

UNITED WAY OF LEE COUNTY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

**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, 2017 and 2016, 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, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 2017 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
May 31, 2018

**UNITED WAY OF LEE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 2,307,125	\$ 1,690,905
Escrow Cash	29,702	16,421
Pledges Receivable:		
2018-2019 Campaign Less Allowance for Uncollectible Pledges of \$-0-	59,600	-
2017-2018 Campaign Less Allowance for Uncollectible Pledges of \$221,057	3,872,600	-
2016-2017 Campaign Less Allowance for Uncollectible Pledges of \$517,927 for 2017 and \$256,644 for 2016	1,008,112	4,496,018
2015-2016 Campaign Less Allowance for Uncollectible Pledges of \$502,556	-	802,510
Prepaid Expense	47,391	45,822
Donated Inventory	171,095	30,443
Due from Other Agencies	97,267	80,552
Beneficial Interest in Designated Endowment Assets Held by Others	107,253	100,247
Board-Designated Endowment	2,325,715	2,185,389
Land, Building, and Equipment, Net	<u>1,368,421</u>	<u>1,437,503</u>
Total Assets	<u>\$ 11,394,281</u>	<u>\$ 10,885,810</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Expenses	\$ 222,767	\$ 157,516
Donor Designations Payable	112,390	109,299
Deferred Revenue	-	22,767
Total Liabilities	<u>335,157</u>	<u>289,582</u>
NET ASSETS		
Unrestricted:		
Undesignated	(349,313)	(138,912)
Board-Designated Endowment	2,432,968	2,285,636
Invested in Land, Building, and Equipment	<u>1,368,421</u>	<u>1,437,503</u>
Total Unrestricted	3,452,076	3,584,227
Temporarily Restricted	<u>7,607,048</u>	<u>7,012,001</u>
Total Net Assets	<u>11,059,124</u>	<u>10,596,228</u>
Total Liabilities and Net Assets	<u>\$ 11,394,281</u>	<u>\$ 10,885,810</u>

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Annual Campaign - Current Year:			
Contributions and Pledges	\$ -	\$ 7,522,744	\$ 7,522,744
Less: Donor Designations	-	(112,390)	(112,390)
Less: Uncollectible Pledges	-	(221,057)	(221,057)
Net Campaign Revenue - Current Year	-	7,189,297	7,189,297
Annual Campaign - Prior Year:			
Contributions and Pledges	9,463,581	(7,313,324)	2,150,257
Less: Donor Designations	(676,960)	44,679	(632,281)
Less: Uncollectible Pledges	(568,184)	256,644	(311,540)
Net Campaign Revenue - Prior Year	8,218,437	(7,012,001)	1,206,436
 Total Campaign Contributions, Net	 8,218,437	 177,296	 8,395,733
 Other Income:			
In-Kind Donations	963,881	-	963,881
Rental Income	61,887	-	61,887
Program Grants	993,100	417,751	1,410,851
Investment Income	371,417	-	371,417
Total Other Income	2,390,285	417,751	2,808,036
 Total Revenue and Support	 10,608,722	 595,047	 11,203,769
EXPENSES			
Program Services:			
Agency Allocations	7,348,378	-	7,348,378
Less: Donor Designations	(676,960)	-	(676,960)
Net Agency Allocations	6,671,418	-	6,671,418
Other Allocations and Agency Relations	177,029	-	177,029
Other Program Services	1,801,151	-	1,801,151
In-Kind Distributions	816,244	-	816,244
Payments to National and State			
United Way Organizations	123,877	-	123,877
Total Program Services	9,589,719	-	9,589,719
 Support Services:			
Fundraising	604,148	-	604,148
Management and General	267,034	-	267,034
Building Expenses	279,972	-	279,972
Total Support Services	1,151,154	-	1,151,154
 Total Expenses	 10,740,873	 -	 10,740,873
 CHANGE IN NET ASSETS	 (132,151)	 595,047	 462,896
Net Assets - Beginning of Year	3,584,227	7,012,001	10,596,228
 NET ASSETS - END OF YEAR	 \$ 3,452,076	 \$ 7,607,048	 \$ 11,059,124

See accompanying Notes to Financial Statements.

