

UNITED WAY OF LEE COUNTY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2018 AND 2017

**UNITED WAY OF LEE COUNTY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Lee County, Inc.
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Lee County, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require 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 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 financials statement 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
United Way of Lee County, Inc.

Opinion

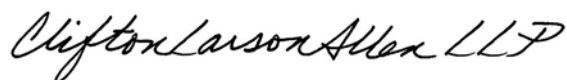
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lee County, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 2018 supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 13, 2019

**UNITED WAY OF LEE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 1,960,756	\$ 2,307,125
Escrow Cash	5,812	29,702
Pledges Receivable:		
2019-2020 Campaign Less Allowance for Uncollectible Pledges of \$-0-	2,586	-
2018-2019 Campaign Less Allowance for Uncollectible Pledges of \$257,508	4,340,843	59,600
2017-2018 Campaign Less Allowance for Uncollectible Pledges of \$572,858 for 2018 and \$221,057 for 2017	794,771	3,872,600
2016-2017 Campaign Less Allowance for Uncollectible Pledges of \$517,927	-	1,008,112
Prepaid Expense	65,999	47,391
Donated Inventory	49,856	171,095
Due from Other Agencies	137,705	97,267
Beneficial Interest in Designated Endowment Assets Held by Others	93,733	107,253
Board-Designated Endowment	2,057,951	2,325,715
Land, Building, and Equipment, Net	<u>1,290,665</u>	<u>1,368,421</u>
Total Assets	<u>\$ 10,800,677</u>	<u>\$ 11,394,281</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Expenses	\$ 291,125	\$ 222,767
Donor Designations Payable	<u>69,959</u>	<u>112,390</u>
Total Liabilities	361,084	335,157
NET ASSETS		
Without Donor Restrictions:		
Undesignated	(629,528)	(349,313)
Board-Designated Endowment	2,151,684	2,432,968
Invested in Land, Building, and Equipment	<u>1,290,665</u>	<u>1,368,421</u>
Total Unrestricted	2,812,821	3,452,076
With Donor Restrictions:		
Time-Restricted for Future Periods	<u>7,626,772</u>	<u>7,607,048</u>
Total Net Assets	<u>10,439,593</u>	<u>11,059,124</u>
Total Liabilities and Net Assets	<u>\$ 10,800,677</u>	<u>\$ 11,394,281</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF LEE COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual Campaign - Current Year:			
Contributions and Pledges	\$ -	\$ 7,808,430	\$ 7,808,430
Less: Donor Designations	-	(46,834)	(46,834)
Less: Uncollectible Pledges	-	(257,508)	(257,508)
Net Campaign Revenue - Current Year	-	7,504,088	7,504,088
Annual Campaign - Prior Year:			
Contributions and Pledges	10,063,659	(7,522,744)	2,540,915
Less: Donor Designations	(573,536)	112,390	(461,146)
Less: Uncollectible Pledges	(637,060)	221,057	(416,003)
Net Campaign Revenue - Prior Year	8,853,063	(7,189,297)	1,663,766
 Total Campaign Contributions, Net	 8,853,063	 314,791	 9,167,854
Other Income:			
In-Kind Donations	2,000,004	-	2,000,004
Rental Income	69,720	-	69,720
Program Grants	445,845	122,684	568,529
Investment Loss	(162,200)	-	(162,200)
Total Other Income	2,353,369	122,684	2,476,053
 NET ASSETS RELEASED FROM RESTRICTIONS	 417,751	 (417,751)	 -
 Total Revenue and Support	 11,624,183	 19,724	 11,643,907
EXPENSES			
Program Services:			
Agency Allocations	7,132,225	-	7,132,225
Less: Donor Designations	(573,536)	-	(573,536)
Net Agency Allocations	6,558,689	-	6,558,689
Other Allocations and Agency Relations	203,539	-	203,539
Other Program Services	2,047,215	-	2,047,215
In-Kind Distributions	2,121,228	-	2,121,228
Payments to National and State			
United Way Organizations	113,969	-	113,969
Total Program Services	11,044,640	-	11,044,640
Support Services:			
Fundraising	666,761	-	666,761
Management and General	296,030	-	296,030
Building Expenses	256,007	-	256,007
Total Support Services	1,218,798	-	1,218,798
 Total Expenses	 12,263,438	 -	 12,263,438
 CHANGE IN NET ASSETS	 (639,255)	 19,724	 (619,531)
Net Assets - Beginning of Year	3,452,076	7,607,048	11,059,124
