United Way of St. Johns County, Inc.

Audit Report

June 30, 2018

CARR RIGGS & INGRAM
CPAs and Advisors
CRIcpa.com

Table of Contents
June 30, 2018

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
1301 Plantation Island Drive
Suite 205A
St. Augustine, Florida 32080

(904) 471-3445
(904) 471-3825 (fax)
www.cricpa.com

INDEPENDENT AUDITOR'S 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, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 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.

St. Augustine, Florida
November 2, 2018

Statement of Financial Position
As of June 30, 2018

Assets	
Cash	$ 1,098,618
Restricted cash	60,084
Campaign pledges receivable, net of allowance for uncollectible pledges	421,785
Other assets	7,728
Property, plant and equipment, net	66,033
Total assets	$ 1,654,248
Liabilities and net assets	
Liabilities:	
Accounts payable and accrued expenses	$ 7,053
Community impact payable	578,100
Designations payable	90,851
Deferred services	60,084
Total liabilities	736,088
Net assets:	
Unrestricted	712,553
Temporarily restricted	68,607
Permanently restricted	137,000
Total net assets	918,160
Total liabilities and net assets	$ 1,654,248

See accompanying notes.

Statement of Activities
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Campaign revenue	$ 1,101,048	$ 18,400	$ -	$ 1,119,448
Less, donor designations	(211,989)	-	-	(211,989)
Grant revenues	73,760	35,927	-	109,687
Fundraising revenue	77,359	-	-	77,359
Interest income	623	-	-	623
Administrative fees	5,899	-	-	5,899
Other income	5,482	-	-	5,482
Net assets released from restrictions	29,530	(29,530)	-	-
Total revenues and other support	1,081,712	24,797	-	1,106,509
Expenses				
Program services				
Community Impact	891,193	-	-	891,193
Less, donor designations	(215,251)	-	-	(215,251)
Management and general	178,720	-	-	178,720
Fundraising expenses	183,189	-	-	183,189
Total expenses	1,037,851	-	-	1,037,851
Change in net assets	43,861	24,797	-	68,658
Net assets, beginning of year	668,692	43,810	137,000	849,502
Net assets, end of year	$ 712,553	$ 68,607	$ 137,000	$ 918,160

See accompanying notes.

Statement of Functional Expenses
Year ended June 30, 2018

	Program Services	Management and General	Fundraising Expenses	Total
Allocations, net of designations	$ 591,049	$ -	$ -	$ 591,049
Personnel expense	52,196	109,886	112,633	274,715
Professional fees	4,075	8,578	8,793	21,446
Depreciation	1,132	2,383	2,443	5,958
Utilities	2,028	4,270	4,377	10,675
Meeting & travel	4,151	8,739	8,958	21,848
Maintenance & repairs	1,206	2,540	2,603	6,349
Rental expense	1,080	2,274	2,331	5,685
Advertising & marketing	3,131	6,592	6,756	16,479
Printing & postage	1,859	3,914	4,011	9,784
Office expense	5,824	12,260	12,567	30,651
Bank fees	48	100	103	251
Miscellaneous expense	588	1,237	1,268	3,093
Insurance	1,456	3,065	3,142	7,663
Online processing fees	2,279	4,797	4,917	11,993
Membership & dues	3,840	8,085	8,287	20,212
Total	$ 675,942	$ 178,720	$ 183,189	$ 1,037,851

See accompanying notes.

Statement of Cash Flows
Year ended June 30, 2018

Cash flows from operating activities	
Change in net assets	$ 68,658
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,958
Changes in:	
Receivables	18,539
Other assets	(1,507)
Accounts payable and accrued expenses	(12,161)
Allocations payable	(108,600)
Designations payable	87,473
Deferred services	46,447
Net cash provided by operating activities	104,807
Cash flows from investing activities	
Purchases of property and equipment	(1,626)
Net cash used by investing activities	(1,626)
Net change in cash	103,181
Cash, beginning of year	1,055,521
Cash, end of year	$ 1,158,702

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. United Way 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*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

(a) Unrestricted net assets are resources over which the Board of Directors (the "Board") has discretionary control including those unrestricted net assets invested in property and equipment.

(b) Temporarily restricted net assets are subject to donor-imposed stipulation that may or will be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported within the statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Permanently restricted net assets are limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

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

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.

Campaign Contributions and Pledges

In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Under FASB ASC 958, contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets 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.

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 unrestricted net assets 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets 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

The Organization has interpreted the law governing management of endowment funds to require the maintenance of the historic dollar value of permanently restricted donations. Income from the permanently restricted endowments is recognized as unrestricted 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 unrestricted net assets.

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 unrestricted net position.

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, fundraising activities and various committee assignments. No amounts have been recorded as contributions and expenses for the value of these services in the

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 temporarily restricted net assets to unrestricted net assets at that time. 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.

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 costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and other supporting services benefited.

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, 2018.

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 $16,479 for the year ended June 30, 2018.

NOTE 3 - 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, 2018, the Organization held $11,782 in excess of FDIC insurance limits.

NOTE 4 - 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 5 - 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, 2018:

2016-2017 campaign	$ 276,139
2017-2018 campaign	549,028
Less, allowance for uncollectible pledges	(403,382)
Pledges receivable, net	$ 421,785

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2018:

Land	$ 18,000
Buildings and improvements	107,463
Furniture and equipment	83,479
Total property and equipment	208,942
Less, accumulated depreciation	(142,909)
Property and equipment, net	$ 66,033

Depreciation expense for the year ended June 30, 2018 was $5,958.

NOTE 7 - LEASE AGREEMENT

The Organization has a lease for office equipment under an operating lease agreement. The lease agreement provides for a 60 month lease payment schedule of $69 per month, with the final payment due in November 2018. Total lease expense for the office equipment for the year ended June 30, 2018 was $828 and is included in the equipment rentals account on the statement of functional expenses. Future minimum lease payments required under the lease totaled $345 and is due in 2018-2019 fiscal year.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, temporarily restricted net assets are available for the following purposes:

Building reserve	$ 24,280
Disaster relief	25,927
Services to individual clients	18,400
Total	$ 68,607

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2018, the permanently restricted net assets consist of the Susan Harry endowment of $107,000 and the St. Luke’s Medical Foundation endowment of $30,000. These funds are to be invested in perpetuity, and the income from these assets is available for unrestricted use. Endowment funds are included in cash and are not segregated. The resources are held in a demand account.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 2, 2018. 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, 2018, including estimates inherent in the process of preparing these financial statements.