

**UNITED WAY OF LEE COUNTY, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 2016 supplementary information on pages 20 and 21 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.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 22, 2017

**UNITED WAY OF LEE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash	\$ 1,690,905	\$ 1,826,756
Escrow Cash	16,421	18,609
Pledges Receivable:		
2016-2017 Campaign Less Allowance for Uncollectible Pledges of \$256,644	4,496,018	-
2015-2016 Campaign Less Allowance for Uncollectible Pledges of \$502,556 for 2016 and \$226,203 for 2015	802,510	3,962,734
2014-2015 Campaign Less Allowance for Uncollectible Pledges of \$488,097	-	626,633
Prepaid Expense	45,822	44,731
Donated Inventory	30,443	-
Due from Other Agencies	80,552	149,175
Beneficial Interest in Designated Endowment Assets Held by Others	100,247	99,892
Board-Designated Endowment	2,185,389	2,035,530
Land, Building, and Equipment, Net	1,437,503	1,551,012
Total Assets	\$ 10,885,810	\$ 10,315,072
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued Expenses	\$ 157,516	\$ 150,178
Donor Designations Payable	109,299	140,272
Deferred Revenue	22,767	19,424
Total Liabilities	289,582	309,874
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	(138,912)	(28,714)
Board-Designated Endowment	2,285,636	2,135,422
Invested in Land, Building, and Equipment	1,437,503	1,551,012
Total Unrestricted	3,584,227	3,657,720
Temporarily Restricted	7,012,001	6,347,478
Total Net Assets	10,596,228	10,005,198
Total Liabilities and Net Assets	\$ 10,885,810	\$ 10,315,072

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Annual Campaign - Current Year:			
Contributions and Pledges	\$ -	\$ 7,313,324	\$ 7,313,324
Less Donor Designations	-	(44,679)	(44,679)
Less Uncollectible Pledges	-	(256,644)	(256,644)
Net Campaign Revenue - Current Year	-	7,012,001	7,012,001
Annual Campaign - Prior Year:			
Contributions and Pledges	9,135,326	(6,701,341)	2,433,985
Less Donor Designations	(395,779)	127,661	(268,118)
Less Uncollectible Pledges	(533,049)	226,202	(306,847)
Net Campaign Revenue - Prior Year	8,206,498	(6,347,478)	1,859,020
Total Campaign Contributions, Net	8,206,498	664,523	8,871,021
Other Income:			
In-Kind Donations	433,168	-	433,168
Rental Income	43,106	-	43,106
Program Grants	358,543	-	358,543
Investment Income	161,195	-	161,195
Total Other Income	996,012	-	996,012
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	-	-	-
Total Revenue and Support	9,202,510	664,523	9,867,033
<b>EXPENSES</b>			
Program Services:			
Agency Allocations	6,394,267	-	6,394,267
Less Donor Designations	(395,779)	-	(395,779)
Net Agency Allocations	5,998,488	-	5,998,488
Other Allocations and Agency Relations	154,745	-	154,745
Other Program Services	1,492,982	-	1,492,982
In-Kind Distributions	402,725	-	402,725
Payments to National and State			
United Way Organizations	113,900	-	113,900
Total Program Services	8,162,840	-	8,162,840
Support Services:			
Fundraising	603,535	-	603,535
Management and General	257,638	-	257,638
Building Expenses	251,990	-	251,990
Total Support Services	1,113,163	-	1,113,163
Total Expenses	9,276,003	-	9,276,003
<b>CHANGE IN NET ASSETS</b>	(73,493)	664,523	591,030
Net Assets - Beginning of Year	3,657,720	6,347,478	10,005,198
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,584,227</u>	<u>\$ 7,012,001</u>	<u>\$ 10,596,228</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, DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Annual Campaign - Current Year:			
Contributions and Pledges	\$ -	\$ 6,701,341	\$ 6,701,341
Less Donor Designations	-	(127,661)	(127,661)
Less Uncollectible Pledges	-	(226,202)	(226,202)
Net Campaign Revenue - Current Year	-	6,347,478	6,347,478
Annual Campaign - Prior Year:			
Contributions and Pledges	8,884,108	(7,020,387)	1,863,721
Less Donor Designations	(363,106)	171,266	(191,840)
Less Uncollectible Pledges	(387,438)	234,601	(152,837)
Net Campaign Revenue - Prior Year	8,133,564	(6,614,520)	1,519,044
Total Campaign Contributions, Net	8,133,564	(267,042)	7,866,522
Other Income:			
In-Kind Donations	-	-	-
Rental Income	40,894	-	40,894
Program Grants	451,711	-	451,711
Investment Loss	(52,974)	-	(52,974)
Total Other Income	439,631	-	439,631
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	-	-	-
Total Revenue and Support	8,573,195	(267,042)	8,306,153
<b>EXPENSES</b>			
Program Services:			
Agency Allocations	6,141,712	-	6,141,712
Loss Donor Designations	(363,106)	-	(363,106)
Net Agency Allocations	5,778,606	-	5,778,606
Other Allocations and Agency Relations	126,504	-	126,504
Other Program Services	1,267,272	-	1,267,272
In-Kind Distributions	-	-	-
Payments to National and State			
United Way Organizations	102,492	-	102,492
Total Program Services	7,274,874	-	7,274,874
Support Services:			
Fundraising	586,624	-	586,624
Management and General	266,024	-	266,024
Building Expenses	264,646	-	264,646
Total Support Services	1,117,294	-	1,117,294
Total Expenses	8,392,168	-	8,392,168
<b>CHANGE IN NET ASSETS</b>	181,027	(267,042)	(86,015)
Net Assets - Beginning of Year	3,476,693	6,614,520	10,091,213
<b>NET ASSETS - END OF YEAR</b>	\$ 3,657,720	\$ 6,347,478	\$ 10,005,198