 NET ASSETS - END OF YEAR	 <u>\$ 2,812,821</u>	 <u>\$ 7,626,772</u>	 <u>\$ 10,439,593</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF LEE COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Annual Campaign - Current Year:			
Contributions and Pledges	\$ -	\$ 7,522,744	\$ 7,522,744
Less: Donor Designations	-	(112,390)	(112,390)
Less: Uncollectible Pledges	-	(221,057)	(221,057)
Net Campaign Revenue - Current Year	-	7,189,297	7,189,297
Annual Campaign - Prior Year:			
Contributions and Pledges	9,463,581	(7,313,324)	2,150,257
Less: Donor Designations	(676,960)	44,679	(632,281)
Less: Uncollectible Pledges	(568,184)	256,644	(311,540)
Net Campaign Revenue - Prior Year	8,218,437	(7,012,001)	1,206,436
Total Campaign Contributions, Net	8,218,437	177,296	8,395,733
Other Income:			
In-Kind Donations	963,881	-	963,881
Rental Income	61,887	-	61,887
Program Grants	993,100	417,751	1,410,851
Investment Income	371,417	-	371,417
Total Other Income	2,390,285	417,751	2,808,036
Total Revenue and Support	10,608,722	595,047	11,203,769
EXPENSES			
Program Services:			
Agency Allocations	7,348,378	-	7,348,378
Less: Donor Designations	(676,960)	-	(676,960)
Net Agency Allocations	6,671,418	-	6,671,418
Other Allocations and Agency Relations	177,029	-	177,029
Other Program Services	1,801,151	-	1,801,151
In-Kind Distributions	816,244	-	816,244
Payments to National and State			
United Way Organizations	123,877	-	123,877
Total Program Services	9,589,719	-	9,589,719
Support Services:			
Fundraising	604,148	-	604,148
Management and General	267,034	-	267,034
Building Expenses	279,972	-	279,972
Total Support Services	1,151,154	-	1,151,154
Total Expenses	10,740,873	-	10,740,873
CHANGE IN NET ASSETS	(132,151)	595,047	462,896
Net Assets - Beginning of Year	3,584,227	7,012,001	10,596,228
NET ASSETS - END OF YEAR	<u>\$ 3,452,076</u>	<u>\$ 7,607,048</u>	<u>\$ 11,059,124</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services					Support Services					Totals	
	Allocations Agency Relations	United Way 211	United Way Volunteer Center	Community Building/UW Houses	VITA	Payments to Affiliated Organizations	Total Program Services	Fundraising	Management & General	Building		Total Support Services
Salaries	\$ 140,808	\$ 628,363	\$ 159,470	\$ 247,540	\$ 87,275	\$ -	\$ 1,263,456	\$ 410,084	\$ 160,789	\$ 52,214	\$ 623,087	\$ 1,886,543
Employee Benefits	26,346	117,411	29,838	45,568	16,330	-	235,493	77,345	30,445	9,770	117,560	353,053
Payroll Taxes	9,961	44,456	11,281	17,228	6,174	-	89,100	29,242	11,375	3,693	44,310	133,410
Total	177,115	790,230	200,589	310,336	109,779	-	1,588,049	516,671	202,609	65,677	784,957	2,373,006
Annual Agency Allocations	6,558,689	-	-	-	-	-	6,558,689	-	-	-	-	6,558,689
Auto and Travel	2,340	984	3,498	6,125	1,069	-	14,016	8,495	1,356	-	9,851	23,867
Building Expenses/Maint	-	-	-	17,843	-	-	17,843	-	5,637	41,981	47,618	65,461
Depreciation	-	-	-	-	-	-	-	-	34,535	67,039	101,574	101,574
Direct Assistance	-	453,664	-	-	-	-	453,664	-	-	-	-	453,664
Dues/Subscriptions	-	912	280	177	-	-	1,369	-	792	-	792	2,161
In-Kind Distributions	-	-	-	2,121,228	-	-	2,121,228	-	-	-	-	2,121,228
Insurance	-	-	-	1,482	-	-	1,482	-	2,748	35,450	38,198	39,680
Meetings	95	2,036	400	1,132	395	-	4,058	892	2,165	-	3,057	7,115
Office Supplies	12,095	3,060	20,496	12,722	13,958	-	62,331	21,864	11,749	46	33,659	95,990
Other	-	-	-	-	-	-	-	11,265	-	-	11,265	11,265
Payments to National and State United Way Organizations	-	-	-	-	-	113,969	113,969	-	-	-	-	113,969
Postage and Shipping	31	436	23	69	476	-	1,035	23,209	827	55	24,091	25,126
Printing	-	-	-	-	-	-	-	20,348	196	-	20,544	20,544
Professional Fees	9,550	14,168	959	1,924	942	-	27,543	57,350	21,893	281	79,524	107,067
Rent	-	-	-	29,940	-	-	29,940	-	-	-	-	29,940
Rental Maintenance	-	-	-	-	-	-	-	-	-	27,946	27,946	27,946
Telephone	2,313	22,882	1,974	7,389	1,026	-	35,584	6,667	11,473	700	18,840	54,424
Training (Volunteers and Staff)	-	170	1,094	2,511	817	-	4,592	-	50	-	50	4,642
Utilities	-	-	-	9,248	-	-	9,248	-	-	16,832	16,832	26,080
Total Expenses	\$ 6,762,228	\$ 1,288,542	\$ 229,313	\$ 2,522,126	\$ 128,462	\$ 113,969	\$ 11,044,640	\$ 666,761	\$ 296,030	\$ 256,007	\$ 1,218,798	\$ 12,263,438