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

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
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 Loss	161,195	-	161,195
Total Other Income	996,012	-	996,012
Total Revenue and Support	9,202,510	664,523	9,867,033
EXPENSES			
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
CHANGE IN NET ASSETS	(73,493)	664,523	591,030
Net Assets - Beginning of Year	3,657,720	6,347,478	10,005,198
NET ASSETS - END OF YEAR	\$ 3,584,227	\$ 7,012,001	\$ 10,596,228

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.
STATEMENTS OF TOTAL FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Salaries	\$ 1,604,207	\$ 1,523,666
Employee Benefits	315,382	275,525
Payroll Taxes	124,613	122,730
Total	<u>2,044,202</u>	<u>1,921,921</u>
Auto and Travel	15,354	23,376
Buildings Maintenance	104,652	56,284
Depreciation	111,626	113,186
Direct Assistance	376,337	199,064
Dues and Subscriptions	3,561	13,583
Insurance	45,015	44,421
Meetings	9,766	9,930
Office Supplies	83,499	80,058
Other	47,212	45,398
Postage	30,307	39,131
Printing	25,244	36,320
Professional Fees	80,688	58,702
Rent	30,940	13,495
Rental Maintenance	28,236	15,166
Telephone	52,723	49,901
Training	13,781	15,641
Utilities	<u>26,191</u>	<u>25,313</u>
Total Functional Expenses	<u>\$ 3,129,334</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, 2017

	Management and General	Fundraising	Allocations and Agency Relations	United Way 211	United Way Volunteer Center	Community Building Projects	Building Expenses	VITA	Totals
Salaries	\$ 136,712	\$ 343,758	\$ 120,221	\$ 536,334	\$ 136,154	\$ 211,933	\$ 44,580	\$ 74,515	\$ 1,604,207
Employee Benefits	27,358	66,865	23,757	105,874	26,906	41,090	8,807	14,725	315,382
Payroll Taxes	10,811	25,705	9,462	42,173	10,742	16,350	3,510	5,860	124,613
Total	174,881	436,328	153,440	684,381	173,802	269,373	56,897	95,100	2,044,202
Auto and Travel	739	4,933	1,447	2,082	2,657	2,727	-	769	15,354
Buildings Maintenance	1,361	-	-	-	-	45,836	57,455	-	104,652
Depreciation	37,953	-	-	-	-	-	73,673	-	111,626
Direct Assistance	-	-	-	376,337	-	-	-	-	376,337
Dues and Subscriptions	1,073	320	-	612	556	800	-	200	3,561
Insurance	2,663	-	-	-	-	872	41,480	-	45,015
Meetings	2,108	1,086	2,364	1,144	311	2,282	-	471	9,766
Office Supplies	9,863	23,042	8,233	2,275	18,505	8,449	310	12,822	83,499
Other	-	47,212	-	-	-	-	-	-	47,212
Postage	79	29,036	24	451	40	100	-	577	30,307
Printing	125	22,941	-	1,770	272	-	-	136	25,244
Professional Fees	26,252	32,671	7,733	9,971	860	1,277	249	1,675	80,688
Rent	-	-	-	-	-	30,940	-	-	30,940
Rental Maintenance	-	-	-	-	-	-	28,236	-	28,236
Telephone	5,584	4,579	1,963	24,164	1,683	7,854	5,805	1,091	52,723
Training	3,911	2,000	1,825	3,571	913	656	-	905	13,781
Utilities	442	-	-	-	-	9,882	15,867	-	26,191
Total Functional Expenses	<u>\$ 267,034</u>	<u>\$ 604,148</u>	<u>\$ 177,029</u>	<u>\$ 1,106,758</u>	<u>\$ 199,599</u>	<u>\$ 381,048</u>	<u>\$ 279,972</u>	<u>\$ 113,746</u>	<u>\$ 3,129,334</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	163,682	426,502	143,055	637,526	162,015	247,427	53,047	88,667	1,921,921
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 Functional Expenses	\$ 257,638	\$ 603,535	\$ 154,745	\$ 888,151	\$ 186,052	\$ 302,882	\$ 251,990	\$ 115,897	\$ 2,760,890

