

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

(WITH SUMMARIZED COMPARATIVE INFORMATION
AS OF AND FOR YEAR ENDED MARCH 31, 2019)

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

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Fred B. Dees, C.PA.
Fred B. Dees, Jr., C.PA.

INDEPENDENT AUDITORS' REPORT

**The Board of Directors
United Way of Charlotte County, Inc. and Related Entity
Port Charlotte, Florida**

We have audited the accompanying consolidated financial statements of **United Way of Charlotte County, Inc. and Related Entity**, which comprise of the consolidated statement of financial position as of **March 31, 2020**, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U. S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 organization'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

United Way of Charlotte County, Inc. and Related Entity

September 27, 2020

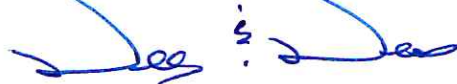
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **United Way of Charlotte County, Inc. and Related Entity** as of **March 31, 2020**, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited **United Way of Charlotte County, Inc.'s March 31, 2020** financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended **March 31, 2019** is consistent, in all material respects, with the audited financial statements from which it has been derived.



DEES & DEES, C.P.A.'s, P.A.

Port Charlotte, Florida

September 27, 2020

FINANCIAL STATEMENTS

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2020

(with comparative financial information as of March 31, 2019)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 655,605	\$ 584,221
Pledges receivable – net allowance for uncollectible pledges	189,890	230,101
Prepaid expenses	1,774	1,445
Foundation Endowment Investments	<u>368,069</u>	<u>395,327</u>
Total Current Assets	<u>1,215,338</u>	<u>1,211,094</u>
<u>Noncurrent Assets</u>		
Property and equipment – net of accumulated depreciation	<u>469,971</u>	<u>488,965</u>
Total Noncurrent Assets	<u>469,971</u>	<u>488,965</u>
Total Assets	<u>\$ 1,685,309</u>	<u>\$ 1,700,059</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts and taxes payable	\$ 667	\$ 1,190
Deferred revenue	950	-
Accrued agency allocations	289,253	300,000
Grants payable	325,000	325,000
Security deposits	1,950	2,000
Current maturities of long-term debt	<u>28,479</u>	<u>26,979</u>
Total Current Liabilities	<u>646,299</u>	<u>655,169</u>
<u>Long Term Liabilities</u>		
Long-term debt – net of current maturities	<u>258,813</u>	<u>286,998</u>
Total Long Term Liabilities	<u>258,813</u>	<u>286,998</u>
Total Liabilities	905,112	942,167
<u>Net Assets</u>		
Without donor restrictions	321,533	347,882
With donor restrictions - Operations	90,595	14,683
With donor restrictions - Foundation	<u>368,069</u>	<u>395,327</u>
Total Net Assets	<u>780,197</u>	<u>757,892</u>
Total Liabilities and Net Assets	<u>\$ 1,685,309</u>	<u>\$ 1,700,059</u>

Read Independent Auditors' Report

The accompanying notes are an integral part of this statement.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MARCH 31, 2020
(with comparative financial information for year ended March 31, 2019)