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	Program Services					Support Services					Totals	
	Allocations Agency Relations	United Way 211	United Way Volunteer Center	Community Building/UW Houses	VITA	Payments to Affiliated Organizations	Total Program Services	Fundraising	Management & General	Building		Total Support Services
Salaries	\$ 120,221	\$ 536,334	\$ 136,154	\$ 211,933	\$ 74,515	\$ -	\$ 1,079,157	\$ 343,758	\$ 136,712	\$ 44,580	\$ 525,050	\$ 1,604,207
Employee Benefits	23,757	105,874	26,906	41,090	14,725	-	212,352	66,865	27,358	8,807	103,030	315,382
Payroll Taxes	9,462	42,173	10,742	16,350	5,860	-	84,587	25,705	10,811	3,510	40,026	124,613
Total	153,440	684,381	173,802	269,373	95,100	-	1,376,096	436,328	174,881	56,897	668,106	2,044,202
Annual Agency Allocations	6,671,418	-	-	-	-	-	6,671,418	-	-	-	-	6,671,418
Auto and Travel	1,447	2,082	2,657	2,727	769	-	9,682	4,933	739	-	5,672	15,354
Buildings Maintenance	-	-	-	45,836	-	-	45,836	-	1,361	57,455	58,816	104,652
Depreciation	-	-	-	-	-	-	-	-	37,953	73,673	111,626	111,626
Direct Assistance	-	376,337	-	-	-	-	376,337	-	-	-	-	376,337
Dues and Subscriptions	-	612	556	800	200	-	2,168	320	1,073	-	1,393	3,561
In-Kind Distributions	-	-	-	816,244	-	-	816,244	-	-	-	-	816,244
Insurance	-	-	-	872	-	-	872	-	2,663	41,480	44,143	45,015
Meetings	2,364	1,144	311	2,282	471	-	6,572	1,086	2,108	-	3,194	9,766
Office Supplies	8,233	2,275	18,505	8,449	12,822	-	50,284	23,042	9,863	310	33,215	83,499
Other	-	-	-	-	-	-	-	47,212	-	-	47,212	47,212
Payments to National and State United Way Organizations	-	-	-	-	-	123,877	123,877	-	-	-	-	123,877
Postage	24	451	40	100	577	-	1,192	29,036	79	-	29,115	30,307
Printing	-	1,770	272	-	136	-	2,178	22,941	125	-	23,066	25,244
Professional Fees	7,733	9,971	860	1,277	1,675	-	21,516	32,671	26,252	249	59,172	80,688
Rent	-	-	-	30,940	-	-	30,940	-	-	-	-	30,940
Rental Maintenance	-	-	-	-	-	-	-	-	-	28,236	28,236	28,236
Telephone	1,963	24,164	1,683	7,854	1,091	-	36,755	4,579	5,584	5,805	15,968	52,723
Training	1,825	3,571	913	656	905	-	7,870	2,000	3,911	-	5,911	13,781
Utilities	-	-	-	9,882	-	-	9,882	-	442	15,867	16,309	26,191
Total Expenses	\$ 6,848,447	\$ 1,106,758	\$ 199,599	\$ 1,197,292	\$ 113,746	\$ 123,877	\$ 9,589,719	\$ 604,148	\$ 267,034	\$ 279,972	\$ 1,151,154	\$ 10,740,873

See accompanying Notes to Financial Statements.

