

UNITED WAY OF SUWANNEE VALLEY, INC.

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

UNITED WAY OF SUWANNEE VALLEY, INC.

FINANCIAL REPORT

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BASIC FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Suwannee Valley, Inc.
Lake City, Florida

We have audited the accompanying financial statements of the United Way of Suwannee Valley, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness or significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Suwannee Valley, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2020, on our consideration of United Way of Suwannee Valley, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Suwannee Valley's internal control over financial reporting and compliance.



POWELL & JONES

Certified Public Accountants

September 1, 2020

UNITED WAY OF SUWANNEE VALLEY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Current assets

Cash	\$	376,738
Cash, invested		407,106
Cash restricted		27,498
Contributions receivable, net		131,115
Accounts receivable		3,343
Grants receivable		121,702
Prepaid expenses		5,326
Deposits		295
Total current assets		<u>1,073,123</u>

Long term assets

Building		385,000
Building improvements		82,214
Equipment		63,563
Less: accumulated depreciation		<u>(104,003)</u>
Total long term assets		<u>426,774</u>
Total assets	\$	<u><u>1,499,897</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$	888
Accrued expenses		33,314
Accrued compensated absences		3,462
PPP loan payable		68,000
Due to State		3,673
Total current liabilities		<u>109,337</u>

Long term liabilities

Accrued compensated absences		<u>10,386</u>
Total long term liabilities		<u>10,386</u>
Total liabilities		<u>119,723</u>

NET ASSETS

Without donor restrictions		1,262,803
With donor restrictions		<u>117,371</u>
Total net assets		<u>1,380,174</u>
Total liabilities and net assets	\$	<u><u>1,499,897</u></u>

UNITED WAY OF SUWANNEE VALLEY, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND OTHER SUPPORT			
Campaign revenue, net	\$ 414,027	\$ -	\$ 414,027
Governmental grants	846,452	-	846,452
Other grants	74,169	44,520	118,689
Investment income	2,998	-	2,998
Fundraising	1,337	-	1,337
Events	6,275	-	6,275
Rental income	8,443	-	8,443
Miscellaneous income	47,551	-	47,551
Total revenue and other support	<u>1,401,252</u>	<u>44,520</u>	<u>1,445,772</u>
EXPENSES			
Program services	1,253,147	55,534	1,308,681
Supporting services	98,234	-	98,234
Total expenses	<u>1,351,381</u>	<u>55,534</u>	<u>1,406,915</u>
Change in net assets	49,871	(11,014)	38,857
Net assets, beginning of year	<u>1,212,932</u>	<u>128,385</u>	<u>1,341,317</u>
Net assets, end of year	<u>\$ 1,262,803</u>	<u>\$ 117,371</u>	<u>\$ 1,380,174</u>

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Program Services							
	United Way Community Service	HUD HMIS	Emergency Solutions Grant	Continuum of Care Planning	Homeless Services Network	Coordinated Entry	Rapid Rehousing	Challenge Grant
Personnel services								
Salaries and wages	\$ 44,950	\$ 10,810	\$ 35,000	\$ 11,260	\$ 67,617	\$ 49,949	\$ 16,675	\$ 26,038
Employee benefit	14,835	3,238	13,861	2,475	18,415	9,306	6,977	10,762
Payroll taxes	2,461	898	2,615	829	5,869	5,322	1,446	2,282
Total personnel services	62,246	14,946	51,476	14,564	91,901	64,577	25,098	39,082
Operating expenses								
Grant expense	42,481	-	202,220	-	60	-	38,820	67,338
Distributions	-	-	-	-	-	-	-	-
Supplies	1,480	-	141	-	2,240	487	309	237
Telephone	1,665	-	390	-	992	115	219	730
Postage and shipping	526	-	55	-	55	-	-	65
Insurance	1,205	-	566	-	1,131	314	504	1,164
Rental and maintenance of equipment	4,866	17,000	500	-	3,040	1,234	434	2,325
Occupancy	4,370	-	551	-	1,957	380	439	1,696
Printing and publications	1,176	-	-	-	-	-	-	-
Travel/training	2,134	-	12	-	801	-	19	143
Conferences, conventions and meetings	42	-	325	-	1,849	325	-	325
Professional fees	3,625	800	800	150	881	800	800	800
Membership dues	4,123	-	653	-	623	21	462	1,863
Miscellaneous	664	-	-	-	336	-	10	145
Total operating expenses	68,357	17,800.00	206,213	150	13,965	3,676	42,016	76,831
Total expenses before depreciation	130,603	32,746	257,689	14,714	105,866	68,253	67,114	115,913
Depreciation	5,035	-	369	-	1,130	234	448	1,304
Total expenses	\$ 135,638	32,746	\$ 258,058	\$ 14,714	\$ 106,996	\$ 68,487	\$ 67,562	\$ 117,217