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS - WITHOUT DONOR RESTRICTIONS		
<u>REVENUES:</u>		
Contributions	\$ 680,627	\$ 729,582
Grants from local governments	677,500	677,500
Donated services	133,492	171,132
Investment return, Net	396	1,018
Other income	10	40
Rental income	<u>4,775</u>	<u>11,136</u>
Total Unrestricted Revenues	<u>1,496,800</u>	<u>1,590,408</u>
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>274,781</u>	<u>250,568</u>
Total Revenues and Reclassifications	<u>1,771,581</u>	<u>1,840,976</u>
 <u>EXPENSES:</u>		
Program services	1,593,245	1,617,930
Management and general	129,976	131,139
Fundraising	<u>74,709</u>	<u>75,533</u>
Total Expenses	<u>1,797,930</u>	<u>1,824,602</u>
Change in Net Assets without Donor Restrictions	<u>(26,349)</u>	<u>16,374</u>
 CHANGES IN NET ASSETS - WITH DONOR RESTRICTIONS		
Contributions	342,315	251,584
Investment return, Net	(18,880)	18,862
Net assets released from restrictions	<u>(274,781)</u>	<u>(250,568)</u>
Change in Net Assets with Donor Restrictions	<u>48,654</u>	<u>19,878</u>
 TOTAL CHANGE IN NET ASSETS	22,305	36,252
 NET ASSETS AT THE BEGINNING OF FISCAL YEAR	<u>757,892</u>	<u>721,640</u>
 NET ASSETS AT THE END OF FISCAL YEAR	<u>\$ 780,197</u>	<u>\$ 757,892</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED MARCH 31, 2020
(with summarized comparative financial information for year ended March 31, 2019)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
COMPENSATION AND RELATED EXPENSES					
Salaries	\$ 109,957	\$ 49,980	\$ 39,984	\$ 199,921	\$ 185,629
Employee benefits	16,632	7,560	6,048	30,240	40,024
Payroll taxes	<u>8,366</u>	<u>3,803</u>	<u>3,042</u>	<u>15,211</u>	<u>14,772</u>
Total compensation and related expenses	<u>134,955</u>	<u>61,343</u>	<u>49,074</u>	<u>245,372</u>	<u>240,425</u>
ALLOCATIONS AND CONTRIBUTIONS					
Agency allocation payment	289,253	-0-	-0-	289,253	300,000
Designations	4,563	-0-	-0-	4,563	2,291
Grants	944,902	-0-	-0-	944,902	918,113
Donated services	133,492	-0-	-0-	133,492	171,132
Other allocations	<u>619</u>	<u>-0-</u>	<u>-0-</u>	<u>619</u>	<u>-0-</u>
Total allocations and contributions	<u>1,372,829</u>	<u>-0-</u>	<u>-0-</u>	<u>1,372,829</u>	<u>1,391,536</u>
OCCUPANCY					
Building loan interest	11,856	4,235	847	16,938	18,344
Property insurance	842	301	60	1,203	1,128
Property taxes	138	49	10	197	197
Rental expenses	1,942	693	139	2,774	309
Repairs and maintenance	7,440	2,658	532	10,630	8,345
Utilities	<u>4,004</u>	<u>1,430</u>	<u>286</u>	<u>5,720</u>	<u>6,028</u>
Total occupancy expenses	<u>26,222</u>	<u>9,366</u>	<u>1,874</u>	<u>37,462</u>	<u>34,351</u>
ADMINISTRATION					
Office expense	3,543	9,210	1,417	14,170	13,725
Professional fees	3,732	11,202	-0-	14,934	13,025
Professional development	-0-	555	-0-	555	1,352
Marketing and advertising	6,496	5,567	6,495	18,558	23,318
Event sponsorship	-0-	-0-	9,773	9,773	11,954
Taxes, licenses and permits	-0-	350	-0-	350	498
Program expense	30,518	-0-	-0-	30,518	37,185
Dues and subscriptions	-0-	17,857	4,464	22,321	25,127
Insurance	<u>1,654</u>	<u>992</u>	<u>662</u>	<u>3,308</u>	<u>3,884</u>
Total administrative expenses	<u>45,943</u>	<u>45,733</u>	<u>22,811</u>	<u>114,487</u>	<u>130,068</u>
OTHER EXPENSES					
Bank and investment fees	-0-	7,012	-0-	7,012	6,745
Depreciation expense	13,296	4,748	950	18,994	19,106
Travel	<u>-0-</u>	<u>1,774</u>	<u>-0-</u>	<u>1,774</u>	<u>2,371</u>
Total other expenses	<u>13,296</u>	<u>13,534</u>	<u>950</u>	<u>27,780</u>	<u>28,222</u>
Total functional expenses	<u>\$1,593,245</u>	<u>\$ 129,976</u>	<u>\$ 74,709</u>	<u>\$1,797,930</u>	<u>\$1,824,602</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED MARCH 31, 2020

(with summarized comparative financial information for year ended March 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	\$ 22,305	\$ 36,252
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	18,994	19,106
Investment change, Net	27,258	(16,817)
(Increase) decrease in operating assets:		
Pledges receivable, Net	40,211	12,099
Prepaid expenses	(329)	(10)
Increases (decrease) in operating liabilities:		
Accounts payable	(523)	(2,553)
Deferred revenue	950	-0-
Grants payable	(10,747)	(7,706)
Security deposits	<u>(50)</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>98,069</u>	<u>40,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	<u>-0-</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>-0-</u>	<u>-0-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Mortgage principal payments	<u>(26,685)</u>	<u>(25,279)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(26,685)</u>	<u>(25,279)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,384	15,092
CASH AND CASH EQUIVALENTS – AT BEGINNING OF FISCAL YEAR	<u>584,221</u>	<u>569,129</u>
CASH AND CASH EQUIVALENTS – AT END OF FISCAL YEAR	<u>\$ 655,605</u>	<u>\$ 584,221</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