UNITED WAY OF LEE COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue and Support:		
Campaign Contributions	\$ 8,983,549	\$ 8,724,176
Investment Income	104,584	88,426
Program Grants	568,529	1,410,851
Other Revenue	69,735	68,872
Payments and Expenses:		
Payments to Agencies	(6,601,120)	(6,668,327)
Operating Expenses	(3,432,197)	(3,077,903)
Cash Flows Provided (Used) by Operating Activities	(306,920)	546,095
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(23,881)	(42,544)
Securities Purchases	(560,475)	(273,322)
Securities Sales	561,455	415,987
Payments from (to) Other Agencies	(16,548)	(29,996)
Cash Flows Provided (Used) by Investing Activities	(39,449)	70,125
NET INCREASE (DECREASE) IN CASH	(346,369)	616,220
Cash and Cash Equivalents - Beginning of Year	2,307,125	1,690,905
CASH - END OF YEAR	<u>\$ 1,960,756</u>	<u>\$ 2,307,125</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (619,531)	\$ 462,896
Adjustments for Noncash Items:		
Depreciation	101,574	111,626
Provision for Uncollectible Pledges	894,568	789,241
Realized Endowment Loss	(41,951)	(77,466)
Unrealized Endowment Gain (Loss)	308,735	(205,525)
Loss on Disposal of Fixed Assets	63	-
Changes in Assets and Liabilities:		
Pledges Receivable	(1,092,456)	(431,025)
Prepaid Expenses	(18,608)	(1,569)
Other Asset Accounts	134,759	(147,658)
Donor Designations Payable	(42,431)	3,091
Deferred Revenue	-	(22,767)
Accrued Expenses	68,358	65,251
Cash Flows Provided (Used) by Operating Activities	\$ (306,920)	\$ 546,095

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Lee County, Inc. (the Organization) is the designated United Way fundraising organization for Lee, Hendry, Glades, and Okeechobee Counties, Florida. The Organization provides funding for member agencies based upon a yearly allocation amount.

Basis of Preparation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Asset Classifications

Resources for various purposes are classified for accounting and financial reporting purposes into net asset categories established according to their nature and purpose as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Organization’s mission.

Net Assets with Donor Restriction – Time Restricted for Future Periods – Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or the passage of time. Such assets normally fund specific expenditures of an operating or capital nature.

Net Assets with Donor Restriction Into Perpetuity – Net assets subject to donor-imposed restriction requiring they be maintained permanently by the Organization. Such assets are normally restricted to long-term investment with income earned and appreciation available for specific or general Organization purposes. The Organization does not have any such net assets as of December 31, 2018 and 2017.

Annual Campaign

United Way receives the majority of its funding resources by conducting an annual campaign among businesses and individuals residing in Lee, Hendry, Glades, and Okeechobee Counties, Florida. Funds raised that are not specifically designated to qualified agencies are allocated to community programs and services based on assessed needs, as determined primarily by volunteer committees.

An annual campaign is conducted from the latter part of the year into the first few months of the subsequent year. The amounts raised are used to fund the agency allocations in the subsequent year.

The annual campaign contributions and pledges received or receivable as of December 31 are recorded as net assets with donor restrictions and are transferred to net assets without donor restrictions in the year of the allocation to participating agencies.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor Designations

Donors to the campaign may designate all or part of their contributions to specific unaffiliated agencies. Accordingly, any amounts designated to unaffiliated agencies are not included as agency allocations and are recorded as a deduction from campaign contributions and gross allocations on the statements of activities. The amount of donor designations to specific unaffiliated agencies that remain unpaid at year-end is included in the statements of financial position as Donor Designations Payable.

Liquidity

Assets are presented in the accompanying statements of financial position according to the nearness of conversion to cash, and liabilities according to the nearness of their maturities and resulting use of cash.

Cash Balances and Cash Equivalents

The Organization considers all cash accounts subject to immediate withdrawal to be cash equivalents. The Organization may have bank deposits in excess of federally insured limits.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Based on prior experience, the Organization expects that certain pledges receivable will be uncollectible. Using this experience, the Organization has computed a percentage of total pledges receivable to estimate their allowance for uncollectibles. It is reasonably possible that the estimate of uncollectible pledges will change in the coming year.

Board-Designated Endowment

The Organization's investments in the Board-Designated Endowment consist principally of publicly traded debt and equity securities. These investments are reported at fair value. Investment income or loss, which includes gains and losses on investments, interest and dividends, is included in the statements of activities as an increase or decrease in net assets without donor restrictions unless their income or loss is restricted, in which case it is reflected as an increase or decrease in restricted net assets.

Land, Building, and Equipment

Land, building, and equipment are stated at cost. Depreciation is computed using the straight-line method over periods approximating the useful life of the assets.

