

**Audited Financial Statements  
And Supplementary Information**

**Town of Palm Beach  
United Way, Inc.**

**June 30, 2018**



**CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF PALM BEACH UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

June 30, 2018

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## Independent Auditor's Report

To the Board of Trustees  
Town of Palm Beach United Way, Inc.  
Palm Beach, Florida

We have audited the accompanying financial statements of the Town of Palm Beach United Way, Inc. (the "Organization", a not-for-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 financial statements.

We believe that the audit evidence we 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 the Town of Palm Beach United Way, Inc. as of June 30, 2018, and the changes in its net assets and its 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 the Town of Palm Beach United Way, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Cale, Douten, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
October 25, 2018

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2018 with Comparative Totals for June 30, 2017

	2018			Total	2017 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 5,349,994	\$ -	\$ -	\$ 5,349,994	\$ 7,051,374
Pledges receivable	349,545	-	-	349,545	296,684
Prepaid expenses	28,041	-	-	28,041	5,056
<b>TOTAL CURRENT ASSETS</b>	<b>5,727,580</b>	<b>-</b>	<b>-</b>	<b>5,727,580</b>	<b>7,353,114</b>
PROPERTY AND EQUIPMENT, net	30,580	-	-	30,580	30,762
<b>OTHER ASSETS</b>					
Beneficial interests in trusts	-	489,751	1,748,926	2,238,677	2,158,914
Investments in endowments	2,219,689	1,481,356	2,985,425	6,686,470	5,459,997
	<u>2,219,689</u>	<u>1,971,107</u>	<u>4,734,351</u>	<u>8,925,147</u>	<u>7,618,911</u>
<b>TOTAL ASSETS</b>	<b>\$ 7,977,849</b>	<b>\$ 1,971,107</b>	<b>\$ 4,734,351</b>	<b>\$ 14,683,307</b>	<b>\$ 15,002,787</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 28,144	\$ -	\$ -	\$ 28,144	\$ 22,408
Allocations to agencies	3,281,700	-	-	3,281,700	3,493,060
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,309,844</b>	<b>-</b>	<b>-</b>	<b>3,309,844</b>	<b>3,515,468</b>
<b>NET ASSETS</b>					
Unrestricted net assets	4,668,005	-	-	4,668,005	4,962,746
Restricted net assets	-	1,971,107	4,734,351	6,705,458	6,524,573
<b>TOTAL NET ASSETS</b>	<b>4,668,005</b>	<b>1,971,107</b>	<b>4,734,351</b>	<b>11,373,463</b>	<b>11,487,319</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,977,849</b>	<b>\$ 1,971,107</b>	<b>\$ 4,734,351</b>	<b>\$ 14,683,307</b>	<b>\$ 15,002,787</b>

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018 with Comparative Totals for 2017

	2018			Total	2017 Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUES, GAINS AND OTHER SUPPORT</b>					
Campaign support	\$ 4,157,845	\$ 50,000	\$ 1,600	\$ 4,209,445	\$ 5,504,872
Less designations to non-member agencies	273,200	-	-	273,200	223,500
Campaign support, net	3,884,645	50,000	1,600	3,936,245	5,281,372
In-kind contributions	84,928	-	-	84,928	94,378
Investment income	310,076	67,965	-	378,041	89,684
Net realized and unrealized gain on investments	84,119	31,558	-	115,677	560,358
Change in value of beneficial interests in trusts	-	50,902	28,861	79,763	69,266
Net assets released from restrictions	50,001	(50,001)	-	-	-
Total revenues, gains and other support	4,413,769	150,424	30,461	4,594,654	6,095,058
<b>EXPENSES</b>					
Allocations and payments					
Allocation to agencies and response pool	3,461,866	-	-	3,461,866	3,567,767
Designated contributions to member agencies	268,100	-	-	268,100	246,625
Total allocations and payments	3,729,966	-	-	3,729,966	3,814,392
Program services					
Allocation and agency relations	518,153	-	-	518,153	512,929
Supporting services					
Management and general	85,101	-	-	85,101	84,752
Fundraising	349,860	-	-	349,860	348,427
Total program and supporting services	953,114	-	-	953,114	946,108
Uncollectible pledges receivable	25,430	-	-	25,430	24,492
Total expenses	4,708,510	-	-	4,708,510	4,784,992
Increase (decrease) in net assets	(294,741)	150,424	30,461	(113,856)	1,310,066
Net assets, beginning of year	4,962,746	1,820,683	4,703,890	11,487,319	10,177,253
Net assets, end of year	\$ 4,668,005	\$ 1,971,107	\$ 4,734,351	\$ 11,373,463	\$ 11,487,319

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018 with Comparative Totals for 2017

