

# **United Way of Santa Rosa County, Inc.**

**Compilation of Financial Statements  
December 31, 2016**

**DURST & JORDAN, CPA, PA**

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## Nonprofit Organization Compilation Report

To the Board of Directors of  
United Way of Santa Rosa County, Inc.

Management is responsible for the accompanying financial statements of United Way of Santa Rosa County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

**DURST & JORDAN**

*Durst Jordan, CPA, PA*

Pace, FL

June 30, 2017

**United Way of Santa Rosa County, Inc.**  
**Statement of Financial Position**  
**December 31, 2016**

| <b>ASSETS</b>                                      |           |                                |
|--|-----------|--------------------------------|
| Cash   | \$        | 107,234                        |
| Accounts receivable                                |           |                                |
| Campaign funds, net of allowance                   |           | 290,850                        |
| Grants receivable                                  |           | 2,075                          |
| Due from related party                             |           | 2,707                          |
| Property and equipment, net of accum. depreciation |           | <u>1,457,006</u>               |
| <b>TOTAL ASSETS</b>                                | <b>\$</b> | <b><u><u>1,859,872</u></u></b> |
| <br><b>LIABILITIES AND NET ASSETS</b>              |           |                                |
| <b>LIABILITIES</b>                                 |           |                                |
| Current liabilities                                |           |                                |
| Accounts payable and accruals                      | \$        | 4,169                          |
| Designations payable                               |           | 46,875                         |
| Lines of credit                                    |           | 71,173                         |
| Current portion of long-term debt                  |           | <u>4,143</u>                   |
| Total current liabilities                          |           | 126,360                        |
| Long term liabilities                              |           |                                |
| Long-term debt, less current portion               |           | <u>1,304,918</u>               |
| Total long term liabilities                        |           | 1,304,918                      |
| Total liabilities                                  |           | <u><u>1,431,278</u></u>        |
| <br><b>NET ASSETS</b>                              |           |                                |
| Unrestricted                                       |           | 290,337                        |
| Temporarily restricted                             |           | <u>138,257</u>                 |
| Total Net Assets                                   |           | <u><u>428,594</u></u>          |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>            | <b>\$</b> | <b><u><u>1,859,872</u></u></b> |

See accompanying notes and independent accountant's compilation report.

**United Way of Santa Rosa County, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2016**

|   | Unrestricted      | Temporarily<br>Restricted | Total            |
|---|-------------------|---------------------------|------------------|
| <b>CAMPAIGN RESULTS</b>   |                   |                           |                  |
| Current Period  |                   |                           |                  |
| Contributions received in current period                                      | \$ -              | -                         | -                |
| Contributions received in prior periods (released from restrictions)          | 497,157           | (497,157)                 | -                |
| Less donor designations (released from restriction)                           | (62,500)          | 62,500                    | -                |
| Less provision for uncollectible contributions (released from restriction)    | (43,000)          | 43,000                    | -                |
| Total current period contributions and net assets (released from restriction) | 391,657           | (391,657)                 | -                |
| Next Period   |                   |                           |                  |
| Contributions received applicable to next period                              | -                 | 488,350                   | 488,350          |
| Less donor designations   | -                 | (62,500)                  | (62,500)         |
| Less provision for uncollectible contributions                                | -                 | (239,767)                 | (239,767)        |
| Total next period contributions   | -                 | 186,083                   | 186,083          |
| <b>TOTAL CAMPAIGN RESULTS AND NET ASSETS (RELEASED FROM RESTRICTIONS)</b>     | <b>391,657</b>    | <b>(205,574)</b>          | <b>186,083</b>   |
| <b>OTHER SUPPORT</b>  |                   |                           |                  |
| Other program support   | 22,801            | 5,147                     | 27,948           |
| Rental revenue  | 85,101            | -                         | 85,101           |
| Interest income   | 50                | -                         | 50               |
| <b>TOTAL OTHER SUPPORT</b>  | <b>107,952</b>    | <b>5,147</b>              | <b>113,099</b>   |
| <b>TOTAL REVENUES AND NET ASSETS (RELEASED FROM RESTRICTIONS)</b>             | <b>\$ 499,609</b> | <b>(200,427)</b>          | <b>299,182</b>   |
| <b>ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES</b>                              |                   |                           |                  |
| Program services  |                   |                           |                  |
| Distributions to agencies   | 98,600            | -                         | 98,600           |
| Less designated distributions   | (31,250)          | -                         | (31,250)         |
| Agency relations and services   | 243,289           | -                         | 243,289          |
| Grants and aid  | 16,711            | 37,202                    | 53,913           |
| Total program services  | 327,350           | 37,202                    | 364,552          |
| Supporting services   |                   |                           |                  |
| Management and general  | 69,935            | -                         | 69,935           |
| Fundraising   | 51,903            | -                         | 51,903           |
| Total supporting services   | 121,838           | -                         | 121,838          |
| <b>TOTAL ALLOCATIONS AND OTHER FUNCTIONAL</b>                                 | <b>449,188</b>    | <b>37,202</b>             | <b>486,390</b>   |
| <b>CHANGE IN NET ASSETS</b>   | <b>\$ 50,421</b>  | <b>(237,629)</b>          | <b>(187,208)</b> |
| <b>NET ASSETS - BEGINNING OF YEAR</b>   | <b>239,916</b>    | <b>375,886</b>            | <b>615,802</b>   |
| <b>NET ASSETS - END OF YEAR</b>   | <b>\$ 290,337</b> | <b>138,257</b>            | <b>428,594</b>   |

