



To Board of Directors and Management
The United Way of Marion County, Inc.

In planning and performing our audit of the financial statements of the United Way of Marion County, Inc. (United Way) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the United Way's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the United Way's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the United Way's internal control to be significant deficiencies:

Segregation of Duties

The accounting department of United Way consists of one individual. Although the President and Board of Directors give limited assurance, including oversight and approval of transactions, signing checks, and reviewing monthly financial statements and bank reconciliations, there are not enough personnel to properly segregate all critical accounting functions, as was reported last year.

Proper segregation of duties involves separating job functions so that, ideally, no one individual is able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the asset resulting from the transaction. The United Way is typical of most small not-for-profit organizations wherein it is not economically feasible to hire all required staff needed to separate duties.



This communication is intended solely for the information and use of management, board of directors, and others within the United Way, and is not intended to be, and should not be, used by anyone other than these specified parties.

Crippen & Co.

Ocala, Florida
May 3, 2018

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida

ANNUAL FINANCIAL REPORT
June 30, 2017

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-19



Independent Auditors' Report

Board of Directors
United Way of Marion County, Inc.
Ocala, Florida

We have audited the accompanying financial statements of United Way of Marion County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 Marion County, Inc. as of June 30, 2017, 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.

Crippen & Co.

Ocala, Florida
May 3, 2018

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
STATEMENT OF FINANCIAL POSITION
Year Ended June 30, 2017, With Comparative
Totals as of June 30, 2016

	June 30, 2017				Total 2016
	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Total	
Assets					
Cash and Cash Equivalents	\$ 1,601,051	\$ 431,031	\$ -	\$ 2,032,082	\$ 1,379,271
Investments	1,650,737	-	1,375,276	3,026,013	3,471,118
Unconditional Promises to Give:					
Fall 2015 Campaign	-	-	-	-	699,990
(Allowance for Uncollectibles)	-	-	-	-	(140,627)
Fall 2016 Campaign	61,645	640,232	-	701,877	300
(Allowance for Uncollectibles)	-	(130,030)	-	(130,030)	-
Fall 2017 Campaign	-	17,500	-	17,500	-
Interest Receivable	4,469	-	-	4,469	1,850
Prepaid Assets	18,485	-	-	18,485	18,411
Unconditional Promises to Give:					
Charitable Lead Trusts	-	-	33,062	33,062	34,639
Land, Building, and Equipment (Net of Accumulated Depreciation of \$403,284 and \$386,907)	341,251	-	-	341,251	356,725
Total Assets	\$ 3,677,638	\$ 958,733	\$ 1,408,338	\$ 6,044,709	\$ 5,821,677
Liabilities					
Contributor Choice Contributions					
Payable (Fall Campaigns)	\$ 43,337	\$ 115,597	\$ -	\$ 158,934	\$ 136,808
Refundable Advances	12,623	-	-	12,623	27,507
Accounts Payable	2,976	-	-	2,976	2,138
Accrued Expenses	45,209	-	-	45,209	34,127
Total Liabilities	104,145	115,597	-	219,742	200,580
Net Assets	3,573,493	843,136	1,408,338	5,824,967	5,621,097
Total Liabilities and Net Assets	\$ 3,677,638	\$ 958,733	\$ 1,408,338	\$ 6,044,709	\$ 5,821,677

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

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017, With Comparative
Totals For The Year Ended June 30, 2016

