

UNITED WAY OF BROWARD COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016



UNITED WAY OF BROWARD COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Broward County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Broward County, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the Organization as of June 30, 2017 and 2016, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
November 9, 2017

UNITED WAY OF BROWARD COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 723,076	\$ 71,340
Investments	3,976,261	3,729,678
Contributions receivable and donor restricted pledges receivable, net	3,071,618	3,084,013
Grants receivable and other receivables	360,418	489,325
Prepaid expenses and other assets	34,028	45,483
TOTAL CURRENT ASSETS	8,165,401	7,419,839
Contributions receivable and donor restricted pledges receivable, net	352,362	366,340
Land, buildings and equipment, net	1,534,456	1,663,841
Beneficial interest in assets held by others	1,127,082	1,067,356
TOTAL ASSETS	\$ 11,179,301	\$ 10,517,376
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 578,997	\$ 604,183
Accrued pension cost	106,518	170,278
Approved allocations payable	5,790,752	5,864,083
Donor designations payable	349,972	314,198
TOTAL CURRENT LIABILITIES	6,826,239	6,952,742
NET ASSETS		
Unrestricted	2,713,948	2,034,688
Temporarily restricted	638,487	529,319
Permanently restricted	1,000,627	1,000,627
TOTAL NET ASSETS	4,353,062	3,564,634
TOTAL LIABILITIES AND NET ASSETS	\$ 11,179,301	\$ 10,517,376

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

UNITED WAY OF BROWARD COUNTY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES								
Gross contributions	\$ 11,729,439	\$ 88,420	\$ -	\$ 11,817,859	\$ 11,817,226	\$ 25,000	\$ -	\$ 11,842,226
Less: donor designations	(1,874,459)	-	-	(1,874,459)	(2,131,615)	-	-	(2,131,615)
Less: provision for uncollectible pledges	(792,832)	-	-	(792,832)	(891,437)	-	-	(891,437)
Net contributions	9,062,148	88,420	-	9,150,568	8,794,174	25,000	-	8,819,174
Legacies and bequests	9,317	-	-	9,317	182,643	-	-	182,643
Federal, state and private grants	5,464,871	-	-	5,464,871	5,661,232	-	-	5,661,232
Net investment income (loss)	366,396	117,758	-	484,154	(73,526)	(59,713)	-	(133,239)
Miscellaneous revenue	595,555	-	-	595,555	500,623	-	-	500,623
Special events, net	132,736	-	-	132,736	398,710	-	-	398,710
Net assets released from restrictions	97,010	(97,010)	-	-	812,640	(812,640)	-	-
TOTAL REVENUES	15,728,033	109,168	-	15,837,201	16,276,496	(847,353)	-	15,429,143
EXPENSES								
Allocations and contracted program services:								
Funds allocated to member agencies	5,498,829	-	-	5,498,829	5,149,764	-	-	5,149,764
Contracted program services	4,111,604	-	-	4,111,604	4,763,107	-	-	4,763,107
Functional expenses:								
Program services	3,073,593	-	-	3,073,593	2,855,773	-	-	2,855,773
Support services:								
Donor relations	1,498,947	-	-	1,498,947	1,292,057	-	-	1,292,057
Management and general	865,800	-	-	865,800	911,501	-	-	911,501
TOTAL EXPENSES	15,048,773	-	-	15,048,773	14,972,202	-	-	14,972,202
CHANGE IN NET ASSETS	679,260	109,168	-	788,428	1,304,294	(847,353)	-	456,941
NET ASSETS AT BEGINNING OF YEAR	2,034,688	529,319	1,000,627	3,564,634	730,394	1,376,672	1,000,627	3,107,693
NET ASSETS AT END OF YEAR	\$ 2,713,948	\$ 638,487	\$ 1,000,627	\$ 4,353,062	\$ 2,034,688	\$ 529,319	\$ 1,000,627	\$ 3,564,634