See accompanying notes and independent accountant's compilation report.

**United Way of Santa Rosa County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

|                                    | Support Services  |                           |                  | Total             |
|------------------------------------|-------------------|---------------------------|------------------|-------------------|
|                                    | Program Services  | Management and<br>General | Fundraising      |                   |
| Employee compensation              |                   |                           |                  |                   |
| Salaries and wages                 | \$ 125,328        | \$ 37,412                 | \$ 24,317        | \$ 187,057        |
| Payroll taxes and benefits         | 8,128             | 2,426                     | 1,577            | 12,131            |
| Total employee compensation        | 133,456           | 39,838                    | 25,894           | 199,188           |
| Operating expenses                 |                   |                           |                  |                   |
| Bank charges                       | 1,435             | -                         | -                | 1,435             |
| Depreciation                       | 18,724            | 5,590                     | 3,633            | 27,947            |
| Distributions                      |                   |                           |                  |                   |
| To agencies                        | 98,600            | -                         | -                | 98,600            |
| Less designated distributions      | (31,250)          | -                         | -                | (31,250)          |
| Dues and subscriptions             | 4,466             | 1,133                     | 1,067            | 6,666             |
| Grants and aid                     | 53,913            | -                         | -                | 53,913            |
| Insurance                          | 7,761             | 2,316                     | 1,506            | 11,583            |
| Interest                           | 37,945            | 11,327                    | 7,362            | 56,634            |
| Office supplies and other          | 7,251             | 2,164                     | 1,407            | 10,822            |
| Printing, postage, and publication | 261               | 77                        | 51               | 389               |
| Professional fees                  | 5,903             | 1,762                     | 1,145            | 8,810             |
| Program supplies and awards        | 6,115             | -                         | 6,114            | 12,229            |
| Repairs and maintenance            | 4,590             | 1,370                     | 891              | 6,851             |
| Thrift store expenses              | 785               | -                         | -                | 785               |
| Travel                             | 2,765             | 826                       | 537              | 4,128             |
| Utilities                          | 11,832            | 3,532                     | 2,296            | 17,660            |
| Total operating expenses           | 231,096           | 30,097                    | 26,009           | 287,202           |
| <b>TOTAL FUNCTIONAL EXPENSES</b>   | <b>\$ 364,552</b> | <b>\$ 69,935</b>          | <b>\$ 51,903</b> | <b>\$ 486,390</b> |

See accompanying notes and independent accountant's compilation report.

