United Way of St. Johns County, Inc.

Audit Report

June 30, 2019

CARR RIGGS & INGRAM
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of St. Johns County, Inc.

We have audited the accompanying financial statements of United Way of St. Johns County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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.

Auditors' 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 auditors' 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 St. Johns County, Inc. as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, management has adopted Financial Accounting Standards ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities;* this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to that matter.

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
November 7, 2019

Statement of Financial Position
As of June 30, 2019

Assets		
Cash	$	1,004,593
Restricted cash - custodial account		22,327
Investments		205,809
Campaign pledges receivable, net of allowance for uncollectible pledges		235,259
Other assets		20,063
Property, plant and equipment, net		163,352
Total assets	$	1,651,403
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	$	31,747
Community impact payable		555,825
Designations payable		48,262
Custodial account		22,327
Total liabilities		658,161
Net assets:		
Without donor restrictions		773,322
With donor restrictions		219,920
Total net assets		993,242
Total liabilities and net assets	$	1,651,403

See accompanying notes.

Statement of Activities
Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Campaign revenue	$ 1,144,605	$ 75,991	$ 1,220,596
Less, donor designations	(127,758)	-	(127,758)
Less, provision for uncollectible receivables	(64,773)	-	(64,773)
Fundraising revenue	289,949	-	289,949
Investment income	25,578	-	25,578
Administrative fees	2,826	-	2,826
Other income	14,356	-	14,356
Net assets released from restrictions	61,678	(61,678)	-
Total revenues and other support	1,346,461	14,313	1,360,774
Expenses			
Program services			
Community Impact	961,389	-	961,389
Less, donor designations	(127,758)	-	(127,758)
Management and general	223,240	-	223,240
Fundraising expenses	228,821	-	228,821
Total expenses	1,285,692	-	1,285,692
Change in net assets	60,769	14,313	75,082
Net assets, beginning of year	712,553	205,607	918,160
Net assets, end of year	$ 773,322	$ 219,920	$ 993,242

See accompanying notes.

Statement of Functional Expenses
Year ended June 30, 2019

	Program Services	Management and General	Fundraising Expenses	Total
Allocations, net of designations	$ 727,590	$ -	$ -	$ 727,590
Personnel expense	58,817	123,825	126,920	309,562
Professional fees	4,509	9,492	9,729	23,730
Depreciation	2,358	4,963	5,087	12,408
Utilities	2,183	4,596	4,711	11,490
Meeting & travel	12,203	25,690	26,333	64,226
Maintenance & repairs	3,018	6,353	6,512	15,883
Rental expense	2,888	6,079	6,231	15,198
Advertising & marketing	4,855	10,220	10,476	25,551
Postage	1,519	3,198	3,278	7,995
Printing	3,374	7,104	7,282	17,760
Office expense	1,004	2,113	2,166	5,283
Bank fees	332	700	717	1,749
Miscellaneous expense	1,084	2,284	2,341	5,709
Insurance	1,645	3,463	3,549	8,657
Online processing fees	2,388	5,026	5,152	12,566
Membership & dues	3,864	8,134	8,337	20,335
Total	$ 833,631	$ 223,240	$ 228,821	$ 1,285,692

See accompanying notes.

Statement of Cash Flows
Year ended June 30, 2019

Cash flows from operating activities	
Change in net assets	$ 75,082
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	12,408
Uncollectible receivables	64,773
Realized gain on investments	(1,956)
Unrealized gain on investments	(17,310)
Changes in:	
Campaign pledges receivable	121,753
Other assets	(12,335)
Accounts payable and accrued expenses	24,694
Community impact payable	(22,275)
Designations payable	(42,589)
Custodial account	(37,757)
Net cash provided by operating activities	164,488
Cash flows from investing activities	
Purchase of investments	(186,543)
Purchases of property and equipment	(109,727)
Net cash used by investing activities	(296,270)
Net decrease in cash and restricted cash	(131,782)
Cash and restricted cash, beginning of year	1,158,702
Cash and restricted cash, end of year	$ 1,026,920

See accompanying notes.

NOTE 1 - ORGANIZATION

United Way of St. Johns County, Inc. (the "Organization") is a not-for-profit corporation founded in 1957 in St. Johns County, Florida.