4

	June 30, 2017			Total	Total 2016
	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund		
Public Support and Revenue					
Campaign - Current Period					
Contributions Received - Current Year, Net	\$ -	\$ 1,519,707	\$ -	\$ 1,519,707	\$ 1,487,534
Interim Campaign Contributions	21,056	-	-	21,056	31,818
Contributions Released from Restrictions:					
(Fall 2015 Campaign)	676,600	(676,600)	-	-	-
(Fall 2016 Campaign)	854,218	(854,218)	-	-	-
Total Campaign - Current Period	<u>1,551,874</u>	<u>(11,111)</u>	<u>-</u>	<u>1,540,763</u>	<u>1,519,352</u>
Campaign - Next Period (Fall 2017)					
Contributions for Next Period	-	37,957	-	37,957	49,982
Other Contributions and Special Events					
Other Contributions	12,843	-	-	12,843	28,806
Special Events (Net of Fund-raising Expenses of \$48,470 and \$57,175)	16,591	-	-	16,591	181
Total Other Contributions and Special Events	<u>29,434</u>	<u>-</u>	<u>-</u>	<u>29,434</u>	<u>28,987</u>
Total Contributions	<u>1,581,308</u>	<u>26,846</u>	<u>-</u>	<u>1,608,154</u>	<u>1,598,321</u>
Revenues					
Investment Earnings (Losses):					
Interest and Dividends	78,746	-	-	78,746	111,869
Investment Gain (Loss)	176,506	-	-	176,506	(176,141)
Total Investment Earnings (Losses)	255,252	-	-	255,252	(64,272)
Change in Value of Split-interest Agreements	-	-	3,126	3,126	(6,872)
Contributor Choice Administration Fee	13,536	-	-	13,536	13,156
Grant Revenue	124,993	301,500	-	426,493	43,500
Grants Released from Restrictions	301,500	(301,500)	-	-	-
Other Community Services Revenues	40,089	-	-	40,089	61,710
Other Miscellaneous Revenues	48,125	-	-	48,125	28,426
Total Revenues	<u>783,495</u>	<u>-</u>	<u>3,126</u>	<u>786,621</u>	<u>75,648</u>
Total Contributions and Revenues	<u>2,364,803</u>	<u>26,846</u>	<u>3,126</u>	<u>2,394,775</u>	<u>1,673,969</u>

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

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017, With Comparative
Totals For The Year Ended June 30, 2016
(Concluded)

	June 30, 2017			Total	Total 2016
	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund		
Grants and Functional Expenses					
Grants					
Grants to Agencies, Participating Groups, and Community Projects	1,349,370	-	-	1,349,370	1,142,813
Functional Expenses					
Support Services:					
Fund-raising	188,698	-	-	188,698	177,871
Management and General	231,656	-	-	231,656	223,573
Total Support Services	420,354	-	-	420,354	401,444
Program Services:					
Community Services	421,181	-	-	421,181	311,336
Total Program Services	421,181	-	-	421,181	311,336
Total Support and Program Services	841,535	-	-	841,535	712,780
Total Grants and Functional Expenses	2,190,905	-	-	2,190,905	1,855,593
Increase/(Decrease) in Net Assets	173,898	26,846	3,126	203,870	(181,624)
Net Assets, Beginning of Year	3,399,595	816,290	1,405,212	5,621,097	5,802,721
Net Assets, End of Year	<u>\$ 3,573,493</u>	<u>\$ 843,136</u>	<u>\$ 1,408,338</u>	<u>\$ 5,824,967</u>	<u>\$ 5,621,097</u>

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

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017. With Comparative Totals
For The Year Ended June 30, 2016

	June 30, 2017			Total Support and Program Services	Total Support and Program Services	Total Support and Program Services	Total (Memorandum Only) Twelve-Month Period Ended June 30, 2016
	Management and General	Total Support Services	Community Services				
Functional Expenses							
Salaries	\$ 94,576	\$ 106,916	\$ 244,891	\$ 201,492	\$ 244,891	\$ 446,383	\$ 366,012
Payroll Expenses and Benefits	19,147	29,516	48,576	48,663	48,576	97,239	86,645
Professional Fees	7,683	51,564	11,850	59,247	11,850	71,097	78,421
Office Supplies	5,880	6,614	12,329	12,494	12,329	24,823	20,210
Telephone	2,048	2,320	3,125	4,368	3,125	7,493	6,119
Postage	4,450	1,706	1,167	6,156	1,167	7,323	9,289
Occupancy	8,582	9,466	12,753	18,048	12,753	30,801	34,648
Equipment Maintenance	8,138	6,539	13,662	14,677	13,662	28,339	23,989
Communications and Meetings	29,924	4,566	49,963	34,490	49,963	84,453	61,030
Education/Training/Travel	3,083	6,977	13,765	10,060	13,765	23,825	9,600
Community Programs	617	-	-	617	-	617	750
Miscellaneous	94	402	2,269	496	2,269	2,765	371
Total Functional Expenses Before Depreciation	184,222	226,586	414,350	410,808	414,350	825,158	697,084
Depreciation	4,476	5,070	6,831	9,546	6,831	16,377	15,696
Total Functional Expenses	\$ 188,698	\$ 231,656	\$ 421,181	\$ 420,354	\$ 421,181	\$ 841,535	\$ 712,780

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

UNITED WAY OF MARION COUNTY, INC.