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

UNITED WAY OF BROWARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Supporting Services			Total
	Program Services	Donor Relations	Management and General	
ALLOCATIONS AND CONTRACTED PROGRAM SERVICES:				
Funds allocated to member agencies	\$ 5,498,829	\$ -	\$ -	\$ 5,498,829
Contracted program services	4,111,604	-	-	4,111,604
	<u>9,610,433</u>	<u>-</u>	<u>-</u>	<u>9,610,433</u>
FUNCTIONAL EXPENSES:				
Salaries and related expenses				
Salaries and wages	2,031,697	878,907	537,888	3,448,492
Employee benefits	170,757	107,305	81,706	359,768
Pension contributions	42,289	18,294	11,196	71,779
Payroll taxes	146,848	63,479	35,168	245,495
Total salaries and related expenses	2,391,591	1,067,985	665,958	4,125,534
Professional fees	97,174	38,619	26,533	162,326
Conferences and outreach events	65,282	22,994	9,510	97,786
National and state affiliations	114,680	49,611	30,362	194,653
Advertising and awareness	37,585	41,675	5,236	84,496
Equipment rental and maintenance	33,371	10,659	6,237	50,267
Printing and publications	30,714	127,455	818	158,987
Occupancy	70,144	29,733	24,777	124,654
Insurance	52,136	14,626	8,951	75,713
Supplies	26,046	7,145	5,596	38,787
Telephone	37,846	16,241	9,939	64,026
Travel	34,294	14,151	4,436	52,881
Postage and shipping	5,041	6,646	1,887	13,574
Other expenses	4,392	2,542	24,840	31,774
Total expenses before depreciation	3,000,296	1,450,082	825,080	5,275,458
Depreciation	73,297	48,865	40,720	162,882
TOTAL FUNCTIONAL EXPENSES	<u>3,073,593</u>	<u>1,498,947</u>	<u>865,800</u>	<u>5,438,340</u>
TOTAL EXPENSES	<u>\$ 12,684,026</u>	<u>\$ 1,498,947</u>	<u>\$ 865,800</u>	<u>\$ 15,048,773</u>

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

UNITED WAY OF BROWARD COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Supporting Services		Total
		Donor Relations	Management and General	
ALLOCATIONS AND CONTRACTED PROGRAM SERVICES:				
Funds allocated to member agencies	\$ 5,149,764	\$ -	\$ -	\$ 5,149,764
Contracted program services	4,763,107	-	-	4,763,107
	<u>9,912,871</u>	<u>-</u>	<u>-</u>	<u>9,912,871</u>
FUNCTIONAL EXPENSES:				
Salaries and related expenses				
Salaries and wages	2,106,504	825,589	614,859	3,546,952
Employee benefits	180,843	112,981	82,304	376,128
Pension contributions	(179,202)	(70,233)	(52,306)	(301,741)
Payroll taxes	151,354	59,849	40,202	251,405
Total salaries and related expenses	<u>2,259,499</u>	<u>928,186</u>	<u>685,059</u>	<u>3,872,744</u>
Professional fees	104,848	47,000	44,632	196,480
Conferences and outreach events	54,407	3,723	12,806	70,936
National and state affiliations	95,161	37,296	27,776	160,233
Advertising and awareness	43,651	48,234	2,950	94,835
Equipment rental and maintenance	27,177	14,470	16,923	58,570
Printing and publications	9,358	80,731	606	90,695
Occupancy	49,683	28,057	23,381	101,121
Insurance	55,505	20,180	15,029	90,714
Supplies	22,111	6,372	6,439	34,922
Telephone	36,583	14,255	10,706	61,544
Travel	20,996	12,455	7,294	40,745
Postage and shipping	8,037	4,593	3,173	15,803
Other expenses	3,717	3,145	18,594	25,456
Total expenses before depreciation	<u>2,790,733</u>	<u>1,248,697</u>	<u>875,368</u>	<u>4,914,798</u>
Depreciation	65,040	43,360	36,133	144,533
TOTAL FUNCTIONAL EXPENSES	<u>2,855,773</u>	<u>1,292,057</u>	<u>911,501</u>	<u>5,059,331</u>
TOTAL EXPENSES	<u>\$ 12,768,644</u>	<u>\$ 1,292,057</u>	<u>\$ 911,501</u>	<u>\$ 14,972,202</u>