UNITED WAY OF SUWANNEE VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Program Services						Supporting Services	Totals
	Homeless Prevention	PATH	Reading Pals	Anonymous Grant	Emergency Food & Shelter Program	Agency Funding	General and Administrative	
Personnel services								
Salaries and wages	\$ 12,208	\$ 64,216	\$ 29,626	\$ -	\$ 345	\$ -	\$ 32,550	\$ 401,244
Employee benefit	5,603	14,277	1,315	-	-	-	10,743	111,807
Payroll taxes	1,055	6,200	2,930	-	26	-	1,782	33,715
Total personnel services	18,866	84,693	33,871	-	371	-	45,075	546,766
Operating expenses								
Grant expense	16,435	10,242	2,504	1,200	7,450	-	30,761	419,511
Distributions	-	-	-	-	-	286,666	-	286,666
Supplies	-	1,251	2,012	-	-	-	1,072	9,229
Telephone	10	3,707	838	-	-	-	1,206	9,872
Postage and shipping	-	75	1	-	-	-	381	1,158
Insurance	99	1,821	1,709	-	-	-	873	9,386
Rental and maintenance of equipment	31	2,845	1,966	-	12	-	3,524	37,777
Occupancy	44	2,594	2,375	-	-	-	3,164	17,570
Printing and publications	-	-	1,658	-	-	-	851	3,685
Travel/training	-	3,703	2,833	-	84	-	1,548	11,277
Conferences, conventions and meetings	-	598	192	-	-	-	30	3,686
Professional fees	800	800	800	-	-	-	2,625	13,681
Membership dues	20	3,660	2,750	-	-	-	2,985	17,160
Miscellaneous	-	1,628	10	-	-	-	493	3,286
Total operating expenses	17,439	32,924	19,648	1,200	7,546	286,666	49,513	843,944
Total expenses before depreciation	36,305	117,617	53,519	1,200	7,917	286,666	94,588	1,390,710
Depreciation	29	1,995	2,015	-	-	-	3,646	16,205
Total expenses	\$ 36,334	\$ 119,612	\$ 55,534	\$ 1,200	\$ 7,917	\$ 286,666	\$ 98,234	\$1,406,915

UNITED WAY OF SUWANNEE VALLEY, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Support and revenues collected	
Campaign revenue, net	\$ 428,458
Government grants	850,632
Other grants	118,689
Investment income	2,998
Fundraising	1,337
Events	6,275
Rental income	8,443
Miscellaneous income	47,373
Payments for expenses	
Compensation and related benefits	(522,027)
Suppliers and charitable expenses	(861,520)
Net cash provided by operating activities	<u>80,658</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from PPP loan	68,000
Acquisition and construction of capital assets	(10,323)
Net cash provided by financing activities	<u>57,677</u>

Net increase in cash and cash equivalents 138,335

Cash and cash equivalents, beginning of year 673,007

Cash and cash equivalents, end of year \$ 811,342

Cash and cash equivalents, classified as

Current assets	\$ 783,844
Restricted assets	27,498
Total cash and cash equivalents	<u>\$ 811,342</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	<u>\$ 38,857</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,205
Decrease in prepaid expenses and deposits	2,410
Decrease in contributions receivable	14,431
Decrease in accounts receivable	(2,588)
Decrease in due from governments	4,180
Decrease in due to governments	444
Decrease in accounts payable	(18,020)
Increase in accrued expenses	15,434
Increase in compensated absences	9,305
Total adjustments	<u>41,801</u>
Net cash provided by operating activities	<u>\$ 80,658</u>

UNITED WAY OF SUWANNEE VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Suwannee Valley, Inc. (the Organization) is a non-profit voluntary health and welfare organization that receives funding in the form of contributions from individuals and businesses and intergovernmental grants. The Organization provides funds to approved health and welfare organizations, and through grant funding, aids needy individuals in the Suwannee Valley Basin which includes Columbia, Suwannee, Lafayette and Hamilton counties.