7

Ocala, Florida

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017, With Comparative

Totals For The Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Support and Revenue Collected:		
Contributions from All Sources	\$ 1,491,611	\$ 1,499,046
Interest and Dividends	76,127	111,148
Other Revenues	600,337	230,959
Payments for Grants and Expenses:		
Grants to Agencies and Participating Groups	(1,338,126)	(1,188,064)
Compensation and Related Expenses	(519,550)	(432,695)
Vendors and Suppliers	(293,477)	(257,193)
Net Cash Provided (Used) by Operating Activities	<u>16,922</u>	<u>(36,799)</u>
Cash Flows from Investing Activities		
Purchase of Equipment	(903)	(6,535)
Sales and Maturities of Investments	3,537,778	2,214,443
Purchase of Investments	(2,900,986)	(2,459,222)
Net Cash Provided (Used) by Investing Activities	<u>635,889</u>	<u>(251,314)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	652,811	(288,113)
Cash and Cash Equivalents, Beginning of Year	<u>1,379,271</u>	<u>1,667,384</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,032,082</u>	<u>\$ 1,379,271</u>
<u>Reconciliation of Changes in Net Assets to Net Cash</u>		
<u>Provided (Used) by Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ 203,870	\$ (181,624)
Reconciling Adjustments:		
Noncash Capital Contributions	(15,181)	(25,239)
Net (Gain) Loss on Investments	(176,506)	176,141
Change in Value of Split-interest Agreements	(3,126)	6,872
Bad Debt Accrual	(10,597)	2,212
Depreciation	16,377	15,696
Decrease (Increase) in Unconditional Promises to Give - Campaign	(19,087)	(16,445)
Decrease (Increase) in Unconditional Promises to Give - Trusts	4,703	5,198
Decrease (Increase) in Interest Receivable	(2,619)	(721)
Decrease (Increase) in Prepaid Expenses	(74)	1,702
Increase (Decrease) in Accounts Payable and Accrued Expenses	11,920	5,494
Increase (Decrease) in Donor Choice Contributions Payable	22,126	(47,463)
Increase (Decrease) in Refundable Advances	(14,884)	21,378
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,922</u>	<u>\$ (36,799)</u>

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

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8

1. Summary of Significant Accounting Policies:

Nature of Activities - United Way of Marion County, Inc. (United Way) is a Florida not-for-profit corporation formed for the purpose of uniting local resources to help the people of Marion County by assessing needs and identifying assets, fund-raising, community awareness, building partnerships, and allocating resources. The United Way is an autonomous organization governed solely by a local volunteer board chosen by its contributors. The United Way pays dues of 1% of its campaign revenue to United Way Worldwide in exchange for services. The United Way's name and logo are annually granted to it by United Way Worldwide upon certification in regard to certain standards of operation.

Basis of Presentation - The financial statements of the United Way have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents and Investments - Cash and cash equivalents and investments are stated at market value and consist of interest-bearing checking accounts, money market accounts, and certificates of deposit. Certain investments are held in brokerage house investment accounts that are not insured by the Federal Deposit Insurance Corporation (FDIC). Also, certain bank deposit accounts occasionally exceed FDIC insurance limits. The United Way had cash deposits of \$735,911 and \$293,914 in excess of federally insured limits as of June 30, 2017 and 2016, respectively. The United Way believes that there is no significant risk with respect to these deposits and has not experienced any losses on such accounts. The United Way considers all of its cash and investments with maturities of one year or less as cash equivalents for the purpose of the statement of cash flows. Cash equivalents totaled \$1,159,924 and \$702,083 as of June 30, 2017 and 2016, respectively.

