

# **United Way of St. Johns County, Inc.**

## **Required Communications**

**June 30, 2020**



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**United Way of St. Johns County, Inc.**  
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**June 30, 2020**

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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, 2020, 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, 2020, 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.

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

Jacksonville, Florida

November 2, 2020

**United Way of St. Johns County, Inc.**  
**Statement of Financial Position**  
**As of June 30, 2020**

<b>Assets</b>		
Cash	\$	1,168,959
Restricted cash - custodial account		9,052
Investments		210,454
Accounts receivable		7,769
Campaign pledges receivable, net of allowance for uncollectible pledges		281,816
Other assets		14,135
Property, plant and equipment, net		162,259
<hr/>		
Total assets	\$	1,854,444
<hr/>		
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$	47,339
Community impact payable		300,000
Deferred services to client		18,670
Designations payable		30,612
Custodial account		9,052
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Total liabilities		405,673
<hr/>		
Net assets:		
Without donor restrictions		1,270,277
With donor restrictions		178,494
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Total net assets		1,448,771
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Total liabilities and net assets	\$	1,854,444
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*The accompanying notes are an integral part of these financial statements.*

**United Way of St. Johns County, Inc.**  
**Statement of Activities**  
**Year ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>			
Campaign revenue	\$ 1,356,799	\$ 34,565	\$ 1,391,364
Less, donor designations	(170,719)	-	(170,719)
Less, provision for uncollectible receivables	(3,871)	-	(3,871)
Contributions	62,000	-	62,000
Fundraising revenue	147,637	-	147,637
Grants	82,594	-	82,594
Investment income	14,654	-	14,654
In-kind contributions	42,161	-	42,161
Administrative fees	4,454	-	4,454
Other income	22,579	-	22,579
Net assets released from restrictions	75,991	(75,991)	-
<b>Total revenues and other support</b>	<b>1,634,279</b>	<b>(41,426)</b>	<b>1,592,853</b>
<b>Expenses</b>			
Program services			
Community Impact	844,806	-	844,806
Less, donor designations	(170,719)	-	(170,719)
Management and general	243,808	-	243,808
Fundraising expenses	219,429	-	219,429
<b>Total expenses</b>	<b>1,137,324</b>	<b>-</b>	<b>1,137,324</b>
<b>Change in net assets</b>	<b>496,955</b>	<b>(41,426)</b>	<b>455,529</b>
<b>Net assets, beginning of year</b>	<b>773,322</b>	<b>219,920</b>	<b>993,242</b>
<b>Net assets, end of year</b>	<b>\$ 1,270,277</b>	<b>\$ 178,494</b>	<b>\$ 1,448,771</b>

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

**United Way of St. Johns County, Inc.**  
**Statement of Functional Expenses**  
**Year ended June 30, 2020**

	Program Services	Management and General	Fundraising Expenses	Total
Allocations, net of designations	\$ 527,803	\$ -	\$ -	\$ 527,803
Personnel expense	82,386	137,310	123,579	343,275
Professional fees	5,649	9,416	8,474	23,539
Depreciation	3,230	5,384	4,845	13,459
Utilities	3,547	5,912	5,320	14,779
Meeting & travel	13,327	22,212	19,991	55,530
Maintenance & repairs	1,900	3,167	2,850	7,917
Rental expense	7,391	12,318	11,087	30,796
Advertising & marketing	4,939	8,232	7,409	20,580
Postage	615	1,024	922	2,561
Printing	1,343	2,239	2,015	5,597
Office expense	950	1,584	1,426	3,960
Bank fees	648	1,080	972	2,700
Miscellaneous expense	702	1,171	1,054	2,927
Insurance	2,546	4,243	3,819	10,608
Online processing fees	3,759	6,264	5,638	15,661
Membership & dues	5,753	9,588	8,630	23,971
In-kind services	7,599	12,664	11,398	31,661
<b>Total</b>	<b>\$ 674,087</b>	<b>\$ 243,808</b>	<b>\$ 219,429</b>	<b>\$ 1,137,324</b>

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

**United Way of St. Johns County, Inc.**  
**Statement of Cash Flows**  
**Year ended June 30, 2020**

**Cash flows from operating activities**

Change in net assets	\$ 455,529
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,459
Uncollectible receivables	3,871
Unrealized gain on investments	(2,604)
Changes in:	
Accounts receivable	(7,769)
Campaign pledges receivable	(50,428)
Other assets	5,928
Accounts payable and accrued expenses	15,592
Community impact payable	(251,600)
Deferred services to client	18,670
Designations payable	(21,875)
Custodial account	(13,275)