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.  
STATEMENTS OF TOTAL FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Salaries	\$ 1,523,666	\$ 1,404,338
Employee Benefits	275,525	237,941
Payroll Taxes	122,730	113,296
Total	<u>1,921,921</u>	<u>1,755,575</u>
Auto and Travel	23,376	24,293
Buildings Maintenance	56,284	55,174
Depreciation	113,186	122,161
Direct Assistance	199,064	178,527
Dues and Subscriptions	13,583	2,580
Insurance	44,421	42,912
Meetings	9,930	11,521
Office Supplies	80,058	49,631
Other	45,398	43,662
Postage	39,131	34,134
Printing	36,320	21,963
Professional Fees	58,702	57,756
Rent	13,495	12,000
Rental Maintenance	15,166	24,471
Telephone	49,901	44,313
Training	15,641	3,022
Utilities	25,313	27,375
Total	<u>\$ 2,760,890</u>	<u>\$ 2,511,070</u>

See accompanying Notes to Financial Statements.



**UNITED WAY OF LEE COUNTY, INC.**  
**STATEMENT OF DETAIL FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**

	Management and General	Fundraising	Allocations and Agency Relations	United Way 211	United Way Volunteer Center	Community Building Projects	Building Expenses	VITA	Totals
Salaries	\$ 129,596	\$ 337,547	\$ 113,492	\$ 505,776	\$ 128,533	\$ 196,294	\$ 42,085	\$ 70,343	\$ 1,523,666
Employee Benefits	23,758	60,754	20,519	91,441	23,238	35,489	7,608	12,718	275,525
Payroll Taxes	10,328	28,201	9,044	40,309	10,244	15,644	3,354	5,606	122,730
Total	<u>163,682</u>	<u>426,502</u>	<u>143,055</u>	<u>637,526</u>	<u>162,015</u>	<u>247,427</u>	<u>53,047</u>	<u>88,667</u>	<u>1,921,921</u>
Auto and Travel	1,029	8,356	648	3,551	3,177	5,875	-	740	23,376
Buildings Maintenance	1,159	-	-	-	-	8,858	46,267	-	56,284
Depreciation	38,714	-	-	-	-	-	74,472	-	113,186
Direct Assistance	-	-	-	199,064	-	-	-	-	199,064
Dues and Subscriptions	993	1,640	-	7,813	636	915	-	1,586	13,583
Insurance	2,646	-	-	-	-	270	41,505	-	44,421
Meetings	1,415	463	3,505	872	1,110	1,838	-	727	9,930
Office Supplies	15,521	22,118	4,112	6,870	9,347	5,073	-	17,017	80,058
Other	-	44,125	-	-	1,208	65	-	-	45,398
Postage	238	37,865	14	395	283	97	-	239	39,131
Printing	6,598	25,480	-	-	589	90	-	3,563	36,320
Professional Fees	20,286	25,144	2,238	3,526	5,624	757	193	934	58,702
Rent	-	-	-	-	-	13,495	-	-	13,495
Rental Maintenance	-	-	-	-	-	-	15,166	-	15,166
Telephone	5,357	7,601	1,173	25,092	1,173	6,784	2,659	62	49,901
Training	-	4,241	-	3,442	890	4,706	-	2,362	15,641
Utilities	-	-	-	-	-	6,632	18,681	-	25,313
Total	<u>\$ 257,638</u>	<u>\$ 603,535</u>	<u>\$ 154,745</u>	<u>\$ 888,151</u>	<u>\$ 186,052</u>	<u>\$ 302,882</u>	<u>\$ 251,990</u>	<u>\$ 115,897</u>	<u>\$ 2,760,890</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.**  
**STATEMENT OF DETAIL FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	Management and General	Fundraising	Allocations and Agency Relations	United Way 211	United Way Volunteer Center	Community Building Projects	Building Expenses	VITA	Totals
Salaries	\$ 144,591	\$ 354,252	\$ 94,136	\$ 431,775	\$ 170,965	\$ 123,206	\$ 38,623	\$ 46,790	\$ 1,404,338
