Total Expenses	2,984,227	-	-	2,984,227	3,506,087
Change in Net Assets	(118,840)	(91,701)	100,000	(110,541)	(59,370)
Net Assets—Beginning of Year	1,400,740	473,458	266,926	2,141,124	2,200,494
Net Assets—End 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>

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, 2017
(with comparative totals for 2016)

	Program Services					Supporting Services			2017		2016	
	Gross Funds Awarded/ Distributed	Allocation Services	Information and Referral	Impact Initiatives	Total Program Services	Fundraising	Organizational Administration	Total Supporting Services	Total Expenses	Total Expenses		
Expenses												
Gross funds awarded/distributed	\$ 1,662,176	\$ -	\$ -	\$ -	\$ 1,662,176	\$ -	\$ -	\$ -	\$ -	\$ 1,662,176	\$ 1,931,291	
Less donor designations	(409,543)	-	-	-	(409,543)	-	-	-	-	(409,543)	(396,371)	
Net Funds awarded/distributed	1,252,633	-	-	-	1,252,633	-	-	-	-	1,252,633	1,534,920	
Salaries	-	75,458	137,984	277,091	490,533	124,519	266,786	391,305	881,838	853,626		
Benefits and payroll costs	-	14,725	31,410	61,858	107,993	27,074	44,866	71,940	179,933	175,348		
Professional services	-	3,154	8,405	20,889	32,448	17,450	23,672	41,122	73,570	129,680		
Dues and subscriptions	-	1,888	10,833	12,371	25,092	6,107	9,323	15,430	40,522	33,571		
Insurance	-	2,020	7,527	9,285	18,832	4,348	7,296	11,644	30,476	28,634		
Interest	-	61	233	268	562	134	851	985	1,547	1,720		
Printing and promotion	-	93,194	2,044	127,456	222,694	36,137	21,187	57,324	280,018	469,151		
Occupancy	-	2,867	10,938	12,555	26,360	6,306	8,499	14,805	41,165	39,145		
Postage	-	199	128	1,068	1,395	1,306	3,706	5,012	6,407	9,019		
Supplies	-	316	909	2,729	3,954	1,413	2,194	3,607	7,561	9,257		
Telephone	-	913	29,219	4,991	35,123	2,420	4,526	6,946	42,069	37,525		
Staff Development	-	-	505	1,250	1,755	-	422	422	2,177	4,484		
Travel	-	356	2,175	16,107	18,638	1,172	2,356	3,528	22,166	33,981		
Miscellaneous	-	6,706	229	25,190	32,125	4,209	8,926	13,135	45,260	56,570		
Volunteer support	-	210	-	9,325	9,535	20	14	34	9,569	9,271		
Depreciation	-	2,675	21,539	19,442	43,656	7,983	13,242	21,225	64,881	77,991		
Licenses and fees	-	136	502	574	1,212	644	579	1,223	2,435	2,194		
Total Expenses	\$ 1,252,633	\$ 204,878	\$ 264,580	\$ 602,449	\$ 2,324,540	\$ 241,242	\$ 418,445	\$ 659,687	\$ 2,984,227	\$ 3,506,087		

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, 2017
(with comparative totals for 2016)