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Net cash provided by operating activities	165,498
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**Cash flows from investing activities**

Purchase of investments	(2,041)
Purchases of property and equipment	(12,366)

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Net cash used in investing activities	(14,407)
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<b>Net increase in cash and restricted cash</b>	<b>151,091</b>
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<b>Cash and restricted cash, beginning of year</b>	<b>1,026,920</b>
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<b>Cash and restricted cash, end of year</b>	<b>\$ 1,178,011</b>
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**Non-cash investing and financing activities**

In-kind contributions:	
Enhanced value of website	\$ 10,500

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

## **United Way of St. Johns County, Inc.**

### **Notes to Financial Statements**

#### **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 and Putnam Counties" 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 same 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***

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***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 or 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.

## **United Way of St. Johns County, Inc.**

### **Notes to Financial Statements**

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**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. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated website enhancements during the year ended June 30, 2020, which have been included as in-kind expense on the statements of activities. The total donated was valued at \$35,000, of which \$24,500 has been included as in-kind contribution revenue for the year ended June 30, 2020, and the remaining \$10,500 has been capitalized and included in property, plant and equipment at June 30, 2020.

***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.

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

***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, 2020.

***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 \$20,580 for the year ended June 30, 2020.

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**NOTE 3 – INVESTMENTS**

Investments are comprised of the following at June 30, 2020:

Cash and cash equivalents	\$	1,730
Mutual Funds		148,965
Equities		59,759
Total	\$	210,454

**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.

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

At June 30, 2020, the Organization held \$786,471 in excess of FDIC insurance limits. However, in July 2020, the Organization established an insured cash sweep service at one financial institution in order to fully insure all uninsured cash balances.

**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 and Putnam Counties, 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, 2020:

2018-2019 campaign	\$	74,985
2019-2020 campaign		416,650
Less, allowance for uncollectible pledges		(209,819)
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Pledges receivable, net	\$	281,816
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**NOTE 8 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2020:

Land	\$	18,000
Buildings and improvements		204,627
Furniture and equipment		55,241
<hr/>		
Total property and equipment		277,868
Less, accumulated depreciation		(115,609)
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Property and equipment, net	\$	162,259
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Depreciation expense for the year ended June 30, 2020 was \$13,459.

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**NOTE 9 – RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2020, the Organization received contributions of \$12,303, respectively, from members of the Board of Directors.

During the year ended June 30, 2020, the Organization paid dues in the amount of \$13,386 to state and national affiliates.

**NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$1,683,133 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 \$1,379,413, accounts receivable of \$7,769, campaign pledges receivable, net of allowance for uncollectible pledges of \$281,816 and other assets of \$14,135. 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, 2020, is as follows:

With donor restrictions:	
Building fund	\$ 2,000
Disaster relief	6,929
Empty stocking fund	15,336
Services to individual clients	11,381
COVID-19 response	1,301
RealSense program	4,547
Susan Harry endowment	107,000
St. Luke's Medical Organization endowment	30,000
<u>Total with donor restrictions</u>	<u>178,494</u>
Without donor restrictions:	
Undesignated	1,270,277
<u>Total without donor restrictions</u>	<u>1,270,277</u>
<u>Total net assets</u>	<u>\$ 1,448,771</u>

**United Way of St. Johns County, Inc.**  
**Notes to Financial Statements**

**NOTE 12 – PAYCHECKS PROTECTION PROGRAM**

During the year ended June 30, 2020, the Organization received \$62,000 in loan funds from the Paycheck Protection Program (PPP), a component of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The Organization has elected to report these funds under the FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, which allows for the derecognition of the liability if conditions of the program are substantially met. The Organization has met all conditions of the program as of June 30, 2020, and therefore, the total \$62,000 has been included in contribution revenues in the Statement of Activities for the year ended June 30, 2020.

**NOTE 13 - SUBSEQUENT EVENTS**

The Organization evaluated the effect subsequent events would have on the financial statements through November 2, 2020, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. The Governor of Florida declared a public health emergency in Florida due to COVID-19 and imposed "shelter-in-place" orders, quarantines, executive orders and similar government orders and restrictions for Florida residents to control the spread of COVID-19. These orders have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, travel restrictions and cancellation of events, among other effects, thereby negatively impacting providers and clients served. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



Carr, Riggs & Ingram, LLC  
7411 Fullerton Street  
Suite 300  
Jacksonville, FL 32256

904.356.6023  
904.353.5836 (fax)  
CRLcpa.com

November 2, 2020

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

We are pleased to present the results of our audit of the 2020 financial statements.