	2018				2017 Totals
	Program Services	Supporting Services		Total	
	Allocation and Agency Relations	Management and General	Fundraising		
Salaries	\$ 197,426	\$ 32,904	\$ 135,273	\$ 365,603	\$ 336,551
Health insurance	23,075	3,846	15,810	42,731	44,562
Retirement benefits	23,636	3,939	16,194	43,769	38,259
Payroll taxes	13,277	2,213	9,097	24,587	23,503
Total personnel and related expenses	257,414	42,902	176,374	476,690	442,875
Advertising	2,348	391	1,608	4,347	19,155
Agency liaison	7,541	-	-	7,541	4,400
Auto expense	1,620	270	1,110	3,000	3,000
Computer software	9,651	1,609	6,613	17,873	17,406
DeTocqueville Society	2,967	495	2,033	5,495	5,282
Donor cultivation	1,756	293	1,203	3,252	5,196
Dues and subscriptions	30,841	5,140	21,132	57,113	60,257
Insurance	6,786	1,131	4,650	12,567	16,654
Investment fees	8,979	1,497	6,152	16,628	11,635
Office and campaign supplies	33,046	5,508	22,643	61,197	77,561
Photography and awards	1,535	256	1,052	2,843	3,215
Postage	7,176	1,196	4,917	13,289	9,517
Professional fees	11,416	1,902	7,822	21,140	17,400
Repairs and maintenance	13,983	2,330	9,580	25,893	25,378
Sponsored meetings and special events	106,407	17,734	72,908	197,049	203,282
Telephone and fax	4,742	790	3,249	8,781	8,687
Total expenses before depreciation	508,208	83,444	343,046	934,698	930,900
Depreciation	9,945	1,657	6,814	18,416	15,208
Total expenses	\$ 518,153	\$ 85,101	\$ 349,860	\$ 953,114	\$ 946,108

See notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2018 with Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Revenue collected		
Campaign support	\$ 4,131,154	\$ 5,689,479
Investment income	378,041	89,684
Payments for expenses		
Grants and allocations	(4,214,526)	(4,096,932)
Compensation and related expenses	(476,690)	(442,875)
Operating expenses	(390,329)	(382,544)
	<u>(572,350)</u>	<u>856,812</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(572,350)	856,812
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,110,796)	(314,373)
Purchase of property and equipment	(18,234)	(15,387)
	<u>(1,129,030)</u>	<u>(329,760)</u>
NET CASH USED IN INVESTING ACTIVITIES	(1,129,030)	(329,760)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Contribution restricted for permanent endowment	-	801,150
	<u>-</u>	<u>801,150</u>
NET CASH PROVIDED BY FINANCING ACTIVITY	-	801,150
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,701,380)	1,328,202
Cash and cash equivalents at beginning of year	7,051,374	5,723,172
	<u>7,051,374</u>	<u>5,723,172</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,349,994</u>	<u>\$ 7,051,374</u>
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (113,856)	\$ 1,310,066
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	18,416	15,208
Net realized and unrealized gain on investments	(115,677)	(560,358)
Settlement of beneficial interest in trust	-	425,000
Change in value of beneficial interests in trusts	(79,763)	(69,266)
Write off of pledges receivable	25,430	24,492
Contribution restricted for permanent endowment	-	(801,150)
Changes in operating assets and liabilities		
(Increase) decrease in pledges receivable	(78,291)	560,757
(Increase) decrease in prepaid expenses	(22,985)	3,143
Increase in accounts payable and accrued expenses	5,736	7,960
Decrease in allocations to agencies	(211,360)	(59,040)
	<u>(572,350)</u>	<u>856,812</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (572,350)</u>	<u>\$ 856,812</u>

See notes to financial statements.



TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization: Town of Palm Beach United Way, Inc. (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed to assist the development of other philanthropic organizations in the vicinity of Palm Beach, Florida.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting and present balances and transactions of the Organization according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions as permanently restricted, temporarily restricted or unrestricted as follows:

*Permanently restricted net assets* are used to account for resources received that are restricted by the donor requiring the principal to be invested in perpetuity and only the income to be used for support of the Organization's program operations and response pool.

*Temporarily restricted net assets* are those whose use by the Organization has been limited by donors to a specific time period or purpose.

*Unrestricted net assets* are all resources over which the Board of Trustees (the "Board") exercises discretionary control, including assets designated to function as endowments or for other purposes. The resources in these funds are used to carry out the activities of the Organization in accordance with its charter and by-laws. The principal sources of income are unrestricted contributions and investment income.