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue and Support:		
Campaign Contributions	\$ 8,573,908	\$ 8,038,858
Investment Income	88,426	57,772
Program Grants	1,410,851	358,543
Other Revenue	68,872	43,106
Payments and Expenses:		
Payments to Agencies	(6,668,327)	(6,029,461)
Operating Expenses	(3,077,903)	(2,755,357)
Cash Flows Provided (Used) by Operating Activities	395,827	(286,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(42,544)	(6,677)
Securities Purchases	(273,322)	(552,247)
Securities Sales	566,255	638,801
Payments from (to) Other Agencies	(29,996)	70,811
Cash Flows Provided by Investing Activities	220,393	150,688
NET INCREASE (DECREASE) IN CASH	616,220	(135,851)
Cash - Beginning of Year	1,690,905	1,826,756
CASH - END OF YEAR	\$ 2,307,125	\$ 1,690,905
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 462,896	\$ 591,030
Adjustments for Noncash Items:		
Depreciation	111,626	113,186
Provision for Uncollectible Pledges	789,241	789,693
Realized Endowment Gain	(77,466)	(9,397)
Unrealized Endowment Gain	(205,525)	(94,026)
Loss on Disposal of Fixed Assets	-	6,998
Noncash Contributions - Donated Securities	(150,268)	(132,989)
Changes in Assets and Liabilities:		
Pledges Receivable	(431,025)	(1,498,854)
Prepaid Expenses	(1,569)	(1,091)
Other Asset Accounts	(147,658)	(30,798)
Donor Designations Payable	3,091	(30,973)
Deferred Revenue	(22,767)	3,343
Accrued Expenses	65,251	7,339
Cash Flows Provided (Used) by Operating Activities	\$ 395,827	\$ (286,539)

See accompanying Notes to Financial Statements.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 – 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 – 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 – 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, 2017 and 2016.

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, 2017 AND 2016**

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 and funds allocation process. The value of the donated assets in excess of in-kind distributions is reflected as inventory in the statement of financial position.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016.

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, 2017 AND 2016**

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 May 31, 2018, 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 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, 2017 and 2016 was \$107,253 and \$100,247, respectively.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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	
	2017	2016
Marketable Equity Securities	\$ 1,884,557	\$ 1,694,141
Fixed Income Bonds	357,942	396,093
Cash Equivalents	83,216	95,155
Total	\$ 2,325,715	\$ 2,185,389

	Cost	
	2017	2016
Marketable Equity Securities	\$ 1,440,038	\$ 1,448,605
Fixed Income Bonds	359,196	403,889
Cash Equivalents	83,216	95,155
Total	\$ 1,882,450	\$ 1,947,649

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

	2017	2016
Investment Earnings	\$ 88,426	\$ 57,772
Realized Gain	77,466	9,397
Unrealized Gain (Loss)	205,525	94,026
Total	\$ 371,417	\$ 161,195

NOTE 5 LAND, BUILDING, AND EQUIPMENT

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

	2017	2016
Land	\$ 29,192	\$ 29,192
Building	2,198,533	2,184,941
Furniture and Equipment	219,946	217,246
Computers and Software	134,328	134,328
Vehicles	31,567	5,316
Total	2,613,566	2,571,023
Less: Accumulated Depreciation	(1,245,145)	(1,133,520)
Total	\$ 1,368,421	\$ 1,437,503

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 2017 campaign pledges restricted for 2018 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, 2017 and 2016, the Organization elected to make the maximum profit sharing contribution resulting in a total contribution to the plan of \$89,092 and \$80,270, respectively.