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

UNITED WAY OF BROWARD COUNTY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 788,428	\$ 456,941
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	162,882	144,533
Provision for uncollectible pledges	792,832	891,437
Net unrealized and realized (gain) loss on investments	(435,383)	236,063
Discount on pledges receivable	(36,022)	-
(Increase) decrease in operating assets:		
Contributions receivable and donor restricted pledges receivable	(740,437)	(1,396,789)
Grants receivable and other receivables	128,907	78,175
Prepaid expenses and other assets	21,455	68,211
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(25,186)	(289,446)
Accrued pension cost	(63,760)	(451,291)
Approved allocations payable	(73,331)	(611,898)
Donor designations payable	35,774	(50,224)
TOTAL ADJUSTMENTS	(232,269)	(1,381,229)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	556,159	(924,288)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment purchases	(1,751,038)	(2,087,281)
Investment sales	1,880,112	2,740,512
Purchases of land, buildings and equipment	(33,497)	(1,145,359)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	95,577	(492,128)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collection of capital campaign pledges	-	753,104
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	753,104
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	651,736	(663,312)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	71,340	734,652
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 723,076	\$ 71,340

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

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

1. GENERAL

United Way of Broward County, Inc. (the "Organization") is a volunteer-driven, not-for-profit organization whose mission is to focus and unite the entire community to create significant lasting change in the community impact areas of education, income and health – the building blocks for a better life – which positively impacts people's lives. The Organization was incorporated in the State of Florida in 1976. Revenues are derived principally from contributions that are received from year round fundraising activities that the Organization conducts via direct solicitation to individual and corporate donors as well as from major fundraising activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed or time restrictions as follows:

Unrestricted - Net assets that are free of donor-imposed purpose or time restrictions. It includes the Organization's investment in property and equipment and amounts designated by the Organization for support of operations, programs and expansion. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted. This category includes all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations. When a donor 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 Statements of Activities as net assets released from restrictions.

Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of public support and revenues and allocations and expenses during the reporting period. Actual results could differ from those amounts.

Concentrations of Credit and Market Risk

Financial instruments which potentially subject the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents, receivables and investments. The Organization maintains cash balances at a financial institution in South Florida. Accounts in the institution are insured by the Federal Deposit Insurance Corporation in accordance with current regulations, which provides for insurance up to \$250,000. Cash equivalents are maintained at high-quality financial institutions. The Organization has not experienced any losses on its cash and cash equivalents.

Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Management considers credit risk associated with receivables to be low due to the diversity of the donors and the recurring nature of many donations. Investments are subject to both credit and market risks. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Organization has an investment policy and utilizes management oversight, and periodically reviews its investment portfolios to monitor these risks.

Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the operating climate, indicate that they may be impaired.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets (Continued)

If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows.

Cash and Cash Equivalents

The Organization considers all highly liquid investments held at financial institutions with a maturity of three months or less when purchased to be cash equivalents. Highly liquid investments held with investment custodians or advisors are included as investments in the Statements of Financial Position.

Annual Campaigns

Public support is recorded on a June 30 fiscal year basis and matched against fiscal year allocations made to beneficiary agencies.

Contributions, Promises to Give and Donor-Designated Pledges

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows based on a discount rate of 3% at June 30, 2017 and 2016. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity.

The Organization had one donor that represented approximately 32% and 31% of total contributions presented in the Statements of Activities for the years ended June 30, 2017 and 2016, respectively. The Organization's top donors represent large corporations sponsoring employee campaign events each year which have historically resulted in substantial contributions to the Organization.

A temporarily restricted unconditional promise to give of \$585,000 was made by an individual donor during the year ended June 30, 2014 for program funding for future periods. As of June 30, 2017 and 2016, the remaining receivable related to this donation is approximately \$402,000 and \$416,000, net of the discount.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statements of Financial Position. Realized and unrealized gains (losses), interest and dividends on investments are reflected in the Statements of Activities within "Net investment income (loss)." Investment income (loss) that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular instruments. Changes in assumptions or in market conditions could significantly affect the estimates. The carrying amount of all financial assets and liabilities approximates fair value.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Organization changed its accounting policy during the year ended June 30, 2016, and classifies cash and cash equivalents held with investment custodians or advisors as investments in the Statements of Financial Position (Note 3).