Donated Assets

Donated assets are reflected as in-kind contributions at their estimated values at the date of receipt. No amounts have been reflected in the financial statements for donated services. A substantial number of volunteers donated significant amounts of their time in the Organization's fundraising campaign and funds allocation process. The value of the donated assets in excess of in-kind distributions is reflected as inventory in the statement of financial position.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is designated as a 501(c)(3) charitable organization by the Internal Revenue Service and is exempt from federal and state income taxes. The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2018 and 2017.

Beneficial Interests in Designated Endowment Assets Held by Others

Beneficial Interests in Assets Held by Others are recorded at fair value. Interest income and market value change earned on the beneficial interest is recorded in the Organization's statements of activities.

Fair Value Measurement

The Organization follows the disclosure requirements for fair value measurements as required by generally accepted accounting principles. These requirements define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value, and require expanded disclosures about fair value measurements.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets and liabilities are valued using inputs such as quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset and inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds, and real estate.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization adopted the policy to value certain financial instruments at fair value. The Organization has not elected to measure any new financial instruments at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 13, 2019, the date the financial statements were available to be issued.

Change in Accounting Principle

The Organization adopted FASB 2016-14, *NFP Financial Statements* in 2018. These changes were applied retrospectively, to ensure comparability with the prior year.

NOTE 2 ESCROW CASH

The Organization serves as the collection agent for contributions from federal employees at the local level for distribution to various national and local charities. The escrow cash represents collections that are to be distributed to charities other than the Organization.

NOTE 3 BENEFICIAL INTEREST IN DESIGNATED ENDOWMENT ASSETS HELD BY OTHERS

During 1995 and 2001, the Organization transferred funds to the Southwest Florida Community Foundation for investment purposes. The Southwest Florida Community Foundation holds variance power over the funds and is holding the funds for the benefit of the Organization. Future benefits of these funds remain on the books of the Organization as the funds were originally donated to the Organization. The amounts are recorded at fair market value. The balance at December 31, 2018 and 2017 was \$93,733 and \$107,253, respectively.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 BOARD-DESIGNATED ENDOWMENT (INVESTMENTS)

The Organization has also placed monies with financial institutions. The investments in these financial institutions consist of cash and publicly traded securities and are reflected at market value. All of these investments are considered to be Board-Designated Endowment. The investments consisted of the following at December 31:

	Market Value	
	2018	2017
Marketable Equity Securities	\$ 1,556,865	\$ 1,884,557
Fixed Income Bonds	388,273	357,942
Cash Equivalents	112,813	83,216
Total	\$ 2,057,951	\$ 2,325,715

	Cost	
	2018	2017
Marketable Equity Securities	\$ 1,411,074	\$ 1,440,038
Fixed Income Bonds	399,534	359,196
Cash Equivalents	112,813	83,216
Total	\$ 1,923,421	\$ 1,882,450

The components of the Organization's investment income (loss) are presented below:

	2018	2017
Investment Earnings	\$ 104,584	\$ 88,426
Realized Gain	41,951	77,466
Unrealized Gain (Loss)	(308,735)	205,525
Total	\$ (162,200)	\$ 371,417

NOTE 5 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment are composed of the following at December 31:

	2018	2017
Land	\$ 29,192	\$ 29,192
Building	2,192,150	2,198,533
Furniture and Equipment	190,004	219,946
Computers and Software	60,689	134,328
Vehicles	31,567	31,567
Network Costs	14,965	-
Total	2,518,567	2,613,566
Less: Accumulated Depreciation	(1,227,902)	(1,245,145)
Total	\$ 1,290,665	\$ 1,368,421

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 LAND, BUILDING, AND EQUIPMENT (CONTINUED)

The Organization's capital assets are depreciated over the following time frames:

Building	25 Years
Furniture and Equipment	5 to 7 Years
Computers and Software	3 to 5 Years
Vehicles	5 Years

NOTE 6 RESTRICTIONS ON NET ASSETS

Net assets restricted by donors for future periods, are composed of 2018 campaign pledges restricted for 2019 program and support services.

NOTE 7 RETIREMENT PLAN

The Organization has a 401(k) profit sharing plan that covers eligible employees over the age of 21 with at least one year of service. Under this plan, the Organization matches 100% of eligible employee contributions that do not exceed 3% of their compensation, plus 50% of eligible employee's contributions between 3% and 5% of their compensation. The plan also provides that the Organization may make an annual discretionary profit sharing contribution of up to 3% of eligible employee's compensation. For the years ended December 31, 2018 and 2017, the Organization elected to make the maximum profit sharing contribution resulting in a total contribution to the plan of \$98,250 and \$89,092, respectively.