Employee Benefits	21,250	60,936	16,192	74,272	29,409	21,190	6,644	8,048	237,941
Payroll Taxes	10,196	28,992	7,704	35,336	13,993	10,083	3,161	3,831	113,296
Total	<u>176,037</u>	<u>444,180</u>	<u>118,032</u>	<u>541,383</u>	<u>214,367</u>	<u>154,479</u>	<u>48,428</u>	<u>58,669</u>	<u>1,755,575</u>
Auto and Travel	728	9,084	1,421	3,823	2,032	6,595	28	582	24,293
Buildings Maintenance	6,740	-	-	-	-	5,380	43,054	-	55,174
Depreciation	41,535	-	-	-	-	-	80,626	-	122,161
Direct Assistance	-	-	-	178,527	-	-	-	-	178,527
Dues and Subscriptions	405	50	-	523	936	200	-	466	2,580
Insurance	2,562	-	-	-	-	276	40,074	-	42,912
Meetings	1,875	779	1,998	1,389	1,316	3,759	-	405	11,521
Office Supplies	8,188	18,749	2,111	1,167	14,337	3,546	-	1,533	49,631
Other	121	41,912	-	-	-	1,629	-	-	43,662
Postage	746	32,672	56	299	101	245	-	15	34,134
Printing	196	19,188	-	652	620	237	-	1,070	21,963
Professional Fees	21,914	12,024	1,246	15,419	2,485	3,669	237	762	57,756
Rent	-	-	-	-	-	12,000	-	-	12,000
Rental Maintenance	-	-	-	-	-	-	24,471	-	24,471
Telephone	4,977	7,015	1,127	17,448	2,485	5,043	5,720	498	44,313
Training	-	971	513	711	314	403	-	110	3,022
Utilities	-	-	-	-	-	5,367	22,008	-	27,375
Total	<u>\$ 266,024</u>	<u>\$ 586,624</u>	<u>\$ 126,504</u>	<u>\$ 761,341</u>	<u>\$ 238,993</u>	<u>\$ 202,828</u>	<u>\$ 264,646</u>	<u>\$ 64,110</u>	<u>\$ 2,511,070</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Public Support and Revenue:		
Campaign Contributions and Public Support	\$ 8,038,858	\$ 7,494,381
Investment Income	57,772	68,584
Grants and Bequests	358,543	451,711
Other Revenue	43,106	40,894
Payments and Expenses:		
Payments to Agencies	(6,029,461)	(5,831,576)
Operating Expenses	<u>(2,755,357)</u>	<u>(2,490,664)</u>
Cash Flows Used by Operating Activities	(286,539)	(266,670)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	(6,677)	(23,414)
Securities Purchases	(552,247)	(478,269)
Securities Sales	638,801	667,235
Payments from (to) Other Agencies	70,811	(51,283)
Cash Flows Provided by Investing Activities	<u>150,688</u>	<u>114,269</u>
<b>DECREASE IN CASH</b>	(135,851)	(152,401)
Cash - Beginning of Year	<u>1,826,756</u>	<u>1,979,157</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,690,905</u>	<u>\$ 1,826,756</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 591,030	\$ (86,015)
Adjustments for Noncash Items:		
Depreciation	113,186	122,161
Provision for Uncollectible Pledges	789,693	613,640
Realized Endowment Gain	(9,397)	(12,372)
Unrealized Endowment (Gain) Loss	(94,026)	133,930
Loss on Disposal of Fixed Assets	6,998	-
Noncash Contributions - Donated Securities	(132,989)	(149,470)
Changes in Assets and Liabilities:		
Pledges Receivable	(1,498,854)	(880,649)
Prepaid Expenses	(1,091)	(15,785)
Other Asset Accounts	(30,798)	24,914
Donor Designations Payable	(30,973)	(52,970)
Deferred Revenue	3,343	19,424
Accrued Expenses	7,339	16,522
Cash Flows Used by Operating Activities	<u>\$ (286,539)</u>	<u>\$ (266,670)</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**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:

Unrestricted – Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Organization’s mission.

Temporarily Restricted – 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.

Permanently Restricted – 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 permanently restricted net assets as of December 31, 2016 and 2015.

**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 temporarily restricted assets and are transferred to unrestricted assets in the year of the allocation to participating agencies.

**UNITED WAY OF LEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 unrestricted net assets 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. 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, 2016 AND 2015**

**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, 2016 and 2015.

**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, 2016 AND 2015**

**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 22, 2017, the date the financial statements were available to be issued.

**NOTE 2 ESCROW CASH**

The Organization serves as the collection agent for contributions from federal and state 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, 2016 and 2015 was \$100,247 and \$99,892, respectively.

**UNITED WAY OF LEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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	
	2016	2015
Marketable Securities (Equities)	\$ 1,694,141	\$ 1,613,724
Fixed Income Bonds - Funds (Fixed Income)	396,093	335,588
Cash Equivalents	95,155	86,218
Total	\$ 2,185,389	\$ 2,035,530

  

	Cost	
	2016	2015
Marketable Securities (Equities)	\$ 1,448,605	\$ 1,459,118
Fixed Income Bonds - Funds (Fixed Income)	403,889	346,480
Cash Equivalents	95,155	86,218
Total	\$ 1,947,649	\$ 1,891,816

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

	2016	2015
Investment Earnings	\$ 57,772	\$ 68,584
Realized Gain	9,397	12,372
Unrealized Gain (Loss)	94,026	(133,930)
Total	\$ 161,195	\$ (52,974)

**NOTE 5 LAND, BUILDING, AND EQUIPMENT**

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

	2016	2015
Land	\$ 29,192	\$ 29,192
Building	2,184,941	2,183,941
Furniture and Equipment	217,246	240,877
Computers and Software	134,328	135,651
Vehicles	5,316	5,316
Total	2,571,023	2,594,977
Less: Accumulated Depreciation	(1,133,520)	(1,043,965)
Total	\$ 1,437,503	\$ 1,551,012



**UNITED WAY OF LEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are composed of 2016 campaign pledges restricted for 2017 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, 2016 and 2015, the Organization elected to make the maximum profit sharing contribution resulting in a total contribution to the plan of \$80,270 and \$61,269, respectively.

**NOTE 8 GRANTS**

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

	<u>2016</u>	<u>2015</u>
Help Me Grow Grant	\$ 165,473	\$ 141,691
Mentor Program - Children's Network	-	125,000
Hendry County Building Grants	71,250	71,211
Lee County Emergency Management Grants	45,000	45,000
211 Navigator Grant	25,678	30,535
VITA	39,905	22,416
FEMA	6,187	5,855
Healthy Transitions	-	5,803
Lee County EOC Grant	5,050	4,200
Total	<u>\$ 358,543</u>	<u>\$ 451,711</u>

**UNITED WAY OF LEE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 9 FAIR VALUE MEASUREMENTS**

The following table presents the classification of the Organization's investments as of December 31, 2016, 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 Securities (Equities)	\$ 1,694,141	\$ -	\$ -	\$ 1,694,141
Beneficial Interest in Designated Endowment Assets Held by Others	-	-	100,247	100,247
Fixed Income Bond Funds (Fixed Income)	<u>396,093</u>	<u>-</u>	<u>-</u>	<u>396,093</u>
Total	<u>\$ 2,090,234</u>	<u>\$ -</u>	<u>\$ 100,247</u>	<u>\$ 2,190,481</u>