(with summarized comparative information as of and for the year ended March 31, 2019)

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities

United Way of Charlotte County, Inc. (“United Way”) was incorporated as a Florida not-for-profit corporation on March 18, 1966. The United Way is affiliated with the United Way of America and its mission is “to enhance the quality of life in Charlotte County; to assess, on a continuing basis, the need for human service programs; to seek solutions to human problems; to assist in the development of new or expansion or modification of existing human service programs; to promote preventive activities, and foster cooperation among local, state and national agencies serving the community.” The United Ways’ support comes primarily from business and individual donors’ contributions and volunteer services.

United Way Foundation of Charlotte County, Inc. (the “Foundation”) was incorporated as a Florida not-for-profit Corporation on October 17, 2016. The Foundation is organized and operated solely and exclusively to support and benefit the United Way of Charlotte County, Inc. under an operating agreement. The Foundation is a consolidated related entity.

Principles of Consolidation

The consolidated financial statements include the accounts of United Way of Charlotte County, Inc. and United Way Foundation of Charlotte County, Inc. (collectively, the Organization) and have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All significant intercompany account balances and transactions have been eliminated in consolidation.

Basis of Presentation

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

Net Assets without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

(with summarized comparative information as of and for the year ended March 31, 2019)

Note 1 – Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Annual United Way campaign contributions are generally available for unrestricted use unless restricted by the donor. Unconditional pledges are reflected as current contributions. The majority of pledges are received from Charlotte County business entities, employees of those businesses through payroll deduction plans and direct contributions by individuals. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible receivables at fiscal year end.

Donated Investments and Property and Equipment

Donated marketable securities and other non-cash donations are recorded as contributions at the estimated fair values at the date of donation.

Donated Services

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received more than 4,710 and 6,712 volunteer hours during 2020 and 2019, respectively. For the years ended March 31, 2020 and 2019 the Organization recorded donated services of \$133,492 and \$171,132, respectively.

Cash Equivalents

The Organization considers all monies in banks and unrestricted highly liquid investments if any, with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization reports investments in marketable securities with readily determinable fair values and all other investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization has adopted an investment policy to grow this fund so that the annual earnings will cover the annual operating expenses. The Organization's policies adhere to Florida's Uniform Management of Institutional Funds Act which has been updated to conform to a majority of the National Uniform Prudent Management of Institutional Funds Act of 2006.

Property and Equipment

Property and equipment are recorded at cost when purchased or at estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

(with summarized comparative information as of and for the year ended March 31, 2019)

Note 1 – Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk currently include cash, pledges receivables and various investments.

The Organization maintains its cash in accounts at financial institutions in Charlotte County, Florida. Accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At various times during the year, the Organization’s balances in the accounts may exceed the federally insured limits; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents. At March 31, 2020 the Organization exceeded FDIC limits by \$76,048.

Accounts with a financial services company consisted of interest-bearing cash investment accounts, stocks and mutual funds. Accounts at the financial services company are insured by the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. The Organization’s investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The United Way received an estimated 23% of its total campaign pledge revenue for the fiscal year ended March 31, 2019 from a major corporate contributor. For the fiscal year ended March 31, 2020 the major contributor reduced their pledge amount by 24%. This reduction is reflected within the financials as a reduction in the pledge receivables. Management does not feel there will be any additional reductions in the foreseeable future. Management has made adjustments in the operations and agency allocations for this reduction. However, further reductions in amounts received from this contributor, or in pledge contribution revenue in general, could result in additional reductions of amounts available for agency allocations.

Income Taxes

The United Way is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(3).

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2020

(with summarized comparative information as of and for the year ended March 31, 2019)

Note 1 – Summary of Significant Accounting Policies (Continued)

Income Taxes (Cont.)

The Foundation is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contributions deduction under Section 170(1)(A) and has been classified as a “Type 1” supporting organization under Section 509(a)(3).