Beneficial Interest in Assets Held by Others

The Organization has investments in perpetual trusts, the funds of which are invested with the Community Foundation of Broward Inc., in the name of the Organization. As of June 30, 2017 and 2016, the fair value of these funds were \$1,127,082 and \$1,067,356, respectively; of these funds \$1,000,627 is restricted to maintain the purpose of the funds in perpetuity. The net income of the funds are required to be distributed at least annually to the Organization, and are to be used to support the operating activities of the Organization.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost at the date of purchase, or, if contributed, the fair value at the date of donation. If donors stipulate how long the asset must be used or for what purpose, the contribution is recorded as restricted support. In the absence of such stipulations, a contribution of property and equipment is recorded as unrestricted support. The Organization capitalizes all expenditures for land, buildings and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and a gain or loss, if any, is recognized. Repairs and maintenance are charged to expense as incurred. Buildings and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years.

Grants Receivable and Revenue Recognition

The Organization receives a significant portion of its revenues from government grants and contracts. The amounts received under these grants and contracts are designated for specific purposes by the granting agencies. Grant and contract revenue is recognized when the allowable costs as defined by the individual grants or contracts are incurred and/or the unit of service has been performed.

Grants receivable at year end represent expenditures and/or units of service performed, which have not yet been reimbursed by the granting agency. Management analyzes, on an ongoing basis, outstanding accounts individually to determine if an allowance for doubtful accounts is required. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. There was no allowance for the years ended June 30, 2017 and 2016.

Donated Services

A substantial number of volunteers have donated significant amounts of their time to the Organization's fund-raising campaigns. The value of these services has not been reflected in the accompanying financial statements since the services do not require specialized skills, and hence, do not meet the criteria for recognition under U.S. GAAP.

Allocations to Agencies

Annually, the Board of Directors decides which not-for-profit agencies will receive funding from the Organization. The Board of Directors decisions are based on an evaluation of the funding request from the various agencies and the availability of unrestricted net assets. Once the Board of Directors has determined and approved the allocation amount and the designated agencies, the liability and the related expense is recorded.

Donor Designations

The Organization accepts cash or other financial assets from a donor and agrees to transfer those assets to a specified qualified beneficiary. The Organization as an intermediary recognizes the fair value of those assets as a liability to the specified beneficiary concurrent with the recognition of the assets received from the donor.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor Designations (Continued)

The Organization refers to this type of donor contribution as donor designations. Donor designations that were pledged for the years ended June 30, 2017 and 2016 are \$1,874,459 and \$2,131,615, respectively, and are not included in net revenues.

Administrative fees of up to 10% of the amounts designated, subject to certain limitations, are netted against donor designations. Partner agencies receiving designations from the Organization's campaign are charged an administrative fee based upon amounts received in accordance with United Way Worldwide guidelines. The Organization is an approved fundraising federation representing partner agencies in the combined federal campaign. The partner agencies participating in the combined federal campaign have not been charged dues and/or service charges as a requirement for participation in such campaign.

Functional Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the program, management and general and fundraising activities benefited.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for federal income tax is required.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction is the major tax jurisdiction where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal examinations by tax authorities for years before 2014.

Recent Accounting Pronouncements

Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standard update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported change in net assets.

Subsequent Events

The Organization has evaluated subsequent events through November 9, 2017, which is the date the financial statements were available to be issued.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Cash and cash equivalents: Valued at cost, which approximates fair value.

Equity securities: Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Debt securities: Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Funds of funds: Quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Beneficial interest in assets held by others: Fair value is derived principally from inputs that are not observable. The Organization calculates the investment value using its respective interest in the pooled funds.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2017 and 2016:

Description	June 30, 2017	Fair Value Measurements at June 30, 2017		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 143,398	\$ 143,398	\$ -	\$ -
Equity securities	2,421,656	2,421,656	-	-
Debt securities	1,299,588	1,299,588	-	-
Funds of funds	111,619	111,619	-	-
	\$ 3,976,261	\$ 3,976,261	\$ -	\$ -
Beneficial interest in assets held by others	\$ 1,127,082	\$ -	\$ -	\$ 1,127,082