NOTE 8 GRANTS

The Organization was the recipient of the following grants during the years ended December 31:

	2018	2017
Help Me Grow Grant	\$ 163,979	\$ 162,354
Hendry County Building Grants	75,493	71,250
Lee County Department of Human and Veteran Services Grant	45,000	45,000
211 Navigator Grant	11,687	19,302
VITA	59,091	62,680
FEMA	6,125	8,881
Lee County EOC Grant	4,200	29,520
Storm Assistance Grants	498,021	594,113
Total	<u>\$ 863,596</u>	<u>\$ 993,100</u>

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 9 FAIR VALUE MEASUREMENTS

The following table presents the classification of the Organization's investments as of December 31, 2018, in accordance with the levels described in Note 1 to these financial statements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable Equity Securities	\$ 1,556,865	\$ -	\$ -	\$ 1,556,865
Beneficial Interest in Designated Endowment Assets Held by Others	-	-	93,733	93,733
Fixed Income Bonds	<u>388,273</u>	<u>-</u>	<u>-</u>	<u>388,273</u>
Total	<u>\$ 1,945,138</u>	<u>\$ -</u>	<u>\$ 93,733</u>	<u>\$ 2,038,871</u>

At December 31, 2018, the Board-Designated Endowment on the statement of financial position included \$112,813 of cash equivalents.

The Beneficial Interest in Designated Endowment Assets Held by Others has been classified as Level 3 due to the limited number of inputs available to the Organization in determining fair value. A reconciliation of activity for the year ended December 31, 2018 is as follows:

Balance - Beginning of the Year	\$ 107,253
Realized and Unrealized Losses Included in Investment Income	<u>(13,520)</u>
Balance - End of Year	<u>\$ 93,733</u>

The following table presents the classification of the Organization's investments as of December 31, 2017, in accordance with the levels described in Note 1 to these financial statements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable Equity Securities	\$ 1,884,557	\$ -	\$ -	\$ 1,884,557
Beneficial Interest in Designated Endowment Assets Held by Others	-	-	107,253	107,253
Fixed Income Bonds	<u>357,942</u>	<u>-</u>	<u>-</u>	<u>357,942</u>
Total	<u>\$ 2,242,499</u>	<u>\$ -</u>	<u>\$ 107,253</u>	<u>\$ 2,349,752</u>

At December 31, 2017, the Board-Designated Endowment on the statement of financial position included \$83,216 of cash equivalents.

UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

The Beneficial Interest in Designated Endowment Assets Held by Others has been classified as Level 3 due to the limited number of inputs available to the Organization in determining fair value. A reconciliation of activity for the year ended December 31, 2017 is as follows:

Balance - Beginning of the Year	\$ 100,247
Realized and Unrealized Gains	
Included in Investment Income	7,006
Balance - End of Year	<u>\$ 107,253</u>

Beneficial Interest in Assets Held by Others is measured at fair value with a valuation technique utilizing market prices at the close of the last day for the statement period, provided by Southwest Florida Community Foundation.

NOTE 10 BOARD-DESIGNATED ENDOWMENT

As of December 31, 2018 and 2017, the board had designated \$2,151,684 and \$2,432,968, respectively, of net assets without donor restrictions as a general endowment to support the mission of the Organization.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has no donor-restricted endowment.

The Organization classifies as Board-Designated Endowment net assets (a) the original value of gifts designated by the board as endowment, (b) the original value of subsequent gifts to the Board-Designated Endowment, and (c) accumulated investment earnings and/or losses to the Board-Designated Endowment in accordance with board designations.

In deciding on the proper treatment of the endowed funds, the Organization considered the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The purposes of the Organization;
- (2) The long-term and short-term needs of the Organization in carrying out its purposes;
- (3) The general economic conditions;
- (4) The possible effect of inflation or deflation;
- (5) The other resources of the Organization; and
- (6) Perpetuation of the endowment.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 10 BOARD-DESIGNATED ENDOWMENT (CONTINUED)

The following is a summary of the Organization's endowment fund activity and investments for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Endowment Investment Assets - Beginning of Year	\$ 2,432,968	\$ 2,285,636
Changes in Market Value	(209,700)	299,774
Investment Earnings	76,884	82,180
Withdrawals from the Fund	(134,398)	(220,814)
Investment Management Expenses	<u>(14,070)</u>	<u>(13,808)</u>
Endowment Investment Assets - End of Year	<u><u>\$ 2,151,684</u></u>	<u><u>\$ 2,432,968</u></u>

Investment Objectives and Strategies

The Organization has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner to maximize return within reasonable and prudent levels of risk, and with proper monitoring and assessment of associated costs; follow an investment policy based on total return, not yield; realize sufficient total return to help support a broad level of programs and services; and provide seed money for new ventures. To achieve these objectives, the Organization follows an asset diversification plan, sets performance benchmarks for investments managers, and has established various asset quality and limitations thresholds.