The Organization adopted Accounting Standards Codification ASC 740-10, *Income Taxes* as it relates to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. Currently the 2015, 2016, and 2017 tax years are open and subject to examination by the Internal Revenue Services. However, the Organization is not currently under audit nor has the Organization been contacted by any tax jurisdiction.

Based on an evaluation of the Organization’s tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended March 31, 2020 and 2019.

Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized consolidated financial information for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended March 31, 2019 from which the summarized information was derived.

Reclassifications

Certain reclassifications of 2019 amounts have been made to conform to the 2020 presentation.

Subsequent Events

The Organization has evaluated subsequent events and transactions after March 31, 2020 through September 27, 2020, the date the consolidated financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents and Certificates of Deposit

Cash included the following at March 31, 2020 and 2019:

	2020	2019
Petty Cash	\$ -0-	\$ -0-
Checking Accounts	326,048	257,477
Money Market Funds	329,557	326,744
	<u>\$ 655,605</u>	<u>\$ 584,221</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2020

(with summarized comparative information as of and for the year ended March 31, 2019)

Note 3 – Pledges Receivable

Pledges receivable basically relate to the Organization’s annual campaign. The allowance for uncollectible pledges is determined by management based primarily on historical collection experience. Pledges receivable and the allowance for uncollectible pledges at March 31, 2020 and 2019 are summarized as follows:

	Gross Pledges Receivable	Allowance for Uncollectible Pledges	Net Pledges Receivable
At March 31, 2020	\$ 192,890	\$ 3,000	\$ 189,890
At March 31, 2019	\$ 233,101	\$ 3,000	\$ 230,101

Note 4 – Foundation Endowment Fund

United Way of Charlotte County established an Endowment Fund in 2003. The United Way Board adopted goal was to grow this fund so that the annual earnings will cover the annual operating expenses.

On July 20, 2017, under an operating agreement between United Way and the Foundation, the Endowment Funds were transferred to the Foundation. The Endowment Funds will be invested and reinvested in accordance with the investment policies of the Foundation approved by their board on April 10, 2018. The stated objective is to moderately grow capital and reasonably seek to preserve principal of the fund, as well as, the purchasing power of the fund’s income and principal after inflation.

Annual spending from the Foundation Fund shall not exceed 5% of the average portfolio value over the prior three years, using December 31 valuations, unless otherwise recommended by the donor for donor advised funds.

Note 5 – Property and Equipment

Property and equipment at March 31, 2020 is summarized as follows:

	Estimated Life (Years)	Cost or Basis	Accumulated Depreciation	Net Book Value
Office building	15	\$ 671,963	\$ (202,784)	\$ 469,179
Furniture & fixtures	5 – 7	14,432	(14,313)	119
Computer hardware	5	14,697	(14,485)	212
Computer software	3 – 5	3,800	(3,800)	-0-
Leasehold improvements	15	9,700	(9,239)	461
		<u>\$ 714,592</u>	<u>\$ (244,461)</u>	<u>\$ 469,971</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2020

(with summarized comparative information as of and for the year ended March 31, 2019)

Note 5 – Property and Equipment (Cont.)

Property and equipment at March 31, 2019 is summarized as follows:

	Estimated Life (Years)	Cost or Basis	Accumulated Depreciation	Net Book Value
Office building	15	\$ 671,963	\$(185,554)	\$ 486,409
Furniture & fixtures	5 – 7	14,432	(13,833)	599
Computer hardware	5	14,697	(13,848)	849
Computer software	3 – 5	3,800	(3,800)	-0-
Leasehold improvements	15	9,700	(8,592)	1,108
		<u>\$ 714,592</u>	<u>\$ (225,627)</u>	<u>\$ 488,965</u>

Depreciation of \$18,994 and \$19,106 for the fiscal years ended March 31, 2020 and 2019, respectively, was charged entirely to expense.

Note 6 – Long Term Debt

On June 25, 2008, the Organization obtained a commercial mortgage related to its purchase of the office building in the Murdock Professional Center. This commercial mortgage is for \$510,000 and is secured by the building. The note is a 20 year mortgage at a fixed interest rate of 5.52%, with a monthly payment of \$3,635 including principal and interest.