Description	June 30, 2016	Fair Value Measurements at June 30, 2016		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 148,861	\$ 148,861	\$ -	\$ -
Equity securities	2,178,832	2,178,832	-	-
Debt securities	1,297,529	1,297,529	-	-
Funds of funds	104,456	104,456	-	-
	\$ 3,729,678	\$ 3,729,678	\$ -	\$ -
Beneficial interest in assets held by others	\$ 1,067,356	\$ -	\$ -	\$ 1,067,356

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Organization has classified within the Level 3 category. As a result, the gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs. Changes in Level 3 assets measured at fair value for the years ended June 30, 2017 and 2016 are as follows:

	Fair Value Measurements at June 30, 2017				Total
	Beginning Balance	Investment Fees	Realized and Unrealized Gains	Amount Appropriated for Expenditures	
Beneficial interest in assets held by others	\$ 1,067,356	\$ (16,637)	\$ 134,395	\$ (58,032)	\$ 1,127,082

	Fair Value Measurements at June 30, 2016				Total
	Beginning Balance	Investment Fees	Realized and Unrealized Losses	Amount Appropriated for Expenditures	
Beneficial interest in assets held by others	\$ 1,186,605	\$ (13,677)	\$ (46,036)	\$ (59,536)	\$ 1,067,356

Investment income (loss) for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Dividends and interest	\$ 88,800	\$ 145,237
Investment fees	(40,029)	(42,413)
Net realized gain (loss)	45,349	(172,984)
Net unrealized gain (loss)	390,034	(63,079)
	\$ 484,154	\$ (133,239)

4. CONTRIBUTIONS RECEIVABLE AND DONOR RESTRICTED PLEDGES RECEIVABLE, NET

Contributions receivable and donor restricted pledges receivable at June 30, 2017 and 2016 are as follows:

	2017	2016
Contributions receivable less than one year	\$ 4,814,892	\$ 4,877,860
Contributions receivable one to five years	385,000	485,000
	5,199,892	5,362,860
Unamortized discount	(32,638)	(68,660)
Allowance for uncollectible contributions	(1,743,274)	(1,843,847)
	\$ 3,423,980	\$ 3,450,353

All donor restricted receivables are payable within one year as of June 30, 2017 and 2016. The Organization utilizes a historical average for calculating the allowance for uncollectible contributions and may be adjusted by management's judgment of current economic conditions.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

5. LAND, BUILDINGS AND EQUIPMENT, NET

At June 30, land, buildings and equipment, net, consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 76,900	\$ 76,900
Buildings and improvements	2,689,847	2,689,847
Furniture, equipment and software	<u>1,703,767</u>	<u>1,670,269</u>
	4,470,514	4,437,016
Less accumulated depreciation and amortization	<u>(2,936,058)</u>	<u>(2,773,175)</u>
	<u>\$ 1,534,456</u>	<u>\$ 1,663,841</u>

Depreciation and amortization expense were \$162,882 and \$144,533 for the years ended June 30, 2017 and 2016.

6. EMPLOYEES' RETIREMENT PLANS

Defined Benefit Plan

The Organization has a non-contributory defined benefit pension plan (the "Plan") which was frozen effective December 31, 2003. The benefits which were frozen on that date are based on years of service and highest average earnings during five consecutive years of the last ten years of employment for plan participants. The funding policy is to contribute an amount not less than the Employee Retirement Income Security Act of 1974 ("ERISA") minimum funding requirement. The plan assets comprise of fixed income and equity securities. The latest actuarial valuation is for the fiscal year ending June 30, 2017. The Organization began the process of plan termination of the defined benefit pension plan during fiscal year ended June 30, 2016 and will obtain a final settlement liability.

The following tables set forth the amounts recognized in the Statements of Financial Position, change in the benefit obligation, change in plan assets, the funded status of the Plan, and the principal weighted average assumptions that were used.