NOTE 8 GRANTS

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

	2017	2016
Help Me Grow Grant	\$ 162,354	\$ 165,473
Hendry County Building Grants	71,250	71,250
Lee County Department of Human and Veteran Services Grant	45,000	45,000
211 Navigator Grant	19,302	25,678
VITA	62,680	39,905
FEMA	8,881	6,187
Lee County EOC Grant	29,520	5,050
Storm Assistance Grants	594,113	-
Total	<u>\$ 993,100</u>	<u>\$ 358,543</u>

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 9 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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:

	Level 1	Level 2	Level 3	Total
Marketable Equity Securities	\$ 1,694,141	\$ -	\$ -	\$ 1,694,141
Beneficial Interest in Designated Endowment Assets Held by Others	-	-	100,247	100,247
Fixed Income Bonds	396,093	-	-	396,093
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:

UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

Balance - Beginning of the Year	\$ 99,892
Realized and Unrealized Gains	
Included in Investment Income	355
Balance - End of Year	<u>\$ 100,247</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, 2017 and 2016, the board had designated \$2,432,968 and \$2,285,636, 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, 2017 AND 2016**

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:

	2017	2016
Endowment Investment Assets - Beginning of Year	\$ 2,285,636	\$ 2,135,422
Changes in Market Value	299,774	110,976
Investment Earnings	82,180	57,292
Withdrawals from the Fund	(220,814)	(5,066)
Investment Management Expenses	(13,808)	(12,988)
Endowment Investment Assets - End of Year	\$ 2,432,968	\$ 2,285,636

Investment Objectives and Strategies

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

Distribution Policy

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

NOTE 11 RELATED PARTY TRANSACTIONS

The Organization maintains a bank depository account at a financial institution in which an Organization board member was an officer during the years ended December 31, 2017 and 2016. The bank depository account balance held at this financial institution at December 31, 2017 and 2016 totaled \$20,000 and \$70,915, respectively.

**UNITED WAY OF LEE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

The Organization maintains a money market account at a financial institution in which an Organization board member was an officer during the years ended December 31, 2017 and 2016. The money market account balance held at this financial institution at December 31, 2017 and 2016 totaled \$470,624 and \$312,658, 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, 2017 and 2016. The money market account balance held at this financial institution at December 31, 2017 and 2016 was \$20,025 and \$71,937, 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, 2017 and 2016. Security donations received and deposited into this brokerage account during the years ended December 31, 2017 and 2016 totaled \$150,268 and \$132,989, respectively. The brokerage account balance held at the financial institution at December 31, 2017 and 2016 totaled \$1,088 and \$2,530, respectively.

As of December 31, 2017, campaign contributions from board members totaled \$1,019,714.

**UNITED WAY OF LEE COUNTY, INC.
ALLOCATIONS TO AGENCIES
YEAR ENDED DECEMBER 31, 2017**

	Agency Allocations		
	United Way Directed	Donor Directed	Total
211 Palm Beach Treasure Coast	\$ 4,000	\$ -	\$ 4,000
Abuse Counseling & Treatment Center (ACT)	334,700	-	334,700
AFCAAM	55,000	-	55,000
Agape Home	12,000	-	12,000
AHF/ICAN	87,000	-	87,000
Alvin A Dubin Alzheimer's Resource Center	101,750	4,500	106,250
American Red Cross - Florida's Southern Gulf	28,102	3,000	31,102
Amigos Center	52,000	2,500	54,500
AMkids Southwest Florida	78,000	-	78,000
Beacon of HOPE	35,500	-	35,500
Big Brothers Big Sisters of the Suncoast	96,500	1,000	97,500
Big Brothers Big Sisters of St. Lucie, Indian River and Okeechobee Counties	5,000	-	5,000
Blessings in a Backpack Lee County	26,000	-	26,000
Bonita Springs Assistance Office	124,900	4,500	129,400
Bonita Springs Lions Eye Clinic	17,500	-	17,500
Boy Scouts of America Southwest Florida Council	164,750	15,000	179,750
Boys and Girls Club of Lee County	224,600	1,000	225,600
Café of Life	21,500	8,750	30,250
Castle	9,000	-	9,000
Catholic Charities of Lee, Hendry, and Glades Counties	122,000	1,000	123,000
Child Care of Southwest Florida	110,600	-	110,600
Children's Advocacy Center of Southwest Florida	347,100	4,250	351,350
Children's Home Society of Florida-Southwest Division	224,786	-	224,786
Children's Home Society of Florida-Treasure Coast Division	9,500	-	9,500
Children's Network of SWFL	40,000	-	40,000
Community Cooperative	403,000	11,000	414,000
Deaf and Hard of Hearing Center	10,000	-	10,000
Dr. Piper Center for Social Services	56,000	-	56,000
Early Learning Coalition of Southwest Florida	82,500	-	82,500
Early Learning Coalition of Indian River, Martin, and Okeechobee Counties	3,000	-	3,000
Epilepsy Services of Southwest Florida	18,000	-	18,000
F.I.S.H. of Sanibel-Captiva	47,500	4,325	51,825
PSEP/Scholars Program, FGCU	22,500	-	22,500
Friendship Centers	103,260	-	103,260
Girl Scouts of Gulfcoast Florida	27,000	780	27,780
Gladiolus Learning and Development Center	27,500	-	27,500
Good Wheels	103,567	-	103,567
Goodwill Industries of Southwest Florida	135,800	2,750	138,550
Guardian Ad Litem Foundation	32,500	-	32,500
Harry Chapin Food Bank of Southwest Florida	150,345	32,000	182,345
Health Planning Council (Early Steps)	15,000	-	15,000
Healthy Families Hendry and Glades Counties	13,000	-	13,000
Subtotal	3,582,260	96,355	3,678,615