Net assets of the restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

Cash and Cash Equivalents: Cash and cash equivalents include amounts on deposit in checking accounts and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Organization maintains cash deposits at various financial institutions located in Palm Beach County, Florida, as well as with a brokerage firm. At June 30, 2018, deposits exceeded Federal Deposit Insurance Corporation (FDIC) coverage by approximately \$2,891,000. The Organization periodically evaluates the financial condition of its banking institutions and has not experienced any loss on such accounts. Management believes the Organization is not exposed to any significant credit risk arising from such balances.

Investments: Investments consist of funds invested in The Investment Fund for Foundations (TIFF) Multi-Asset Fund, a private, no-load mutual fund. These investments are presented in the accompanying financial statements at fair value, as determined by TIFF using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments are not insured or collateralized. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings, realized and unrealized gains and losses, and expenses are included in the Statement of Activities.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable, Net: Unconditional promises to give are recognized as revenue in the period received at their estimated net realizable value. The majority of these unconditional promises to give are received from individuals and businesses in the Town of Palm Beach. Contributions that are restricted by the donor are presented as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized or as increases in temporarily or permanently restricted net assets if the restriction is not satisfied in the same accounting period. When temporary restrictions expire by time or satisfaction of use, temporarily restricted net assets are reclassified to unrestricted net assets. An allowance for uncollectible pledges receivable is provided, if necessary, based upon management's judgment. During 2018, pledged amounts totaling \$25,430 were written off. Management believes that all remaining pledges receivable at June 30, 2018, are fully collectible. Accordingly, no allowance is provided for uncollectible amounts in the accompanying financial statements.

Property and Equipment: The Organization capitalizes all property and equipment acquisitions in excess of \$1,000. Property and equipment are stated at cost if purchased by the Organization; or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted net assets. Absent donor stipulations regarding how long donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is computed on a straight-line basis over the estimated useful life of the asset, generally 30 years for buildings and five years for all other property and equipment. Depreciation is allocated to program and supporting services based on the use of the property and equipment.

Contribution Revenue: Contributions received, including unconditional promises to give are recognized as revenues when received. Conditional promises to give are not included as support until the conditions are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted support consists of amounts received that are stipulated by the donor to be maintained permanently.

Campaign Year and Allocation to Agencies: Due to the seasonal nature of the local economy and social environment, the Organization holds its annual campaign from September through June of each fiscal year. That campaign is used to develop an allocation to agencies that will be paid in the next period. The Organization typically meets in March or April of each year to decide on allocation payments to agencies. The amounts allocated to the individual agencies are determined by volunteers through a citizens' review process. Once the Board approves the allocations, agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and are generally paid over the ensuing 12 months.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations: Certain large contributors are permitted to designate the use of their contributed funds to specific agencies that could be members or non-members of the Organization. Such donor designations are funded immediately and are expensed in the same period. As of June 30, 2018, all designations have been paid.

Contributed Goods and Services: The Organization records the value of donated services that require specialized skills and that would typically need to be purchased if not provided by donation. During the year ended June 30, 2018, the Organization received donated goods and services which are recorded as contributions at their estimated fair value. The total amount of donated goods and services was \$84,928 for the year ended June 30, 2018. This amount is recognized as both income and expense in the accompanying statement of activities.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally in the evaluation of agencies and allocation of support. Due to difficulty in establishing a value for these non-professional services, the value of this contributed time is not reflected in these statements.

Functional Allocation of Expenses: The costs of providing various programs and other activities are summarized on a functional basis. Expenses which can be specifically identified with a functional category are charged accordingly. Other expenses are allocated among supporting services based on relative salaries incurred.

Advertising Expenses: Advertising expenses are charged to operations when incurred. Advertising expenses for the year ended June 30, 2018, totaled \$4,347.

Income Taxes: The Organization is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization is classified as a publicly supported organization that is not a private foundation.

The Organization evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the financial statements. The Organization remains subject to examinations by major tax jurisdictions for tax years ending after 2014.

Recent Accounting Pronouncement: The Financial Accounting Standards Board (FASB) has issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which will be effective for the Organization for the year ending June 30, 2019. ASU 2016-14 amends the requirements for financial statement presentation by 1) changing the presentation of net assets to include *net assets with donor restrictions* and *net assets without donor restrictions*, rather than unrestricted, temporarily restricted and permanently restricted net assets; and, 2) requiring additional disclosures about the following:

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Amounts and purposes of governing board designations, appropriations and similar actions that result in self-imposed restrictions on the use of resources without donor-imposed restrictions.
- Composition of net assets with donor-imposed restrictions and the effect on the use of resources.
- Qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date.
- Quantitative information and additional qualitative information as necessary, to communicate the availability of financial resources to meet cash needs for general expenditures within one year of the statement of financial position date.
- Amounts of expenses by both their natural classification and their functional classification.
- Methods used to allocate costs among program and support functions.
- Investment return net of external and direct internal investment expenses.