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 690,893	\$ 1,173,901
Interest costs	27,000	51,203
Actuarial loss/(gain)	38,727	(1,588)
Benefits paid	-	(44,907)
COLA reduction	-	(109,809)
Adjustments	<u>(117,346)</u>	<u>(377,907)</u>
Benefit obligation at end of year	<u>\$ 639,274</u>	<u>\$ 690,893</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 527,309	\$ 437,101
Actual return on plan assets	25,429	11,115
Employer contributions	60,000	124,000
Benefits paid	-	(44,907)
Adjustments	<u>(64,456)</u>	<u>-</u>
Fair value of plan assets at end of year	<u>\$ 548,282</u>	<u>\$ 527,309</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Funded status at end of year	\$ (90,992)	\$ (163,584)
Accrued pension expense	<u>(15,526)</u>	<u>(6,694)</u>
Amount recognized in the Statements of Financial Position	<u>\$ (106,518)</u>	<u>\$ (170,278)</u>

In selecting the expected long-term rate of return of assets, the Organization considered the average rate of earning on the funds invested or to be invested to provide for the benefits of the Plan. This included the assets and the expected returns likely to be earned over the life of the Plan.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

6. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Weighted-average assumptions as of June 30:

	<u>2017</u>	<u>2016</u>
Interest rate used to calculate net periodic pension costs	4.50%	4.50%
Interest rate used to calculate year end disclosures	4.50%	4.50%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	0.00%	0.00%

The following table sets forth the component of the net periodic pension costs for the years ended June 30, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Interest costs	\$ 27,000	\$ 51,203
Actual investment return on assets	(25,429)	(11,115)
Amortization and deferral	(5,331)	18,976
Net periodic pension cost	<u>\$ (3,760)</u>	<u>\$ 59,064</u>

Fair Value Measurements

Within the fair value hierarchy, the Plan's investments at fair value by level at June 30, 2017 and 2016 are as follows:

		<u>Fair Value Measurements at June 30, 2017</u>		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Unobservable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<u>Description</u>	<u>June 30, 2017</u>			
Large growth mutual fund	\$ 42,184	\$ 42,184	\$ -	\$ -
Intermediate term bond fund	295,404	295,404	-	-
Guaranteed investment contracts	52,991	-	-	52,991
Large value equity mutual funds	157,703	157,703	-	-
	<u>\$ 548,282</u>	<u>\$ 495,291</u>	<u>\$ -</u>	<u>\$ 52,991</u>
		<u>Fair Value Measurements at June 30, 2016</u>		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Unobservable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<u>Description</u>	<u>June 30, 2016</u>			
Large growth mutual fund	\$ 24,231	\$ 24,231	\$ -	\$ -
Intermediate term bond fund	243,448	243,448	-	-
Guaranteed investment contracts	39,466	-	-	39,466
Large value equity mutual funds	94,429	94,429	-	-
Receivables	125,735	-	125,735	-
	<u>\$ 527,309</u>	<u>\$ 362,108</u>	<u>\$ 125,735</u>	<u>\$ 39,466</u>

Mutual funds are stated at fair value, which is the quoted market price in an active market of the shares owned on the last day of the Plan year.

At June 30, 2017 and 2016, the Plan has an investment with International Netherlands Group's ("ING") guaranteed investment contract. ING maintains and manages the contributions in a general account and the Plan's account is credited with earnings on the underlying investments and charged for withdrawals and administrative expenses. ING is contractually obligated to repay the principal and a specified interest rate for a period of one year. However, ING may impose restriction on the ability of the Plan to transfer funds from the Fixed Account to another contract investment option. The contract value is calculated based on guaranteed minimum crediting annual interest for the years ended June 30, 2017 and 2016 of 4.5%.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

6. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Defined Benefit Plan (Continued)

Fair Value Measurements (Continued)

The following table presents the reconciliation of Level 3 assets measured at fair value as of June 30:

	2017	2016
Guaranteed investment contract		
Beginning balance at July 1,	\$ 39,466	\$ 30,407
Purchases, sales, issuances and settlement, net	13,525	9,059
Ending balance at June 30,	\$ 52,991	\$ 39,466

Projected benefits for the next ten years are as follows:

Years ending June 30,	
2018	\$ 8,904
2019	10,200
2020	11,148
2021	13,152
2022	13,152
2023 through 2027	149,868
Total	\$ 206,424

Defined Contribution Plan

During 1999, the Organization established a defined contribution pension plan covering all regular employees over the age of 21 and having at least three months of service. Employer contributions for the years ended June 30, 2017 and 2016 amounted to approximately \$59,000 and \$62,000, respectively.