The mission of the Organization is "To positively impact lives in St. Johns County" with a vision to inspire and lead the community in a united effort by providing transformative health, education and financial stability for all generations by collaborating with donors, partners and volunteers. United Way of St. Johns County fights for the education, health and financial stability for every person by focusing on the things that everyone needs for a good life: a quality education that leads to a stable job, enough income to support a family through retirement and good health.

United Way of St. Johns County brings together agencies, businesses, organizations, faith-based groups, government and individuals to focus on the community problems that matter most working with partners that share the vision and have the energy, passion, expertise and resources to get the work done. The Organization strategically invests in quality programs, building partnerships, advocating for better policies, engaging our community and leveraging resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly, reflect all significant receivables, payables and other liabilities of the Organization.

Classification of Net Assets

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-For-Profit Entities*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The assets, liabilities, and net assets of the Organization are reported in net asset classes as follows:

(a) Net assets without donor restrictions represent net assets that are not subject to or are no longer subject to donor-imposed stipulations.

(b) Net assets with donor restrictions represent net assets whose use is limited by donor imposed time and/or purpose restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with an original maturity of 90 days or less.

Restricted Cash - custodial account

The Organization has an agreement with St. Johns and Putnam County Long-Term Recovery Organization, in which the Organization acts as the fiscal agent and disburses funds as instructed under the agreement.

Investments

Investments are reported at fair value. Investment income or loss (including gains and losses on investments and interest and dividends) is accounted for as a change in net assets without donor restrictions, unless previously restricted by donor specifications or law. Realized gains and losses on disposition of investments are determined by comparison to specific cost of acquisition to proceeds at the time of disposal. Unrealized gains and losses are calculated by comparing cost to market values at the statement of financial position date, and are reported as a change in the appropriate net assets class dependent on restrictions, if any.

Campaign Contributions and Pledges

In accordance with FASB ASC 958, contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire during the period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as net assets with donor restrictions are then reclassified to net assets without donor restrictions upon expiration of time restrictions or satisfaction of donor restrictions.

Campaign contributions, including unconditional promises to give (“pledges”), are recognized as revenue on the statement of activities in the period in which the promise is made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Organization conducts a campaign annually that features contributor choice. Contributors may give through the United Way funds in which experienced local volunteers, who are knowledgeable of local urgent needs and who review and monitor programs, decide which services of certified agencies will receive money as well as to what extent.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donations of property and equipment and other assets are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as an increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donor Designated Campaign Contributions

Contributors may give by designation to a specific agency as long as it is a not for profit, as determined by the Internal Revenue Service code 501(c)(3) and is approved by the Internal Revenue Service as eligible to receive charitable contributions that are deductible for federal income taxes. Contributions and pledges designated to specific agencies not yet paid are classified as current liabilities on the statement of financial position.

Donor-Restricted Endowments

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. The Organization's endowment consists of 2 individual funds established for specific purposes and are classified as donor-restricted funds. The Organization has interpreted the law governing management of endowment funds to require the maintenance of the historic dollar value of donor restricted donations. Income from the donor restricted endowments is recognized as without donor restriction income in accordance with the terms of the endowment. In accordance with the law, these funds are then available for expenditure when the specific donor criteria are met. In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce net assets without donor restrictions.

If losses reduce the assets of a donor-restricted endowment fund below the level required by the donor stipulations or law, gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in without donor restriction net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable and Allowance for Uncollectible Accounts

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of a discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off once they are determined no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

Donated Services

The Organization generally pays for services requiring specific expertise. However, a substantial number of individuals volunteer their time and perform a variety of tasks that assist the Organization with specific solicitation programs, fund-raising activities and various committee assignments. No amounts have been recorded as contributions and expenses for the value of these services in the accompanying financial statements as they did not meet the accounting principles criteria for recognition. Additionally, other donated services provided to the Organization, which do not constitute a significant factor in their operations, have not been recorded in the accompanying financial statements.

Property and Equipment

Land, buildings and equipment are recorded at cost, if purchased, and at their estimated fair values, if donated. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions. Expenditures for renewals or improvements that either materially add value or prolong the useful lives of assets are capitalized.

Expenditures that are less than $500 are expensed as incurred.