At December 31, 2016, the Board-Designated Endowment on the statement of financial position included \$95,155 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, 2016 is as follows:

Balance - Beginning of the Year	\$ 99,892
Realized and Unrealized Gains Included in Investment Income	<u>355</u>
Balance - End of Year	<u>\$ 100,247</u>

The following table presents the classification of the Organization's investments as of December 31, 2015, 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 Securities (Equities)	\$ 1,613,724	\$ -	\$ -	\$ 1,613,724
Beneficial Interest in Designated Endowment Assets Held by Others	-	-	99,892	99,892
Fixed Income Bond Funds (Fixed Income)	<u>335,588</u>	<u>-</u>	<u>-</u>	<u>335,588</u>
Total	<u>\$ 1,949,312</u>	<u>\$ -</u>	<u>\$ 99,892</u>	<u>\$ 2,049,204</u>

At December 31, 2015, the Board-Designated Endowment on the statement of financial position included \$86,218 of cash equivalents.

**UNITED WAY OF LEE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**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, 2015 is as follows:

Balance - Beginning of the Year	\$ 124,806
Realized and Unrealized Gains/Losses Included in Investment Income	<u>(24,914)</u>
Balance - End of Year	<u>\$ 99,892</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, 2016 and 2015, the board had designated \$2,285,636 and \$2,135,422, respectively, of unrestricted net assets 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, 2016 AND 2015**

**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:

	2016	2015
Endowment Investment Assets -		
Beginning of Year	\$ 2,135,422	\$ 2,321,390
Changes in Market Value	110,976	(121,719)
Investment Earnings	57,292	78,743
Deposits to the Fund	-	-
Withdrawals from the Fund	(5,066)	(129,259)
Administrative Expenses	(12,988)	(13,733)
Endowment Investment Assets -		
End of Year	\$ 2,285,636	\$ 2,135,422

**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.

**Spending 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 3 year average balance of the Fund, as calculated to the campaign.

**UNITED WAY OF LEE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**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, 2016 and 2015. The bank depository account balance held at this financial institution at December 31, 2016 and 2015 totaled \$70,915 and \$54,548, 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, 2016 and 2015. The money market account balance held at this financial institution at December 31, 2016 and 2015 totaled \$312,658 and \$507,022, 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, 2016 and 2015. The money market account balance held at this financial institution at December 31, 2016 and 2015 was \$71,937 and \$71,829, 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, 2016 and 2015. Security donations received and deposited into this brokerage account during the years ended December 31, 2016 and 2015 totaled \$132,989 and \$149,470, respectively. The brokerage account balance held at the financial institution at December 31, 2016 and 2015 totaled \$2,530 and \$1,990, respectively.

**SUPPLEMENTARY INFORMATION**

**UNITED WAY OF LEE COUNTY, INC.  
ALLOCATIONS TO AGENCIES  
YEAR ENDED DECEMBER 31, 2016**

	Agency Allocations		
	United Way Directed	Donor Directed	Total
The Salvation Army of Lee, Hendry, and Glades Counties	\$ 441,800	\$ 3,200	\$ 445,000
SalusCare	368,392	-	368,392
Children's Advocacy Center of Southwest Florida	340,600	1,450	342,050
Abuse Counseling & Treatment Center (ACT)	326,200	-	326,200
Community Cooperative	290,000	6,176	296,176
LARC	244,500	600	245,100
Children's Home Society of Florida-Southwest Division	222,286	-	222,286
Boys & Girls Club of Lee County	222,140	-	222,140
Literacy Council of the Gulf Coast	176,000	1,000	177,000
Healthy Start Coalition of Southwest Florida	168,053	-	168,053
Boy Scouts of America Southwest Florida Council	159,500	6,500	166,000
The Sky Family YMCA	158,000	6,000	164,000
Harry Chapin Food Bank of Southwest Florida	145,345	11,850	157,195
Goodwill Industries of Southwest Florida	134,800	750	135,550
IMPACT for Developmental Education	129,000	-	129,000
Catholic Charities of Lee, Hendry, and Glades Counties	121,500	-	121,500
Good Wheels	103,067	833	103,900
Lehigh Community Services	102,600	-	102,600
Child Care of Southwest Florida	101,100	250	101,350
Alvin A Dubin Alzheimer's Resource Center	99,750	2,500	102,250
Big Brothers Big Sisters of the Suncoast	95,810	-	95,810
Lee County Legal Aid Society	90,000	-	90,000
Friendship Centers	86,500	-	86,500
AHF/ICAN	85,000	-	85,000
Early Learning Coalition of Southwest Florida	82,500	-	82,500
American Red Cross - Florida's Southern Gulf	79,000	-	79,000
AMKids Southwest Florida	77,000	-	77,000
Hope HealthCare Services	72,500	-	72,500
Lighthouse of SWFL	71,000	-	71,000
Interfaith Charities of South Lee	68,600	-	68,600
Bonita Springs Assistance Office	63,750	1,860	65,610
NAMI - Lee County	62,576	-	62,576
Dr. Piper Center for Social Services	56,000	-	56,000
Special Equestrians	51,000	750	51,750
Quality Life Center	50,000	1,000	51,000
AFCAAM	50,000	-	50,000
F.I.S.H. of Sanibel-Captiva	42,500	-	42,500
Amigos Center	42,000	2,500	44,500
Pace Center for Girls of Lee County	42,000	750	42,750
Girl Scouts of Gulfcoast Florida	37,000	-	37,000
Children's Network of SWFL	34,500	-	34,500
Subtotal	5,393,869	47,969	5,441,838