As part of the Organization's commitment to community excellence and measurable impact, the Organization is guided by United Way Worldwide's Standards of Excellence. These standards are designed to enhance the effectiveness of the approximately 1,800 United Way affiliates in 41 countries through shared best practices and benchmarks. The Organization is certified in compliance with all Membership Requirements, including compliance in the areas of governance, accounting standards and presentation. The United Way of Suwannee Valley is governed by its own volunteer of Board of Directors and pays annual dues to United Way Worldwide based upon campaign results. Annual dues to United Way Worldwide totaled \$13,264.

Basis of Presentation

The financial statements of United Way of Suwannee Valley, Inc. (the Organization) have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards (FASB) Accounting Standards Codification (ASC), dated August, 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA). "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All assets and all liabilities associated with the operation of the Organization are included on the Statement of Financial Position.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and /or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor-stipulations that limit the use of the donated assets.

When a restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support. Donations of property and equipment are recorded as support at their estimated fair value at the end date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of cash in banks in the form of checking and money market funds. United Way places its cash with high quality financial institutions which cash balances, at times, may exceed federally insured limits. United Way has not experienced any losses on such accounts. Temporarily restricted cash of \$27,498 was held at June 30, 2020 for a building fund.

Deferred Revenue

The Organization reports deferred revenue, if applicable, on its statement of financial position. Deferred revenues arise when resources are received by the Organization before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Organization has a legal claim to due resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

Property and Equipment

Capital items consist of land, building improvements, equipment and furnishings. Such items have been capitalized if purchase cost is greater than \$500. Donated items have been capitalized at fair market value at time of donation. Depreciation is recognized using the straight-line method over their estimated useful lives.

Accrued Compensated Absences

The Organization accrues accumulated unpaid vacation leave when earned by the employee.

Revenue Recognition

The Organization's primary revenue is derived from campaign contributions and grant contracts. These revenues are recognized on the accrual basis.

Contributed Services and Facilities

During the year ended June 30, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded in the

financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in planning and conducting United Way affairs. Approximately 1201 in volunteer time was donated by various individuals. These either gave their time/services voluntarily or they were required to volunteer under a community service court-order or to fulfill a graduation requirement. This amount does not meet the criteria for recognition in the financial statements and accordingly has not been recorded.

Income Taxes

The Organization is not a private foundation and is exempt from income tax under Internal Revenue Code section 501(c)(3). As such no provision for income tax is reflected in these financial statements. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax," with the Internal Revenue Service. The returns for 2020, 2019 and 2018 are subject to review and adjustment by the Internal Revenue Service.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operation and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment, contributions, financing costs, and other activities considered to be of a more unusual nonrecurring nature.

NOTE 2. PROMISES TO GIVE (CONTRIBUTIONS) RECEIVABLE

Contributions receivable at June 30, 2020, consist of the following:

	<u>Without donor Restrictions</u>
2019-20 Campaign Year	\$ 158,850
Less allowance for uncollectible pledges	(27,735)
	<u>\$ 131,115</u>

All amounts are due within one year. Contributions receivable are stated at fair value utilizing significant unobservable inputs (level 3 of the fair value hierarchy).

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Cost</u>	<u>Years</u>
Furniture and equipment	\$ 63,563	5
Building and building improvements	467,214	40
Less accumulated depreciation	<u>(104,003)</u>	
	<u>\$ 426,774</u>	

Depreciation expense for the year was \$16,205.

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist for the following purposes as of June 30, 2020:

Subject to expenditure for specified purpose:

Grants		
Early learning support	\$	89,873
Improvements		
Building funds		<u>27,498</u>
Total net assets with donor restrictions	\$	<u>117,371</u>

NOTE 5. PENSION PLAN AND OTHER BENEFITS

Eligible full time employees receive a benefit stipend of \$50 per pay period totaling \$1,300 annually, which they can opt to use for medical benefits or contributions to the retirement plan.

The Organization has adopted a tax sheltered retirement plan exempt under Section 403(b) of the Internal Revenue Code. The plan is considered a supplemental plan and only accepts elective employee salary deferrals. The plan meets the requirements to be exempt from the Employee Retirement and Income Security Act of 1974. The plan is administered by the Organization through a contractual agreement with a servicing company.

The Organization has adopted a new health insurance plan covering 100% of the premium of the covered employees as well as 70% of spouse and family coverage. Employees also may elect to have additional amounts withheld out of their paychecks to pay for AFLAC benefits.