Unconditional Promises to Give - Unconditional promises to give consist of uncollateralized campaign pledges received from Marion County businesses and individuals during the campaign period and unpaid pledges on prior year campaigns and are offset by an allowance for estimated uncollectible pledges. These include the United Way's future interests in irrevocable trusts. Campaign promises are generally collected in the year after they are pledged.

Land, Building, and Equipment - Land, building, and equipment are recorded at cost or, in the case of donated items, at fair market value on the date received. Depreciation of equipment and building is provided using the straight-line method over the anticipated useful lives of the assets, ranging from five to ten years for equipment and forty years for the building. The United Way's policy is to capitalize assets having a useful life greater than one year and a cost of \$500 or more.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support and revenue, expenses, and changes in net assets, as contributions released from restrictions.

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

9

1. Summary of Significant Accounting Policies: (continued)

Contributions received as a result of bequests are recorded as revenue in the year the money is received.

Contributor Choice - The United Way offers the contributor choice option whereby a contributor can designate or exclude their contribution for or from specific agencies. Those contributor choice contributions that do not give "variance" power to the United Way are recorded as a payable upon notice of the donor's intent.

Expense Allocation - The costs of providing programs and other activities have been summarized on a functional basis. Salaries and related expenses are allocated based on an estimated proportion of time spent for each function. Other direct expenses are charged to the function to which they relate. All other expenses (indirect) are allocated among program and support service classifications on the same basis as staff time. The following is a summary description of the United Way's functional expense categories:

■ **Fund-raising**

Those costs associated with all fund-raising, including the annual campaign, special events, grants, other contributions, and endowment fund.

■ **Management and General**

Those costs associated with administration of the United Way, including accounting, personnel, staff supervision, and board operations.

■ **Community Services**

Those costs associated with the oversight of grants, being a fiscal agent and/or trustee for community services.

Community services also includes costs such as staff participation on the Board of the Emergency Food and Shelter Program sponsored by Federal Emergency Management Agency (FEMA), Day of Caring, Marion County Children's Alliance, and Community with a Heart. Other related involvements include energy assistance allocations, seminars and workshops for nonprofits, and participation on other community boards and projects.

Income Taxes - The United Way is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The United Way has been classified as an organization other than a private foundation under the Internal Revenue Code.

The United Way's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

10

1. Summary of Significant Accounting Policies: (concluded)

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of resources available, the accounts of the United Way are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. The financial statements of the United Way are reported in three self-balancing fund groups as follows:

- **Unrestricted Fund** - The unrestricted fund records activity for which either no donor or time restrictions apply, or for recording releases from the temporarily restricted fund when donor or time restrictions have been met.
- **Temporarily Restricted Fund** - The temporarily restricted fund records activity for which donor or time restrictions apply. As restrictions are met, such amounts are released to the unrestricted fund.
- **Permanently Restricted Fund** - The permanently restricted fund records endowment contributions which are nonexpendable donations subject to donor-imposed restrictions requiring that the principal (original gift) be invested in perpetuity and that the interest and dividends and realized and unrealized gains generated be available for current expenditures unless otherwise specified by the donor.

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

Donated Goods and Services - A substantial amount of goods and services has been contributed to the United Way to help carry out its activities. The value of these contributions is not recorded in the accompanying financial statements since it is generally not susceptible to objective measurement or valuation.

Comparative Statements - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the United Way's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Refundable Advances - The United Way records contributions that are exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. These contributions are primarily sponsorships for events.

Subsequent Events - The United Way has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were available to be issued on May 3, 2018.

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. Investments:

Investments are carried at readily determinable market values and consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Certificates of Deposit	\$ 247,842	\$ 450,224
Common Stocks	1,419,179	646,774
Mutual Funds	1,358,992	2,374,120
Total Investments	<u>\$ 3,026,013</u>	<u>\$ 3,471,118</u>
Total Endowed Investments	\$ 1,375,276	\$ 1,370,573
Total Investments in Operating Reserves	<u>1,650,737</u>	<u>2,100,545</u>
Total Investments	<u>\$ 3,026,013</u>	<u>\$ 3,471,118</u>

Total gain and losses for the years ended June 30, 2017 and 2016, were \$176,506 and \$(176,141), respectively.