Distribution Policy

The Organization has adopted a spending policy to provide guidelines for distributing funds from the Endowment Fund. Under this policy, as approved by the board of directors, the funds available for distribution during any one year will be limited to a percentage of the market value of the Fund's balance that is based on a three-year annual average. The market value for this purpose will be determined net of the fees for investment and account management. Additionally any unexpended funds from those available for distribution in a given year will be accrued and will continue to be considered available for distribution in subsequent years unless otherwise designated by actions of the finance committee with approval of the board of directors. Although it is the intent to honor all donor-imposed restrictions, this policy recognizes that there may be cases where a restricted use becomes obsolete or over fulfilled, or becomes inconsistent with the Organization's needs or mission. Annually, the board of directors may approve the transfer of an amount up to 5% of the three-year average balance of the Fund, as calculated to the campaign.

NOTE 11 RELATED PARTY TRANSACTIONS

The Organization maintains a bank depository account at a financial institution in which an Organization board member was an officer during the years ended December 31, 2018 and 2017. The bank depository account balance held at this financial institution at December 31, 2018 and 2017 totaled \$20,000 and \$20,000, respectively.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

The Organization maintains a money market account at a financial institution in which an Organization board member was an officer during the years ended December 31, 2018 and 2017. The money market account balance held at this financial institution at December 31, 2018 and 2017 totaled \$734,665 and \$470,624, respectively.

The Organization maintains a money market account at a financial institution in which an Organization board member was an officer during the years ended December 31, 2018 and 2017. The money market account balance held at this financial institution at December 31, 2018 and 2017 was \$20,045 and \$20,025, respectively.

The Organization maintains, either directly or through a custodial relationship, a brokerage account utilized to receive and sell security donations with a financial institution through a brokerage firm in which an Organization board member was an officer during the years ended December 31, 2018 and 2017. Security donations received and deposited into this brokerage account during the years ended December 31, 2018 and 2017 totaled \$115,683 and \$150,268, respectively. The brokerage account balance held at the financial institution at December 31, 2018 and 2017 totaled \$4,770 and \$1,088, respectively.

As of December 31, 2018, campaign contributions from board members totaled \$942,491.

NOTE 12 LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 1,960,756
Pledges Receivable	5,138,200
Board Designated Endowment Distributions	<u>135,000</u>
	<u><u>\$ 7,233,956</u></u>

See Note 10 for a description of the Organization's board-designated distribution policy.

UNITED WAY OF LEE COUNTY, INC.
ALLOCATIONS TO AGENCIES
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Agency Allocations		
	United Way Directed	Donor Directed	Total
211 Palm Beach Treasure Coast	\$ 5,000	\$ -	\$ 5,000
Abuse Counseling & Treatment Center (ACT)	338,700	-	338,700
AFCAAM	58,000	-	58,000
Agape Home	13,500	-	13,500
AHF/ICAN	90,000	-	90,000
Alliance for the Arts	5,000	2,539	7,539
Alvin A Dubin Alzheimer's Resource Center	101,750	2,500	104,250
American Red Cross - Florida's Southern Gulf	73,611	3,000	76,611
Amigos Center	68,000	3,500	71,500
AMkids Southwest Florida	78,000	-	78,000
Beacon of HOPE	36,000	-	36,000
Big Brothers Big Sisters of the Suncoast	101,500	12,000	113,500
Big Brothers Big Sisters of St. Lucie, Indian River and Okeechobee	5,000	-	5,000
Blessings in a Backpack Lee County	31,000	-	31,000
Bonita Springs Assistance Office	57,500	3,000	60,500
Bonita Springs Lions Eye Clinic	17,500	-	17,500
Boy Scouts of America Southwest Florida Council	162,500	5,000	167,500
Boys & Girls Club of Lee County	224,600	4,000	228,600
Café of Life	24,500	1,750	26,250
Castle	10,500	-	10,500
Catholic Charities of Lee, Hendry & Glades Counties	122,833	-	122,833
Child Care of Southwest Florida	112,100	-	112,100
Children's Advocacy Center of Southwest Florida	364,600	5,250	369,850
Children's Home Society of Florida-Southwest Division	182,039	-	182,039
Children's Home Society of Florida-Treasure Coast Division	10,500	-	10,500
Children's Network of SWFL	45,000	-	45,000
Community Cooperative	407,000	1,318	408,318
Deaf and Hard of Hearing Center	10,000	-	10,000
Dr. Piper Center for Social Services	61,000	-	61,000
Early Learning Coalition of Southwest Florida	82,500	-	82,500
Early Learning Coalition of Indain River, Martin and Okeechobee Counties	4,000	-	4,000
Epilepsy Services of Southwest Florida	20,000	-	20,000
F.I.S.H. of Sanibel-Captiva	55,500	2,750	58,250
PSEP/Scholars Program, FGCU	25,000	-	25,000
Friendship Centers	103,260	-	103,260
Girl Scouts of Gulfcoast Florida	27,000	-	27,000
Gladiolus Learning and Development Center	27,500	-	27,500
Good Wheels	103,567	-	103,567
Goodwill Industries of Southwest Florida	114,300	750	115,050
Guardian Ad Litem Foundation	34,500	-	34,500
Harry Chapin Food Bank of Southwest Florida	165,345	35,500	200,845
Health Planning Council (Early Steps)	17,000	-	17,000
Healthy Families Hendry & Glades Counties	13,000	-	13,000
Healthy Start Coalition of Southwest Florida	158,013	-	158,013
Subtotal	3,767,718	82,857	3,850,575