NOTE 6. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

Expense	Method of Allocation
Salaries and benefits	Times and effort
Staff training, dues, subscription, insurance, travel, communications postage, printing and supplies	Charged directly to the benefitting program or allocated by relative total program expense
Professional services (consultants, accounting, advertising, legal)	Charged directly to the benefitting program or allocated by relative total program expense
Facilities costs and occupancy	Allocation based upon relative total usable square footage

NOTE 7. CONTINGENCIES AND COMMITMENTS

Contingencies - There is a contingent liability due to the fact that all possible regulatory audits of the Organization have not been fully completed for the year ended June 30, 2020. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations could be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

In March 2020, the World Health Organization declared the global novel coronavirus disease (COVID-19) outbreak a pandemic. As of the date the financial statements were available to be issued, United Way's operations have not been significantly impacted by the COVID-19 outbreak. However, United Way cannot reasonably estimate at this time the specific extent, duration, or full impact that the COVID-19 pandemic will have on its financial condition, pledge collections and operations.

NOTE 8. LEASES

The Organization has one operating lease with non-cancelable terms for office equipment. The future minimum lease payments for this lease at June 30, 2020 are as follows:

June 30	Minimum Lease Payments
2021	\$ 4,866
2022	4,866
2023	4,866
2024	4,866
2025	4,866
2026	1,217
	\$ 25,547

Rental expense for the year ended June 30, 2020 was \$6,395.

NOTE 9. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist

primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2020, the total bank balances were \$899,302 of which all was covered by federal depository insurance.

NOTE 10. RISK MANAGEMENT

The Organization is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries insurance. Insurance against losses are provided through various commercial insurers for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Professional Liability
- Personal Property Damage
- Directors' and Officers' Liability
- Automobile Insurance

The Organization's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost-to-date of the Organization's experience for this type of risk.

NOTE 11. INVENTORIES

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the investments at June 30, 2020 are as follows:

Certificates of deposit	\$	334,020
Money market funds		100,584
	\$	<u>434,604</u>

United Way records its financial instruments in accordance with the fair value guidance as established by the FASB. In accordance with this guidance, fair value is defined as the price United Way would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. This guidance establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of United Way's investments and liabilities. The inputs are summarized in three levels as outlined below:

Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include certificates of deposit, mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

Level 2 Inputs – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions. United Way did not have any level 2 financial instruments for the years ended June 30, 2020.

Level 3 Inputs – Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. Assets in this category include beneficial interests held in trusts. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

United Way’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

The schedule below classifies United Way’s investments and beneficial interests held in trusts carried at fair value based upon the three-tier hierarchy required by Accounting Standards Codification (ASC) 820:

		Fair Market Measurements at June 30, 2020		
Description	June 30, 2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Certificates of Deposit	\$ 334,020	\$ 334,020	\$ -	\$ -
Money market funds	100,584	100,584	-	-
Total	\$ 434,604	\$ 434,604	\$ -	\$ -

NOTE 13. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 1, 2020, the date the financial statements were available to be issued.

NOTE 14. LIQUIDITY

United Way of Suwannee Valley, Inc.’s financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 811,342
Contribution and accounts receivable	134,458
Grants receivable	121,702
	<u>\$ 1,067,502</u>

As part of United Way of Suwannee Valley, Inc.’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments.

NOTE 15. LONG-TERM DEBT

1. First Federal Bank – The Organization has the following loan with First Federal Bank:

A. Paycheck Protection Program – On April 12, 2020, the Organization was granted a loan

("the Loan") from First Federal Bank in the aggregate amount of \$68,000 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated April 12, 2020 issued by the Organization, matures on April 12, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 23, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if used for qualifying expenses as described in the CARES Act. Any amounts forgiven will be classified as grant revenue at the date of forgiveness. Under the terms of the Loan, beginning November 23, 2020, the Organization is to make 18 monthly principal and interest payments of \$3,808. The future principal payments are as follows:

<u>June 30</u>	<u>Principal Payments</u>
2021	\$ 45,232
2022	22,768
	<u>\$ 68,000</u>

NOTE 16. NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and expense and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. The new standard is effective for annual periods beginning after December 15, 2018. United Way is currently evaluating the impact this standard will have on the financial statements and results of operations.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU is effective for United Way's fiscal year ending June 30, 2020 and is not expected to have a material impact on the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases*, which will supersede the current lease guidance in current US GAAP. The ASU requires lessees to recognize a right of use asset and a related lease liability for all leases, with the limited exception of short-term leases. The main difference with current practice is that lessees will be required to record an asset and liability for what is now considered an operating lease. The FASB approved deferring the effective date of this ASU for one year. The ASU is effective for fiscal year beginning after December 15, 2020. United Way is currently assessing the potential impact of this ASU on its financial statements.