Participant's contributions and actual earnings or losses thereon are immediately vested. Vesting in the employer's contributions plus actual earnings or losses thereon is based on years of continuous service. A participant is 100% vested after six years of service according to the following schedule:

Years of Service	Vested Percentage
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Service with other United Way organizations may be considered when determining years of service in accordance with the plan documents. Upon termination of employment, a participant's non-vested amounts are forfeited in accordance with the plan document and will be applied as employer contribution during the year of forfeiture. Upon death, total disability or retirement, participants become 100% vested in their employer contributions.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. ENDOWMENT NET ASSETS CLASSIFICATION

The Organization's endowment consists of funds established for a variety of purposes related to the Organization's missions and programs. As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA 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 Organization 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the FUPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (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 Organization
- (7) The investment policy of the Organization

As of June 30, 2017 and 2016, endowment net assets consisted of the following:

Summary of Endowment Net Assets at June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 126,455	\$ 1,000,627	\$ 1,127,082

Summary of Endowment Net Assets at June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 66,729	\$ 1,000,627	\$ 1,067,356

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. ENDOWMENT NET ASSETS CLASSIFICATION (CONTINUED)

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ -	\$ 66,729	\$ 1,000,627	\$ 1,067,356
Endowment investment return:				
Realized and unrealized gains, net	-	134,395	-	134,395
Investment fees	-	(16,637)	-	(16,637)
Appropriated for expenditures	-	(58,032)	-	(58,032)
Total endowment investment return	-	59,726	-	59,726
Endowment net assets, June 30, 2017	<u>\$ -</u>	<u>\$ 126,455</u>	<u>\$ 1,000,627</u>	<u>\$ 1,127,082</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ -	\$ 185,978	\$ 1,000,627	\$ 1,186,605
Endowment investment return:				
Realized and unrealized losses, net	-	(46,036)	-	(46,036)
Investment fees	-	(16,186)	-	(16,186)
Contributions	-	2,509	-	2,509
Appropriated for expenditures	-	(59,536)	-	(59,536)
Total endowment investment return	-	(119,249)	-	(119,249)
Endowment net assets, June 30, 2016	<u>\$ -</u>	<u>\$ 66,729</u>	<u>\$ 1,000,627</u>	<u>\$ 1,067,356</u>

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by FUPMIFA

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
	<u>\$ 1,000,627</u>	<u>\$ 1,000,627</u>

Summary of Endowment Assets:

As of June 30, 2017 and 2016 endowment assets are invested as follows:

	<u>2017</u>	<u>2016</u>
Pooled investments	<u>\$ 1,127,082</u>	<u>\$ 1,067,356</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. At June 30, 2017 and 2016, the fair market value of permanently restricted investments was above \$1,000,627. There were no such deficiencies for the years ended June 30, 2017 and 2016.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

7. ENDOWMENT NET ASSETS CLASSIFICATION (CONTINUED)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those (a) assets of donor-restricted funds that the Organization must hold in perpetuity which are held by others for the benefit of the Organization and (b) assets with donor specified period restrictions as well as board-designated funds that are included as part of current investments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year up to five percent of its endowment fund's average fair value over the prior thirty six months through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment.

8. NET ASSETS

Temporarily restricted net assets are available at June 30, 2017 and 2016 for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Time restriction:		
Program funding for future periods	\$ 512,032	\$ 462,590
Endowment earnings	126,455	66,729
	<u>\$ 638,487</u>	<u>\$ 529,319</u>

Permanently restricted net assets of \$1,000,627 at June 30, 2017 and 2016 are a restricted contribution of assets in perpetuity (Note 7), which are held by a third party, Community Foundation of Broward, Inc. (Note 10).