UNITED WAY OF LEE COUNTY, INC.
ALLOCATIONS TO AGENCIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Agency Allocations		
	United Way Directed	Donor Directed	Total
Subtotal from Previous Page	\$ 3,767,718	\$ 82,857	\$ 3,850,575
Healthy Start Coalition of Okeechobee	3,500	-	3,500
Hibiscus Children's Center	13,500	-	13,500
Home Ownership Resource Center	4,375	-	4,375
Hope Clubhouse	23,000	-	23,000
Hope HealthCare Services	77,500	6,000	83,500
Hospice of Okeechobee	14,500	-	14,500
Human Trafficking Awareness Partnerships	25,760	-	25,760
IMPACT for Developmental Education	134,000	-	134,000
Interfaith Charities of South Lee	75,000	-	75,000
I WILL Mentorship Foundation	10,600	1,000	11,600
LARC	253,000	3,250	256,250
Lee County DHS - Triage Center	23,000	-	23,000
Lee County Legal Aid Society	90,000	-	90,000
Lehigh Community Services	102,600	-	102,600
Lifeline Family Center	16,000	2,733	18,733
Lighthouse of SWFL	74,000	-	74,000
Literacy Council of the Gulf Coast	185,000	3,000	188,000
Lutheran Services	25,000	-	25,000
Martha's House	15,000	-	15,000
Meals of Hope	32,350	-	32,350
Multiple Sclerosis Center of SWFL	10,000	-	10,000
My Aunt's House	11,750	-	11,750
NAMI - Lee County	66,760	-	66,760
New Horizons of SWFL	35,500	-	35,500
Okeechobee Educational Foundation	2,000	-	2,000
Our Mother's Home of Southwest Florida	18,500	-	18,500
Pace Center for Girls of Lee County	44,100	5,750	49,850
Partners for Breast Cancer Care	37,000	-	37,000
Project Dentists Care	85,000	-	85,000
Quality Life Center	50,000	63,000	113,000
Real Life Children's Ranch	12,000	-	12,000
Redlands Christian Migrant Association (RCMA)	17,499	-	17,499
SalusCare	363,393	1,500	364,893
Shared Services Network of Okeechobee County	6,400	-	6,400
Social Norming Project/The School District of Lee County	25,000	-	25,000
Southwest Florida Regional Human Trafficking Coalition	2,460	-	2,460
Special Equestrians	35,000	1,170	36,170
The Heights Center	27,000	4,000	31,000
The Lee County Coalition for Drug-Free SWFL	5,500	-	5,500
The Salvation Army of Lee, Hendry & Glades	466,800	18,000	484,800
The Sky Family YMCA	173,500	5,000	178,500
Treasure Coast Food Bank	9,000	-	9,000
United Cerebral Palsy	5,500	-	5,500
Valerie's House	10,000	-	10,000
Wellfit Girls Program	7,500	-	7,500
Other United Ways and Non-United Way Agencies	66,124	376,276	442,400
Total	<u>\$ 6,558,689</u>	<u>\$ 573,536</u>	<u>\$ 7,132,225</u>