COMPLIANCE SECTION

UNITED WAY OF SUWANNEE VALLEY, INC.
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2020

Program	CFDA # CSFA #	Grant Number	Award Amount	Reported in Prior Year	Revenue Receivable (Deferred)	Revenue Recognized	Expenditures Recognized
FEDERAL AWARDS							
U.S. Department of Health and Human Services							
Passed through Lutheran Services of Florida, Inc.							
Projects for Assistance in Transition from Homelessness	93.150	LS049	\$ 519,015	\$ 262,845	\$ 21,401	\$ 139,109	\$ 139,109
U.S. Department of HUD							
Continuum of Care Program - Coordinated Entry Grant	13.267	FL0646L4H181701	85,000	48,175	-	36,825	36,825
Continuum of Care Program - Coordinated Entry Grant	14.267	FL0646L4H181802	58,641	-	1,541	31,288	31,288
Continuum of Care Program - Rapid Rehousing Grant	14.267	FL0647L4H181701	69,812	52,765	-	13,382	13,382
Continuum of Care Program - Rapid Rehousing Grant	14.267	FL0647L4H181802	98,355	-	5,804	53,231	53,231
Continuum of Care Program - Planning Grant	14.267	FL0699L4H181700	10,784	2,356	-	8,428	8,428
Continuum of Care Program - Planning Grant	14.267	FL0742L4H181800	11,897	-	-	5,856	5,856
Homeless Management Information System	14.235	FL0158L4H181811	32,146	-	-	32,146	32,146
Passed through Florida Department of Children and Families							
Homeless Prevention grants	93.558	CP006	38,000	-	9,859	38,000	38,000
Emergency Solutions Grant	14.231	CP006	257,000	-	47,936	255,972	255,972
Total federal awards			1,180,650	366,141	86,541	614,237	614,237
STATE FINANCIAL ASSISTANCE							
Florida Department of Children and Families							
Homeless Services Network	60.021	CP006	107,143	-	-	106,996	106,996
Homeless Challenge grants	60.014	CP006	119,000	-	19,833	117,217	117,217
Total state financial assistance			226,143	-	19,833	224,213	224,213
Total state and federal financial assistance			\$ 1,406,793	\$ 366,141	\$ 106,374	\$ 838,450	\$ 838,450

See notes to the schedule of expenditures of federal awards and state financial assistance

UNITED WAY OF SUWANNEE VALLEY, INC.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended June 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the United Way of Suwannee Valley, Inc. (the Organization) have been designed to conform to generally accepted accounting principles as applicable to non-profit organizations, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Uniform Guidance.

A. Reporting Entity

This reporting entity consists of the United Way of Suwannee Valley, Inc. The Organization includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the accrual basis, revenues are recognized when they are earned. Expenses generally are recorded when a liability is incurred.

C. Grant Awards

Federal and State grant awards drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

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

To the Board of Directors
United Way of Suwannee Valley, Inc.
Lake City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Suwannee Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Suwannee Valley, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Suwannee Valley, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiency in internal control that we consider to be a significant deficiency.

2012-1

Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Organization does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Organization is not capable of drafting the financial statements and

all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small Organization and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. The Board of Directors reviews the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Board of Directors.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

Compliance and Other Matters

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

Purpose of this Report

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



POWELL & JONES
Certified Public Accountants
September 1, 2020

MANAGEMENT LETTER

To the Board of Directors of
United Way of Suwannee Valley, Inc.

We have audited the financial statements of United Way of Suwannee Valley, Inc. as of and for the year ended June 30, 2020, and have issued our report thereon dated September 1, 2020.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated September 1, 2020, should be considered in conjunction with this management letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this year's audit of the Organization. We appreciate the helpful assistance and courtesy afforded us by the employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
September 1, 2020

Communication with Those Charged with Governance

To the Board of Directors
United Way of Suwannee Valley, Inc.

We have audited the financial statements of United Way of Suwannee Valley, Inc. for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Suwannee Valley, Inc. are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting United Way of Suwannee Valley, Inc.'s financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 1, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of United Way of Suwannee Valley, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
September 1, 2020