	Gross Funds Awarded/ Distributed	Program Services				Supporting Services			2017		2016	
		Allocation Services	Information and Referral	Impact Initiatives	Total Program Services	Fundraising	Organizational Administration	Total Supporting Services	Total Expenses	Total Expenses		
Expenses												
Gross funds awarded/distributed	\$ 1,662,176	\$ -	\$ -	\$ -	\$ 1,662,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,662,176	\$ 1,931,291
Less donor designations	(409,543)	-	-	-	(409,543)	-	-	-	-	-	(409,543)	(396,371)
Net Funds awarded/distributed	1,252,633	-	-	-	1,252,633	-	-	-	-	-	1,252,633	1,534,920
Salaries	-	75,458	137,984	277,091	490,533	124,519	266,786	391,305	881,838	853,626		
Benefits and payroll costs	-	14,725	31,410	61,858	107,993	27,074	44,866	71,940	179,933	175,348		
Professional services	-	3,154	8,405	20,889	32,448	17,450	23,672	41,122	73,570	129,680		
Dues and subscriptions	-	1,888	10,833	12,371	25,092	6,107	9,323	15,430	40,522	33,571		
Insurance	-	2,020	7,527	9,285	18,832	4,348	7,296	11,644	30,476	28,634		
Interest	-	61	233	268	562	134	851	985	1,547	1,720		
Printing and promotion	-	93,194	2,044	127,456	222,694	36,137	21,187	57,324	280,018	469,151		
Occupancy	-	2,867	10,938	12,555	26,360	6,306	8,499	14,805	41,165	39,145		
Postage	-	199	128	1,068	1,395	1,306	3,706	5,012	6,407	9,019		
Supplies	-	316	909	2,729	3,954	1,413	2,194	3,607	7,561	9,257		
Telephone	-	913	29,219	4,991	35,123	2,420	4,526	6,946	42,069	37,525		
Staff Development	-	-	505	1,250	1,755	-	422	422	2,177	4,484		
Travel	-	356	2,175	16,107	18,638	1,172	2,356	3,528	22,166	33,981		
Miscellaneous	-	6,706	229	25,190	32,125	4,209	8,926	13,135	45,260	56,570		
Volunteer support	-	210	-	9,325	9,535	20	14	34	9,569	9,271		
Depreciation	-	2,675	21,539	19,442	43,656	7,983	13,242	21,225	64,881	77,991		
Licenses and fees	-	136	502	574	1,212	644	579	1,223	2,435	2,194		
Total Expenses	\$ 1,252,633	\$ 204,878	\$ 264,580	\$ 602,449	\$ 2,324,540	\$ 241,242	\$ 418,445	\$ 659,687	\$ 2,984,227	\$ 3,506,087		

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, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (110,541)	\$ (59,370)
Adjustments to reconcile change in net assets to net cash provided by operating activities—		
Depreciation	64,881	77,991
Gains on sale of securities	(104,942)	(26,667)
Unrealized loss on investments	15,871	49,499
Donated securities	(1,484)	(7,030)
Changes in assets and liabilities		
Decrease (increase) in:		
Pledges receivable—net	(21,893)	151,225
Accounts receivable	91,400	54,620
Prepaid expenses	(1,073)	4,281
Increase (decrease) in:		
Due to designated agencies	24,883	(27,543)
Allocations payable	100,000	47,125
Custodial funds payable	(26,027)	(107,714)
Accounts payable	(22,878)	26,225
Accrued expenses	15,090	10,071
Net Cash Provided by Operating Activities	<u>23,287</u>	<u>192,713</u>
Cash Flows from Investing Activities:		
Purchases of investments	(1,076,359)	(26,808)
Proceeds from sale of investments	969,287	28,264
Purchases of property and equipment	(19,881)	(589)
Net Cash Provided (Used) by Investing Activities	<u>(126,953)</u>	<u>867</u>
Cash Flows from Financing Activities:		
Payments on capital lease	(4,366)	(4,156)
Net Cash Used by Financing Activities	<u>(4,366)</u>	<u>(4,156)</u>
Increase (Decrease) in Cash	(108,032)	189,424
Cash and Equivalents—Beginning of Year	<u>448,793</u>	<u>259,369</u>
Cash and Equivalents—End of Year	<u>\$ 340,761</u>	<u>\$ 448,793</u>

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, 2017

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, 2017

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, 2017. 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, 2017

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, 2017, 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, 2017, approximately 50,120 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, 2017

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, 2017

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, 2016, 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, 2017, and September 26, 2017, 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, 2017, are summarized as follows:

Pledges receivable	<u>\$ 912,535</u>
Allowance for uncollectible pledges:	
Balance—Beginning of Year	131,921
Add provision for uncollectible pledges	111,215
Deduct write-off of net uncollectible pledges and amounts received from prior campaigns	<u>(103,930)</u>
Balance—End of Year	<u>139,206</u>
Pledges receivable—Net	<u><u>\$ 773,329</u></u>

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2017

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 hierarchy consisting 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, 2017, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds—Equity	\$ 659,891	\$ 659,891
Mutual funds—Fixed income	489,333	489,333
	<u>\$ 1,149,224</u>	<u>\$ 1,149,224</u>

Cost, fair value and unrealized gains from acquisition until June 30, 2017, for assets held as investments are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains</u>
Cash	\$ 316,759	\$ 316,759	\$ -
Mutual funds—Equity	625,992	659,891	33,899
Mutual funds—Fixed income	486,082	489,333	3,251
	<u>\$ 1,428,833</u>	<u>\$ 1,465,983</u>	<u>\$ 37,150</u>

Investment return for the year ended June 30, 2017, is summarized as follows:

Dividends and interest	\$ 16,402
Realized gains on sales of securities	104,942
Less investment expense	<u>(7,569)</u>
	113,775
Unrealized losses on investments	<u>(15,871)</u>
Investment return	<u>\$ 97,904</u>

Investments at June 30, 2017, were included in the following net assets accounts:

Unrestricted	\$ 1,099,057
Permanently restricted	<u>366,926</u>
	<u>\$ 1,465,983</u>

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2017

Note 4—Property and Equipment

Property and equipment consists of the following at June 30, 2017:

Land	\$ 92,350
Buildings	262,723
Building improvements	909,337
Furniture and equipment	<u>406,147</u>
	1,670,557
Less accumulated depreciation	<u>(1,049,788)</u>
Property and equipment—Net	<u>\$ 620,769</u>

Depreciation expense totaled \$64,881 for the year ended June 30, 2017.

Note 5—Designations and Allocations Payable

Due to designated agencies, allocations payable and custodial funds payable at June 30, 2017, 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 terminated their existing capital lease and entered into a new capital lease for office equipment during the year ended June 30, 2015. 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, 2017, was \$24,201 and \$10,084, respectively.

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2017

Note 6—Capital Lease Obligation (continued)

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

Years ending June 30:		
2018	\$	5,244
2018		5,244
2019		5,244
2020		<u>874</u>
Total future payments		16,606
Less amount representing interest		<u>(1,265)</u>
Present Value of Future Payments	\$	<u><u>15,341</u></u>

Interest paid and expensed under these leases for the year ended June 30, 2017, was \$877.

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	\$	215,041
Cram the Van and related in-kind distributions		43,393
Miscellaneous, operating supplies and expenses		<u>37,418</u>
	\$	<u><u>295,852</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	\$	239,086
Disaster relief		60,508
Annual meeting, campaign kickoff, victory celebration and Day of Caring		20,400
Time		<u>61,763</u>
	\$	<u><u>381,757</u></u>

United Way of Escambia County, Inc.
(A Nonprofit Organization)
Notes to Financial Statements
June 30, 2017

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	\$ 322,594
Annual meeting, campaign kickoff, victory celebration and Day of Caring	112,500
Time	<u>69,864</u>
	<u>\$ 504,958</u>

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.

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Note 9—Permanently Restricted Net Assets (continued)

The composition and changes in endowment net assets for the year ended June 30, 2017, are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets—Beginning of Year	\$ 266,926
Contributions	100,000
Investment income	2,630
Net unrealized and realized gains (losses)	19,653
Investment expenses	(1,298)
Amounts appropriated	<u>(20,985)</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 \$6,994 during the year ended June 30, 2017.

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, 2017, payments to national were \$30,313.

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Note 12—Concentration of Risk

The standard FDIC coverage is \$250,000 at each financial institution. As of June 30, 2017, United Way maintained cash balances of \$90,761 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.