Building and improvements are depreciated using the straight-line method over their estimated useful lives, which range from 5 to 39 years. Furniture and equipment are depreciated using the straight-line method over their estimated useful lives, which range from 3 to 10 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Impact Payable

The Organization makes unconditional promises to pay near the end of each fiscal year. The community impact payable represents that funding commitment at year end. These amounts are scheduled to be paid out by the next fiscal year.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among programs and other supporting services benefited. The allocations to agencies includes funding made directly to the various programs for operating needs, as well as other expenses and have been allocated to program services on the Statement of Functional Expenses. All other natural expense categories included in the Statement of Functional Expenses are allocated on the basis of estimates of time and effort.

Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization’s financial statements. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2019.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Advertising Expenses

Advertising costs are expensed as incurred and totaled $25,551 for the year ended June 30, 2019.

NOTE 3 – INVESTMENTS

Investments are comprised of the following at June 30, 2019:

Cash and cash equivalents	$	52,568
Mutual Funds		109,775
Equities		39,735
Other Securities		3,731
Total	$	205,809

NOTE 4 – FAIR VALUE MEASUREMENTS

Investments are reported at fair value as defined by FASB ASC 820, *Fair Value Measurements and Disclosure,* which defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Accordingly, fair value is defined as 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. This standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As a valuation technique, the Organization uses the market approach. The Organization's fair value measurements for assets that are measured on a recurring basis are quoted prices in active markets for identical assets and all investments are classified as level 1.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of bank accounts that are insured by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash balances with high quality financial institutions. Accounts at these institutions currently are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, such balances may be in excess of FDIC insurance limits. At June 30, 2019, the Organization held $446,166 in excess of FDIC insurance limits.

NOTE 6 - OTHER CONCENTRATIONS AND RISKS

Concentrations of risk with respect to pledges receivable are limited due to the significant number of diverse contributors. However, the contributor base is concentrated in St. Johns County, Florida.

NOTE 7 - PLEDGES RECEIVABLE

Pledges receivable (unconditional promises to give) consist of campaign pledges. The pledges are substantially collected within 12 months of the initial pledge. Therefore, no discount is reflected to adjust the pledges to the present value at the time of the pledge. Pledges receivable consist of the following at June 30, 2019:

2017-2018 campaign	$	82,392
2018-2019 campaign		367,852
Less, allowance for uncollectible pledges		(214,985)
Pledges receivable, net	$	235,259

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2019:

Land	$	18,000
Buildings and improvements		204,627
Furniture and equipment		42,875
Total property and equipment		265,502
Less, accumulated depreciation		(102,150)
Property and equipment, net	$	163,352

Depreciation expense for the year ended June 30, 2019 was $12,408.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the Organization received contributions of $29,527, respectively, from members of the Board of Directors.

During the year ended June 30, 2019, the Organization paid dues in the amount of $11,363 to state and national affiliates.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has $1,465,724 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures consisting of cash and investments of $1,210,402, campaign pledges receivable, net allowance for uncollectible pledges of $235,259 and other assets of $20,063. Cash is not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. A portion of contribution receivables are subject to timing and donor restrictions, but are expected to be collected within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its obligations become due.

NOTE 11 – NET ASSETS

The detail of the Organization's net asset categories as of June 30, 2019, is as follows:

With donor restrictions:		
Disaster relief	$	6,929
Empty stocking fund		56,389
Services to individual clients		19,602
Susan Harry endowment		107,000
St. Luke's Medical Organization endowment		30,000
Total with donor restrictions		219,920
Without donor restrictions:		
Undesignated		773,322
Total without donor restrictions		773,322
Total net assets	$	993,242

NOTE 12 – NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanent entity restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements included new disclosure about liquidity and availability of financial assets (Note 10).

The changes have the following effect on net assets as of June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 712,553	$ -
Temporarily restricted net assets	68,607	-
Permanent net assets	137,000	-
Net assets without donor restrictions	-	712,553
Net assets with donor restrictions	-	205,607
Total net assets	$ 918,160	$ 918,160

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 7, 2019. No events were identified as necessary to be disclosed to keep these financial statements from being misleading or that provide additional evidence about conditions that existed at June 30, 2019, including estimates inherent in the process of preparing these financial statements.