This communication summarizes our audit, the report issued and various analyses and observations related to the financial accounting and reporting practices followed. The document also contains the communications required by our professional standards.

The audit was designed, primarily, to express an opinion on the 2020 financial statements. We considered an assessment of risks that could materially affect the financial statements and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of your personnel.

At Carr, Riggs & Ingram, LLC ("CRI"), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This information is intended solely for the information and use of you and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact us.

Very truly yours,

*Carr, Riggs & Ingram, LLC*

CARR, RIGGS & INGRAM, LLC  
CERTIFIED PUBLIC ACCOUNTANTS



## **United Way of St. Johns County Required Communications**

Our audit plan represented an approach responsive to the assessment of risk. Specifically, we planned and performed our audit to:

- Perform audit services in accordance with auditing standards generally accepted in the United States of America in order to express an opinion on the financial statements as of and for the year ended June 30, 2020.
- Communicate directly with you and management regarding the results of our procedures;
- Address with you and management any accounting and financial reporting issues;
- Anticipate and respond to your concerns and those of management; and
- Address other audit-related projects as they arise and upon request.

## United Way of St. Johns County Required Communications

We have audited the financial statements as of and for the year ended June 30, 2020, and have issued our report thereon dated November 2, 2020. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<b>Auditors' responsibility under Generally Accepted Government Auditing Standards</b>	<p>As stated in our engagement letter dated July 13, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal controls of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
<b>Client's responsibility</b>	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the statement of financial position, statement of activities, statement of functional expenses, and the statement of cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
<b>Planned scope and timing of the audit</b>	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
<b>Management's judgments and accounting estimates</b> <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.</i>	<p>Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."</p>
<b>Potential effect on the financial statements of any significant risks and exposures</b> <i>Major risks and exposures facing the Organization and how they are disclosed.</i>	<p>No such risks or exposures were noted.</p>

**United Way of St. Johns County  
Required Communications**

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<b>Financial statement disclosures</b>	<p>Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures significantly affecting the financial statements.</p>
<p><b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</b></p> <ul style="list-style-type: none"> <li><i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i></li> <li><i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied in the financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations.</i></li> </ul>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year.</p>

**United Way of St. Johns County  
Required Communications**

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<b>Significant difficulties encountered in the audit</b> <i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i>	We encountered no significant difficulties in performing our audit.
<b>Disagreements with management</b> <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i>	We are pleased to report that no such disagreements arose during the course of our audit.
<b>Other findings or issues</b> <i>Conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	No other findings or issues noted.
<b>Matters arising from the audit that were discussed with, or the subject of correspondence with, management</b> <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	No matters noted.
<b>Corrected and uncorrected misstatements</b> <i>All significant audit adjustments arising from the audit, whether or not recorded by management, that could individually or in the aggregate have a significant effect on the financial statements. We should also communicate uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.</i>	Please see the following section titled "Summary of Audit Adjustments"
<b>Major issues discussed with management prior to retention</b> <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	No issues noted.
<b>Consultations with other accountants</b> <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	None of which we are aware.

**United Way of St. Johns County  
Required Communications**

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><b>Written representations</b>  <i>A reference to the written representations the auditor requested (or a copy of the representation letter).</i></p>	<p>See "Management Representation Letter" section.</p>
<p><b>Internal control deficiencies</b>  <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i></p>	<p>No significant deficiencies or material weaknesses were noted.</p>
<p><b>Fraud and illegal acts</b>  <i>Fraud involving the Organization's management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i></p>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
<p><b>Other information in documents containing audited financial statements</b>  <i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i></p>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> <li>• Such information is materially inconsistent with the financial statements; and</li> <li>• We believe such information represents a material misstatement of fact.</li> </ul> <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

## Accounting Policies, Judgments, and Sensitive Estimates, and CRI Comments on Quality Control

We are required to communicate our judgments about the quality, not just the acceptability, of the Plan's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Members may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Allowance for uncollectible pledges	The Company uses management's evaluation of uncollectible pledges.	X	Management's determination of the adequacy of the allowance for uncollectible pledges requires the use of judgment and estimates. Changes in the factors used by Management to determine the adequacy of the allowance or the availability of new information could cause the allowance to be increased or decreased in future periods.	We examined the key factors and assumptions used to develop the estimate and evaluated the estimate and found it to be reasonable in relation to the financial statements taken as a whole.