**United Way of Santa Rosa County, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

|  |                          |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                          |
| Change in net assets   | \$ (187,208)             |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                          |
| Depreciation   | 27,947                   |
| Changes in assets and liabilities  |                          |
| (Increase) decrease in Campaigns receivable  | 71,307                   |
| (Increase) decrease in Grants receivable   | 11,341                   |
| (Increase) decrease in due from related party  | (2,707)                  |
| Increase (decrease) in Allowance for doubtful accounts                                     | 92,000                   |
| Increase (decrease) in Accounts payable and accruals                                       | 889                      |
| Donor designations payable- current campaign   | <u>(26,042)</u>          |
| Net cash flows from operating activities   | <u>\$ 174,735</u>        |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                          |
| Purchases (Disposals) of land, buildings, and equipment                                    | <u>\$ (318,000)</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES   |                          |
| Loan proceeds received   | 1,366,579                |
| Principal payments on notes payable  | <u>(944,741)</u>         |
| NET CHANGE IN CASH   | \$ 91,365                |
| CASH AT BEGINNING OF YEAR  | <u>15,869</u>            |
| CASH AT END OF YEAR  | <u><u>\$ 107,234</u></u> |
| SUPPLEMENTAL DISCLOSURES   |                          |
| Interest paid  | <u>\$ 56,634</u>         |
| Income taxes paid  | <u><u>-</u></u>          |

See accompanying notes and independent accountant's compilation report.

**United Way of Santa Rosa County, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Organization and Purpose

The United Way of Santa Rosa County, Inc. (the Organization) was incorporated on August 21, 1957, under the laws of the State of Florida to assess, develop, and promote needed human service programs in Santa Rosa County, Florida.

The major program of the Organization is conducting a fundraising campaign each year and distributing those funds according to both donor designations and allocations of undesignated contributions as approved by the Board of Directors.

B. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Codification Standards for not-for-profit entities. Under the Codification Standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets – net assets not restricted by donors, or donor-imposed restrictions have expired.

Temporarily restricted net assets – net assets which contain donor-imposed restrictions that require the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Permanently restricted net assets - net assets which contain donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization does not have any permanently restricted net assets as of December 31, 2016.

C. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Receivables

Receivables consist primarily of funds to be received from fundraising campaigns and reimbursement from other campaigns run by the Organization. An allowance for doubtful accounts for campaign funds is calculated based on prior collection experience.



**United Way of Santa Rosa County, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Expense Allocation

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. Expenses directly related to a program or supporting services are charged to that program or supporting service. Indirect expenses are allocated between program services and supporting services based on the percentage of actual labor hours, which for 2016 were 67% and 33%, respectively.

F. Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. If donated, property and equipment are recorded at fair market value at the date of donation. Depreciation of buildings and equipment is computed using straight-line depreciation over the estimated useful lives of the assets, which range from 5 to 39.5 years.

Gifts of property and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support, absent explicit donor stipulations about how long those long-lived assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as assets are used in the Organization's activities).

G. Donated Materials and Service

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Donated land, materials, and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt.

H. Contributions

Contributions, including promises to give, are recognized as revenues in the period in which they are received. Donor restricted contributions are classified as unrestricted revenues if the restrictions are met in the same reporting period in which the contributions are received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net

**United Way of Santa Rosa County, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. Contributions (continued)

assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Donor Designations

Some donors designate the specific agency that is to receive their contributions. These donor designations are presented as an offset to contributions received in the Statement of Activities. The amounts that have not been remitted to the designated agency at year-end are presented as a liability in the Statement of Financial Position.

J. Fundraising Expenses

Administrative and campaign expenses are considered an expense in the year incurred and, accordingly, are charged to operations on a current basis.

K. 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 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 those estimates.

L. Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information is derived. Certain summarized amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation.

M. Income Taxes

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3) as a not-for-profit corporation.

**United Way of Santa Rosa County, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

N. Subsequent Events

The Organization has evaluated events and transactions that occurred between December 31, 2016, and June 30, 2017, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**NOTE 2 – CAMPAIGN RECEIVABLES**

The following is a summary of campaign receivables as of December 31, 2016:

|   |                  |
|---|------------------|
| 2016 Campaign                                     | \$488,350        |
| Less Allowance for Doubtful Accounts              | <u>(130,000)</u> |
| Total Campaign Funds Receivable, net of allowance | \$358,350        |

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2016, are summarized as follows:

|                               |                     |
|-------------------------------|---------------------|
| Land                          | \$ 597,133          |
| Warehouse                     | 66,874              |
| Building                      | 254,234             |
| Improvements                  | 747,689             |
| Furniture and Fixtures        | 13,308              |
| Equipment                     | <u>26,154</u>       |
|                               | 1,705,392           |
| Less Accumulated Depreciation | <u>(248,386)</u>    |
| Property and Equipment, net   | <u>\$ 1,457,006</u> |

Depreciation expense for the year ended December 31, 2016 was \$27,947.