**UNITED WAY OF LEE COUNTY, INC.
 ALLOCATIONS TO AGENCIES (CONTINUED)
 YEAR ENDED DECEMBER 31, 2017**

	Agency Allocations		
	United Way Directed	Donor Directed	Total
Subtotal from Previous Page	\$ 3,582,260	\$ 96,355	\$ 3,678,615
Healthy Start Coalition of Southwest Florida	163,376	-	163,376
Healthy Start Coalition of Okeechobee	2,000	-	2,000
Hibiscus Children's Center	12,000	-	12,000
Home Ownership Resource Center	7,500	-	7,500
Hope Clubhouse	23,000	-	23,000
Hope HealthCare Services	72,500	11,000	83,500
Hospice of Okeechobee	13,000	-	13,000
Human Trafficking Awareness Partnerships	25,760	-	25,760
IMPACT for Developmental Education	134,000	-	134,000
Interfaith Charities of South Lee	93,600	-	93,600
LARC	249,500	3,100	252,600
Lee County DHS - Triage Center	85,000	-	85,000
Lee County Legal Aid Society	90,000	-	90,000
Lehigh Community Services	185,900	-	185,900
Lifeline Family Center	16,000	5,043	21,043
Lighthouse of SWFL	72,500	-	72,500
Literacy Council of the Gulf Coast	181,500	-	181,500
Lutheran Services	25,000	-	25,000
Martha's House	15,000	-	15,000
Meals of Hope	30,210	-	30,210
My Aunt's House	9,750	-	9,750
NAMI - Lee County	66,760	-	66,760
New Horizons of SWFL	30,000	3,000	33,000
Okeechobee Educational Foundation	2,000	-	2,000
Our Mother's Home of Southwest Florida	18,500	-	18,500
Pace Center for Girls of Lee County	44,100	4,000	48,100
Partners for Breast Cancer Care	37,000	-	37,000
Project Dentists Care	49,000	-	49,000
Quality Life Center	50,000	1,500	51,500
Real Life Children's Ranch	11,000	-	11,000
Redlands Christian Migrant Association (RCMA)	22,000	-	22,000
SalusCare	363,393	-	363,393
Shared Services Network of Okeechobee County	6,400	-	6,400
Social Norming Project/The School District of Lee County	25,000	-	25,000
Southwest Florida Regional Human Trafficking Coalition	2,460	-	2,460
Special Equestrians	36,000	750	36,750
The Heights Center	25,000	-	25,000
The Lee County Coalition for Drug-Free SWFL	4,000	-	4,000
The Salvation Army of Lee, Hendry, and Glades	511,800	12,465	524,265
The Sky Family YMCA	167,000	14,000	181,000
Treasure Coast Food Bank	8,000	-	8,000
United Cerebral Palsy	3,500	-	3,500
Wellfit Girls Program	5,000	-	5,000
Other United Ways and Non-United Way Agencies	94,150	525,747	619,897
Total	<u>\$ 6,671,418</u>	<u>\$ 676,960</u>	<u>\$ 7,348,379</u>