Interest, dividends, and capital gain distributions are reported when received.

3. Endowments:

The United Way's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the United Way has interpreted the State Uniform Management of Institutional Funds Act (SUMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by SUMIFA. In accordance with SUMIFA, the United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes

UNITED WAY OF MARION COUNTY, INC.
 Ocala, Florida
 NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3. Endowments: (continued)

of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the United Way, and (7) the United Way's investment policies.

Investment Return Objectives, Risk Parameters and Strategies - The United Way has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide for the safety of principal, growth of principal, and income generation through the investment in securities and bank investment vehicles and to provide maximum total return consisting of interest, dividends, realized and unrealized capital gains. Accordingly, the investment policy should emphasize the total return from endowment assets consistent with the risks associated with the various asset classes. The long term preservation of the purchasing power of the endowment shall be the primary priority. Endowment assets are invested in a well-diversified asset mix, which includes equity, fixed income, and hard asset securities that are intended to result in a consistent inflation-protected rate of return. Therefore, the United Way expects its endowment assets, over any five-year period of time, to produce an annual average return of at least 2 to 4% over the inflation rate. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the probabilities of not meeting the investment goals.

Spending Policy - The United Way has a policy of appropriating for distribution each year up to 5.5% of its endowment fund's average fair market value of the prior 12 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the United Way considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The United Way expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2 to 4% over the inflation rate. This is consistent with the United Way's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2017 and 2016, are as follows:

<u>June 30, 2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Net Assets Endowment Assets</u>
Donor-Restricted Endowment Fund	\$ -	\$ -	\$ 1,375,276	\$ 1,375,276
Board-Designated Endowment Fund	1,826,802	-	-	1,826,802
Total Funds	<u>\$ 1,826,802</u>	<u>\$ -</u>	<u>\$ 1,375,276</u>	<u>\$ 3,202,078</u>

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3. Endowments: (concluded)

<u>June 30, 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Net Assets Endowment Assets</u>
Donor-Restricted Endowment Fund	\$ -	\$ -	\$ 1,370,573	\$ 1,370,573
Board-Designated Endowment Fund	1,783,121	-	-	1,783,121
Total Funds	\$ 1,783,121	\$ -	\$ 1,370,573	\$ 3,153,694

Changes in endowment net assets for the years ended June 30, 2017 and 2016, are as follows:

<u>June 30, 2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Net Assets Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ 1,783,121	\$ -	\$ 1,370,573	\$ 3,153,694
Contributions	1,550	-	4,703	6,253
Investment Income	68,156	-	-	68,156
Net Appreciation (Depreciation)	177,413	-	-	177,413
Amount Appropriated for Expenditure	(203,438)	-	-	(203,438)
Endowment Net Assets, End of Year	\$ 1,826,802	\$ -	\$ 1,375,276	\$ 3,202,078

<u>June 30, 2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Net Assets Endowment Assets</u>
Endowment Net Assets, Beginning of Year	\$ 2,072,045	\$ -	\$ 1,365,375	\$ 3,437,420
Contributions	850	-	5,198	6,048
Investment Income	101,306	-	-	101,306
Net Appreciation (Depreciation)	(176,469)	-	-	(176,469)
Amount Appropriated for Expenditure	(214,611)	-	-	(214,611)
Endowment Net Assets, End of Year	\$ 1,783,121	\$ -	\$ 1,370,573	\$ 3,153,694

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4. Unconditional Promises to Give - Charitable Lead Trusts:

The United Way has been named in two charitable lead trusts. The donors have established trusts at local banks naming the United Way as a beneficiary. The United Way receives annual distributions from the trusts during the terms of the trust. At a time certain, the trusts are to be terminated and the remaining trust assets are to be distributed to other named beneficiaries. Based on the terms of the trust agreement and the use of a 4% to 8% discount rate, the present value of future benefits expected to be received by the United Way is estimated at \$33,062 and \$34,639 as of June 30, 2017 and 2016, respectively.