Principal maturities of the mortgage payable during the next five years and thereafter are estimated as follows:

Year ended March 31, 2021	\$ 28,479
Year ended March 31, 2022	30,126
Year ended March 31, 2023	31,813
Year ended March 31, 2024	33,615
Year ended March 31, 2025	35,518
March 31, 2026 and thereafter	<u>127,741</u>
	<u>\$ 287,292</u>

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions at March 31, 2020 and 2019 include the following:

	2020	2019
Publix Assistance	\$ 11,973	\$ 7,667
Season of Sharing	78,622	7,016
Foundation	<u>368,069</u>	<u>395,327</u>
	<u>\$ 458,664</u>	<u>\$ 410,010</u>

Note 8 – Pension Plan

The Organization offers employees, who meet certain eligibility requirements, a pension arrangement. The Organization's contributions are based on 7% of an employee's salary. The Organization's pension expense for the fiscal years ended March 31, 2020 and 2019 was \$8,358 and \$7,981, respectively.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2020

(with summarized comparative financial information as of and for the year ended March 31, 2019)

Note 9 – Commitments

One of the purposes of the Organization is to provide funding to eligible charities and community agencies for the benefit of Charlotte County citizens. The Organization's allocation committee reviews requests for such funding and recommends funding amounts to the Organization's board of directors. The approved funding to eligible charities and community agencies is generally paid on a monthly basis during the subsequent fiscal year. The accrued agency allocations of \$289,253 at March 31, 2020 will be paid from April 2020 to March 2021. The accrued agency allocations of \$300,000 at March 31, 2019, were paid from April 2019 to March 2020.

For the fiscal year ended March 31, 2019, the Organization received and was committed to allocate grant funds totaling \$27,500 from the City of Punta Gorda and \$650,000 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2020, \$352,500 of this was paid out and the remaining \$325,000 is recorded as a grant payable at March 31, 2020. For the fiscal year ended March 31, 2019 the Organization received and was committed to allocate grant funds totaling \$27,500, from the City of Punta Gorda and \$650,000 from Charlotte County, to eligible charities and community agencies for the benefit of Charlotte County citizens. As of March 31, 2019, \$352,500 of this was paid out, and the remaining \$325,000 was recorded as a grant payable at March 31, 2019.

Note 10 – Statement of Cash Flows

The Organization did not participate in any non-cash investing and financing activities during the fiscal years ended March 31, 2020 and 2019 and no payments relating to income taxes were made during these fiscal years. During the fiscal years ended March 31, 2020 and 2019, payments made for interest expense totaled \$16,938 and \$18,344 respectively.

Note 11 – Fair Value Measurements

Financial Accounting Standards Codification (ASC) 820-10-50, *Fair Value Measurements and Disclosures*, 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 under ASC 820-10-50 are described below:

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 included:

- 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.

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2020

(with summarized comparative financial information as of and for the year ended March 31, 2019)

Note 11 – Fair Value Measurements (Cont.)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's 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 used need to 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 and liabilities measured at fair value. There have been no changes in the methodologies used at March 31, 2019.

Mutual Funds: Valued at the net asset value ("NAV") of the shares held at year end.

Equity Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

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 with other market participants, the use of different methodologies or 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 financial instruments at fair value as of March 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 11,944	\$ -0-	\$ -0-	\$ 11,944
Mutual Funds	140,478	-0-	-0-	140,478
Equity Securities	<u>215,647</u>	<u>-0-</u>	<u>-0-</u>	<u>215,647</u>
Total Investments at Fair Value	<u>\$ 368,069</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 368,069</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's financial instruments at fair value as of March 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 11,151	\$ -0-	\$ -0-	\$ 11,151
Mutual Funds	151,078	-0-	-0-	151,078
Equity Securities	<u>233,098</u>	<u>-0-</u>	<u>-0-</u>	<u>233,098</u>
Total Investments at Fair Value	<u>\$ 395,327</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 395,327</u>

UNITED WAY OF CHARLOTTE COUNTY, INC. AND RELATED ENTITY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2020

(with summarized comparative financial information as of and for the year ended March 31, 2019)

Note 12 – Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that is it able to meet its operating needs and other commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expense without limitations.

Cash	\$ 655,605
Pledges receivable, Net	189,890
Foundation Endowment Investments	<u>368,069</u>
	1,213,564
Less:	
Net assets with donor restrictions	
Publix Assistance	(11,973)
Season of Sharing	(78,622)
Foundation Endowment	<u>(368,069)</u>
Net Financial Assets	<u>\$ 754,900</u>