**NOTE 4 – NOTES PAYABLE**

The Organization has the following note payable as of December 31, 2016:

Note payable to a bank with interest only payments of \$3,071 until December 5, 2017, then three monthly principal and interest payments of \$7,214 will be due until April 5, 2018, when a balloon payment of \$1,307,505 is due. The note bears an interest rate of 2.79%.

A schedule of future maturities of the notes is as follows:

|       |                    |
|-------|--------------------|
| 2017  | \$7,214            |
| 2018  | <u>1,329,148</u>   |
| Total | <u>\$1,336,362</u> |

**United Way of Santa Rosa County, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**NOTE 4 – NOTES PAYABLE (CONTINUED)**

As of December 31, 2016, the Organization adopted ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which is effective for years beginning after December 15, 2015. This ASU requires debt issuance costs to be reported in the statement of financial position as a direct deduction from the face amount of the note. Amortization of debt issuance costs is reported as interest expense. Prior-period information has been retrospectively adjusted to write-off the asset for loan costs to interest expense as the remaining asset related to a loan that was paid-off during the year. The calculation of notes payable as of December 31, 2016 is as follows:

|   |                           |
|---|---------------------------|
| Face amount of loan                           | \$1,321,000               |
| Less debt issuance costs                      | <u>11,618</u>             |
| Note payable, net of debt issuance costs      | 1,309,382                 |
| Less 2016 amortization of debt issuance costs | <u>321</u>                |
| Net note payable at 12/31/16                  | <u><u>\$1,309,061</u></u> |

**NOTE 5 – LINE OF CREDIT**

United Way has an available line of credit of \$100,000 as of December 31, 2016 with a bank. The line expires on July 24, 2017 and bears an interest rate of 5.05%. There was a balance on the line of credit at December 31, 2016 of \$33,987.

The Organization also has an available line of credit of \$75,000 as of December 31, 2016 with a bank. The line expires on October 19, 2018 and bears an interest rate of 4%. There was a balance on this line of credit at December 31, 2016 of \$37,186.

**NOTE 6 – DESIGNATIONS PAYABLE**

At December 31, 2016, the balance consisted of \$46,875 payable to the Santa Rosa Community Clinic for the current and following year campaign.

**NOTE 7 – CONCENTRATIONS**

The Organization recorded campaign contributions for unconditional promises to give of approximately \$264,000 from two corporate donors, which represents approximately 54% of total campaign funds.

**United Way of Santa Rosa County, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

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**NOTE 8 – LEASES IN THE FINANCIAL STATEMENTS OF LESSORS**

The Organization (lessor) entered into a lease agreement with Covenant Hospice, Inc. for office space within its building on Caroline Street in Milton, FL. The lease has a term of three years, which began in May 2015. The lease requires monthly payments of \$4,880 for the duration of the lease. In addition, the tenant is required to pay proportionate utilities, insurance, pest control, and lawn maintenance charges.

Future minimum rent payments to be received are as follows:

|       |                        |
|-------|------------------------|
| 2017  | \$58,560               |
| 2018  | <u>19,520</u>          |
| Total | <u><u>\$78,080</u></u> |

**NOTE 9 – IN KIND CONTRIBUTIONS**

During 2016, the Organization provided conference room space to affiliated agencies for program related activities. Management has estimated value of rental at \$16,711 based on event usage and fair value of rent. Such amount has been recorded as in-kind rental revenue, and grants and aid in the accompanying financial statements.

**NOTE 10 – DUE FROM RELATED PARTY**

At December 31, 2016, the Organization had \$2,707 due from a related party. As of the date of these financial statements, substantially all amounts were paid by the related party.