5. Fair Value Measurements:

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

Fair values of assets measured on a recurring basis as of June 30, 2017 and 2016, are as follows:

<u>June 30, 2017</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Common Stock	\$ 1,419,179	\$ 1,419,179	\$ -	\$ -
Mutual Funds	1,358,992	1,358,992	-	-
Certificates of Deposit Funds	247,842	247,842	-	-
Contribution Receivable – Beneficial Interest in Charitable Lead Unitrust	33,062	-	33,062	-
Total Assets	\$ 3,059,075	\$ 3,026,013	\$ 33,062	\$ -

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

5. Fair Value Measurements: (concluded)

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Common Stock	\$ 646,774	\$ 646,774	\$ -	\$ -
Mutual Funds	2,374,120	2,374,120	-	-
Certificates of Deposit Funds	450,224	450,224	-	-
Contribution Receivable – Beneficial Interest in Charitable Lead Unitrust	34,639	-	34,639	-
Total Assets	\$ 3,505,757	\$ 3,471,118	\$ 34,639	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for the contribution receivable from beneficial interest in two charitable lead unitrusts is determined by calculating the present value of the annuity using published life expectancy tables and discount rates of 4% to 8%.

Promises to Give - Unconditional promises to give are reported at net realizable value and not at fair value if at the time the promise is made the payment is expected to be received in one year or less. All current year promises to give are expected to be collected within one year.

The table below presents information about unconditional promises to give cash as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Carrying Amount	\$ 589,347	\$ 559,663

The table below presents information about the changes in unconditional promises to give for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 559,663	\$ 545,430
New Promises Received	1,966,097	1,911,808
Collections	(1,851,167)	(1,785,108)
Management and General (Allowance and Write-offs)	(85,246)	(112,467)
Ending Balance	\$ 589,347	\$ 559,663

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. Land, Building, and Equipment:

Land, building, and equipment consists of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 68,000	\$ 68,000
Building	477,861	477,861
Office Furniture and Equipment	198,674	197,771
	<u>744,535</u>	<u>743,632</u>
Less Accumulated Depreciation	<u>(403,284)</u>	<u>(386,907)</u>
Total Land, Building, and Equipment, Net	<u>\$ 341,251</u>	<u>\$ 356,725</u>

Depreciation expense for the years ended June 30, 2017 and 2016, was \$16,377 and \$15,696, respectively.

7. Operating Lease:

The United Way has several non-cancelable operating leases, primarily for a copier, postage meter, and printers, that expire June 2019 through June 2028. The leases are for periods of five and fifteen years and require the United Way to pay all taxes.

Rental expenses for these leases were \$5,111 and \$12,325, including copy charges of \$3,391 and \$3,059 for the years ended June 30, 2017 and 2016, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2017, are as follows:

<u>Year Ending</u>	
June 30, 2018	\$ 2,342
June 30, 2019	2,342
June 30, 2020	1,334
June 30, 2021	1,334
June 30, 2022	1,334
Thereafter	<u>9,006</u>
Total	<u>\$ 17,692</u>

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. Net Assets:

Net assets consist of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Unrestricted Net Assets		
Net Investment in Land, Building, and Equipment	\$ 341,251	\$ 356,725
Designated for Facilities Maintenance	22,873	20,373
Designated for United Way Emergencies	425,999	474,999
Designated for Community Impact	(30)	-
Designated for Financial Stability	29,266	18,697
Board Designated for Other Items	131,325	67,268
Board Designated for Endowment	1,826,801	1,783,121
Total Designated, Unrestricted Net Assets	2,777,485	2,721,183
Undesignated, Unrestricted Net Assets	796,008	678,412
Total Unrestricted Net Assets	3,573,493	3,399,595
Temporarily Restricted Net Assets		
2016 Campaign Revenues	699,114	676,600
2017 Campaign Revenues	64,752	49,982
Other Programs and Events	79,270	89,708
Total Temporarily Restricted Net Assets	843,136	816,290
Permanently Restricted Net Assets	1,408,338	1,405,212
Total Net Assets	\$ 5,824,967	\$ 5,621,097