**UNITED WAY OF LEE COUNTY, INC.**  
**ALLOCATIONS TO AGENCIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2016**

	Agency Allocations		
	United Way Directed	Donor Directed	Total
Subtotal from Previous Page	\$ 5,393,869	\$ 47,969	\$ 5,441,838
Beacon of HOPE	33,000	-	33,000
Guardian Ad Litem Foundation	32,500	-	32,500
Partners for Breast Cancer Care	32,000	-	32,000
Gladiolus Learning and Development Center	27,500	-	27,500
Lutheran Services	25,000	-	25,000
Social Norming Project/The School District of Lee County	25,000	-	25,000
Other United Ways and Non-United Way Agencies	24,322	340,701	365,023
Hope Clubhouse	23,000	-	23,000
PSEP/Scholars Program, FGCU	22,000	-	22,000
Blessings in a Backpack Lee County	21,000	-	21,000
Café of Life	20,000	1,750	21,750
Lee County DHS - Triage Center	20,000	-	20,000
The Heights Center	20,000	-	20,000
Human Trafficking Awareness Partnerships	18,364	-	18,364
Bonita Springs Lions Eye Clinic	17,500	-	17,500
Our Mother's Home of Southwest Florida	16,000	2,409	18,409
New Horizons of SWFL	15,000	2,000	17,000
Lifeline Family Center	15,000	250	15,250
Epilepsy Services of Southwest Florida	15,000	-	15,000
Martha's House	15,000	-	15,000
Disabled Veterans Insurance Careers	13,770	-	13,770
Healthy Families Hendry and Glades Counties	13,000	-	13,000
Hospice of Okeechobee	13,000	-	13,000
Agape Home	12,000	-	12,000
Real Life Children's Ranch	11,000	-	11,000
Hibiscus Children's Center	10,500	-	10,500
Deaf and Hard of Hearing Center	10,000	-	10,000
Health Planning Council (Early Steps)	10,000	-	10,000
My Aunt's House	9,500	-	9,500
Children's Home Society of Florida-Treasure Coast Division	9,220	-	9,220
Home Ownership Resource Center	7,500	-	7,500
Treasure Coast Food Bank	7,000	-	7,000
Redlands Christian Migrant Association (RCMA)	6,500	-	6,500
Shared Services Network of Okeechobee County	6,400	-	6,400
Castle	6,000	-	6,000
Big Brothers Big Sisters of St. Lucie, Indian River, and Okeechobee Counties	5,000	-	5,000
211 Palm Beach Treasure Coast	4,000	-	4,000
Early Learning Coalition of Indian River, Martin, and Okeechobee Counties	3,000	-	3,000
United Cerebral Palsy	2,500	-	2,500
Southwest Florida Regional Human Trafficking Coalition	2,400	-	2,400
Hendry County Economic Development Council	2,143	-	2,143
Okeechobee Educational Foundation	2,000	-	2,000
American Red Cross - Okeechobee	1,000	700	1,700
<b>Total</b>	<b>\$ 5,998,488</b>	<b>\$ 395,779</b>	<b>\$ 6,394,267</b>