9. ANNUAL DUES FOR NATIONAL AND STATE AFFILIATIONS

The Organization provides funding to the State and National United Way organizations to finance programs of research, education and community services. Membership support is used to provide National Academy for Volunteerism training and conferencing, career development, advertising, market research, campaign assistance, National Corporate Leadership and National Football League relationships, executive search, Alexis de Tocqueville Society enrollments, product and service discounts, and consultation and technical assistance.

Payments for the years ended June 30, 2017 and 2016 are based upon the campaign reported gross contributions as follows:

	<u>2017</u>	<u>2016</u>
State organization	\$ 25,304	\$ 24,215
National organization	169,349	136,018
	<u>\$ 194,653</u>	<u>\$ 160,233</u>

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

10. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Community Foundation of Broward, Inc. holds assets for the benefit of the Organization in five endowment funds, original values of the gift to be held in perpetuity. The endowments were established by third party donors. The investments held at Community Foundation of Broward, Inc. are measured by the fair value of the assets contributed at initial donation, which at June 30, 2017 and 2016, amounted to \$1,000,627. Changes in fair value are recognized in investment income (loss) in the Statements of Activities. The components of the change in beneficial interest held by others for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Fair value at beginning of the year	\$ 1,067,356	\$ 1,186,605
Contributions	-	2,509
Net appreciation (depreciation) of assets held by others	134,395	(46,036)
Distributions	<u>(74,669)</u>	<u>(75,722)</u>
Fair value at end of the year	<u>\$ 1,127,082</u>	<u>\$ 1,067,356</u>

11. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Organization has received grants which are subject to audit by agents of the relevant funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. The Board of Directors believes that all of the grant expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be significant.

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND SINGLE AUDIT REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
United Way of Broward County, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Broward County, Inc. (the "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, and have issued our report thereon dated November 9, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting to determine the 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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, misstatement 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
November 9, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
United Way of Broward County, Inc.

Report on Compliance for Each Major Federal Program

We have audited the United Way of Broward County, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Report on Internal Control over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Morrison, Brown, Ariz & Fana

Fort Lauderdale, Florida
November 9, 2017

UNITED WAY OF BROWARD COUNTY, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor, Pass-through Grantor, Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass-through State of Florida Department of Children and Families:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SP022024-01	\$ -	\$ 32,711
Block Grants for Prevention and Treatment of Substance Abuse	93.959	34374-16	<u>1,783,576</u>	<u>2,788,197</u>
Total U.S. Department of Health and Human Services			<u>1,783,576</u>	<u>2,820,908</u>
U.S. DEPARTMENT OF LABOR:				
Homeless Veterans Reintegration Program	17.805	HV-29063-16-60-5-12	-	<u>188,833</u>
Total U.S. Department of Labor			<u>-</u>	<u>188,833</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS:				
VA Supportive Services for Veteran Families Program	64.033	14-FL-181	-	<u>1,811,929</u>
Total U.S. Department of Veteran Affairs			<u>-</u>	<u>1,811,929</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,783,576</u>	<u>\$ 4,821,670</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

UNITED WAY OF BROWARD COUNTY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

1. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of United Way of Broward County, Inc. (the "Organization") and is presented using the accrual basis of accounting. Federal award expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures may differ from certain financial reports submitted on either a cash or modified accrual basis of accounting. Because this schedule presents only a select portion of the operations of the Organization, it is not intended to and does not present the financial position, changes to its net assets, or cash flows of the Organization.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of the Uniform Guidance. The federal awards on the Schedule of Expenditures of Federal Awards are included in the Statements of Activities.

3. SUB RECIPIENTS

The following awards were received directly by the Organization and passed through to sub recipients during the year ended June 30, 2017:

Subrecipients during the year ended June 30, 2017:

<u>Department</u>	<u>Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:	Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>\$ 1,783,576</u>
Total			\$ 1,783,576

4. INDIRECT COST RATE

For certain grants the amount expended includes an indirect cost recovery using an indirect cost rate of percent. The Organization has elected to use the de minimis cost rate allowed under the Uniform Guidance during the year ended June 30, 2017.

UNITED WAY OF BROWARD COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Programs

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
64.033	VA Supportive Services for Veteran Families Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

UNITED WAY OF BROWARD COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION III – MAJOR FEDERAL PROGRAMS FINDING AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None