9. Fall 2016 and 2015 Campaigns:

The following table illustrates the Fall 2016 and 2015 Campaigns results for the years ended June 30, 2017 and 2016, respectively:

	2017	2016
Total Campaign Contributions Pledged	\$ 1,944,883	\$ 1,875,028
Less Funds Pledged Prior to Campaign Year	(49,903)	(45,020)
Less Allowance for Uncollectible	(130,030)	(140,627)
Less Contributor Choice Contributions	(231,707)	(188,691)
Less Administration Fee	(13,536)	(13,156)
Contributions Received – Current Year, Net	\$ 1,519,707	\$ 1,487,534

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

10. Grants and Designations and United Way Funded Program Services:

Grants and designations for the years ended June 30, 2017 and 2016, are as follows:

	Grants	Contributor Choice Designations	Total 2017	Total 2016
Arnette House	\$ 98,326	\$ 2,088	\$ 100,414	\$ 27,083
ARC - Marion, Inc.	-	4,977	4,977	41,986
Boys & Girls Club of Marion County	65,000	41,951	106,951	115,633
Childhood Development Services	-	1,996	1,996	83,519
Children's Home Society	56,174	1,425	57,599	10,292
Community Legal Services of Mid-FL	15,690	124	15,814	25,045
Community of Gratitude	14,000	90	14,090	14,085
Creative Services	121,560	2,963	124,523	153,134
Dunnellon Food for Kids	-	180	180	5,115
Early Learning Coalition of Marion County	100,000	2,256	102,256	101,858
Fifth Circuit Public Guardian Corporation	30,000	92	30,092	30,154
Heart of Florida Health Center	62,750	1,570	64,320	85,014
Heart of Florida United Way (2-1-1)	93,481	-	93,481	93,481
Kimberly's Center for Child Protection	55,000	9,554	64,554	59,087
Marion County Homeless Council	20,000	-	20,000	-
Marion County Literacy Council	20,000	3,093	23,093	51,547
Marion Senior Services, Inc.	85,000	5,556	90,556	100,153
Pace Center for Girls	-	1,643	1,643	39,719
The Salvation Army	97,000	4,653	101,653	90,766
Shepherd's Lighthouse	20,000	421	20,421	20,528
Success by 6	38,800	-	38,800	38,800
Subtotal	<u>992,781</u>	<u>84,632</u>	<u>1,077,413</u>	<u>1,186,999</u>
Energy Assistance Program:				
Neighbors Who Care	4,847	-	4,847	18,000
SECO Angel Fund	13,125	-	13,125	20,764
Energy Neighbor Fund	22,117	-	22,117	22,768
FreeD.O.M. Link	10,000	-	10,000	-
Marion County Children's Alliance	5,000	-	5,000	-
Project Lyft	301,500	-	301,500	-
Unaffiliated Agencies	-	67,683	67,683	84,693
Total	<u><u>\$ 1,349,370</u></u>	<u><u>\$ 152,315</u></u>	<u><u>\$ 1,501,685</u></u>	<u><u>\$ 1,333,224</u></u>

UNITED WAY OF MARION COUNTY, INC.
Ocala, Florida
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

19

11. Pension Plan:

The United Way has a defined contribution pension plan qualified under Employee Retirement Income Security Act of 1974. The plan has step vesting requirements and allows the employees to self-direct their investments. The United Way contributed \$12,990 and \$10,841 to the plan for the years ended June 30, 2017 and 2016, respectively. The plan requires a contribution equal to 2% of annual compensation and a 2% match of eligible employee contributions.

12. Unemployment Compensation Self-Insurance:

The United Way has elected not to participate in the State of Florida Unemployment Compensation Program and self-insures against unemployment compensation claims. As a self-insured employer, the United Way is liable for unemployment claims from terminated employees up to one-half of their average weekly wages (maximum of \$275 per week) for twenty-three weeks, or \$6,325 per employee. The balance accrued was \$3,000 and \$1,500 as of June 30, 2017 and 2016, respectively.

13. Related Party Transactions:

All related party transactions and agency board service are fully disclosed in accordance with United Way policies.