## Accounting Policies, Judgments, and Sensitive Estimates, and CRI Comments on Quality Control

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATES	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Functional Expenses	Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services by statistical means. Management and general expenses included those expenses that are not directly identifiable with any other specific function but provided for the overall support and direction of the Agency.	X	A sensitive estimate for the Organization is the allocation of expenses between programs and supporting services.	We examined the key factors and assumptions used to develop the estimate and evaluated the estimate and found it to be reasonable in relation to the financial statements taken as a whole.
Fair value of investments in marketable equity securities	The Organization recognizes unrealized gains and losses based on observable prices.	X	Management's estimate is based on judgement about the prevailing market prices, holding period in the future, and changes in the factors used to make that estimate could cause the asset value and the gains and losses to increase and decrease in future periods.	We examined the key factors and assumptions used to develop the estimates and found them to be reasonable in relation to the financial statements taken as a whole.

## Summary of Audit Adjustments

During the course of our audit, we accumulated differences between amounts recorded and amounts that we believe are required to be recorded under GAAP.

There were no uncorrected misstatements, as a result of our audit procedures. The schedule below summarizes the corrected misstatements of the financial statements.

<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
To record disposals from FY19 - the audit adjustment was not recorded in the clients QBs file last year therefore the fixed asset balances did not roll forward properly			
1790	Accumulated Depreciation	53,167	
1730	Furniture And Equipment		53,167
<b>Total</b>		<b>53,167</b>	<b>53,167</b>
<b>Adjusting Journal Entries JE # 2</b>			
To reverse the clients adjustment for allocations to agencies that was recorded directly to net assets in error. And also corrected unrestricted net assets balance for rounding differences so net assets would reconcile at year end.			
3050	Unrestricted Net Assets	200,000	
3050	Unrestricted Net Assets	8	
6010	Allocations to Agencies		200,000
7120	Miscellaneous Expenses		8
<b>Total</b>		<b>200,008</b>	<b>200,008</b>
<b>Adjusting Journal Entries JE # 3</b>			
To correct client entry to net assets for amount released from net assets in the prior year			
4100	Designated Receipts	18,400	
3040	Temp. Restricted Net Assets		18,400
<b>Total</b>		<b>18,400</b>	<b>18,400</b>
<b>Adjusting Journal Entries JE # 4</b>			
To correct clients entry to deferred service to client - in order to account for the Publix employee fund the same as in prior year an adjustment was needed.			
2902	Deferred Service to Client	11,381	
4100	Designated Receipts	3,798	
4020	2020 Putnam Campaign		839
4021	2020 Campaign		14,340
<b>Total</b>		<b>15,179</b>	<b>15,179</b>
<b>Adjusting Journal Entries JE # 5</b>			
To reclass temp restricted net assets at year end			
3050	Unrestricted Net Assets	4,356	
3040	Temp. Restricted Net Assets		4,356
<b>Total</b>		<b>4,356</b>	<b>4,356</b>

### QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Organization's operating environment that has been identified as playing a significant role in the Organization's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.
- Whether the difference involves concealment of a prohibited transaction, or transaction with a party in interest.

November 02, 2020

Carr, Riggs & Ingram  
7411 Fullerton Street  
Suite 300  
Jacksonville, FL 32256

This representation letter is provided in connection with your audit of the financial statements of United Way of St. Johns County, which comprise the statement(s) of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 02, 2020, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 13, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.

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- 9) We believe the bases for allocation of functional expenses is reasonable.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 12) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 13) Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of financial position date and have been reduced to their estimated net realizable value.
- 14) The Organization received funds from the Paycheck Protection Program related to the COVID-19 pandemic. Per FASB ASC 958-605, the de-recognition threshold for the liability is that the conditions of the program are substantially met. As of June 30, 2020, all conditions had been met, therefore the entire loan amount was recognized as revenue.
- 15) In regard to the financial statement preparation and tax return preparation services performed by you, we have—
  - Assumed all management responsibilities.
  - Designated Rebecca Crum who has suitable skill, knowledge, or experience to oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.

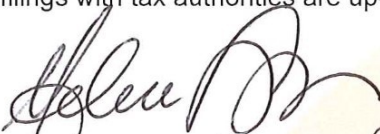
#### Information Provided

- 16) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 17) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 18) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 19) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.

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- 20) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 21) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 22) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 23) We have disclosed to you the names of all of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
- 24) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 26) United Way of St. Johns County is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature:

A handwritten signature in black ink, appearing to read "Melissa Nelson".

Title:

*Melissa Nelson President/CEO*

NPO-CL-3.1  
(Continued)

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