Subsequent Events: Management has evaluated subsequent events through October 25, 2018, the date on which the financial statements were available to be issued.

Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE B - INVESTMENTS

At June 30, 2018, all of the Organization's investments were invested in The Investment Fund for Foundations (TIFF) Multi-Asset Fund (the "Fund"). The TIFF Multi-Asset Fund is a private, no-load alternative investment fund available to foundations, endowments, 501(c)(3) organizations and certain other not-for-profit organizations. Organizations seeking to invest in the Fund must be "accredited investors" as defined in Rule 501(a) under the Securities Act of 1933, which generally requires that a not-for-profit organization have total assets in excess of \$5 million. The Fund pursues multiple strategies to attain a growing stream of current income and appreciation of principal that net of expenses, exceeds inflation plus 5% per annum. At June 30, 2018, the Fund held approximately 69% of its investments in U.S. and global stocks, 18% in other hedging assets, and 13% in fixed income products and cash equivalents. Shares in the Fund may be redeemed on any business day upon a member's request. The Fund also requires an entry and exit fee of 0.5%. The fair value and cost of this investment at June 30, 2018, totaled \$6,686,470 and \$6,849,779, respectively.

The Organization's investments in the Fund are exposed to various risks, such as market risk, interest rate risk, and credit risks. In addition, certain investments of the Fund may be subject to additional risks including foreign currency risk, derivatives risk, foreign and emerging markets risk, leveraging risk, liquidity risk, multi-manager risk, real estate risk and small company risk. Due to the various risks

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE B - INVESTMENTS (Continued)

associated with the Organization's investments in the Fund, 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 accompanying financial statements.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2018, consist of promises to give due in the following year as follows:

Individuals	\$ 194,930
Corporations	<u>154,615</u>
Total	<u>\$ 349,545</u>

NOTE D - ENDOWMENTS

The Organization's endowments consist of three individual funds, including two donor-restricted endowment funds, established to support its annual operating expenses. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and requires disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA, known as the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) that governs the investment, management and spending of donor-restricted endowment funds by Florida not-for-profit organizations. Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds. The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the permanent endowment to maintain its purchasing power, if donor-restricted. The Organization classifies as temporarily restricted net assets (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE D - ENDOWMENTS (Continued)

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Endowment composition by type of fund as of June 30, 2018 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 1,481,356	\$ 4,734,351	\$ 6,215,707
Board-designated endowment funds	<u>2,219,689</u>	<u>-</u>	<u>-</u>	<u>2,219,689</u>
Total	<u>\$ 2,219,689</u>	<u>\$ 1,481,356</u>	<u>\$ 4,734,351</u>	<u>\$ 8,435,396</u>

Changes in endowment net assets for the fiscal year ended June 30, 2018 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at July 1, 2017	\$ 1,594,338	\$ 1,381,834	\$ 4,703,890	\$ 7,680,062
Contributions	-	50,000	1,600	51,600
Additions to endowment	285,133	-	-	285,133
Investment return				
Investment income	256,099	67,965	-	324,064
Net realized/unrealized gains	<u>84,119</u>	<u>31,558</u>	<u>-</u>	<u>115,677</u>
Total investment return	340,218	99,523	-	439,741
Change in value of beneficial interest in trust	-	-	28,861	28,861
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(50,001)</u>	<u>-</u>	<u>(50,001)</u>
Balance at June 30, 2018	<u>\$ 2,219,689</u>	<u>\$ 1,481,356</u>	<u>\$ 4,734,351</u>	<u>\$ 8,435,396</u>

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies in donor-restricted endowment funds as of June 30, 2018.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE D - ENDOWMENTS (Continued)

Investment Objectives: Historically, the Organization's investment objectives and policies have been to: (a) generate adequate annual transfers of income, which together with the earnings of the general unrestricted funds and reserve funds of the Organization, will fully subsidize the annual operating expenses without eroding the original corpus; and (b) provide a growth rate in the investment portfolio at least equal to the current rate of inflation. In order to meet its objectives, the Organization generally contemplates the investment of the Endowment Funds in equity mutual funds which are broadly diversified within asset classes (such as growth stock funds, valued stock funds, etc.) and appropriate government and corporate bonds and other debt instruments that provide a diversified exposure to the credit markets. The Organization believes that investing in a multi-asset fund is an appropriate method for achieving a diversified investment strategy given the nature of these investments. The Organization periodically reviews its investment policy to specifically identify strategies and spending policies as they relate to the various endowment categories.

Spending Policy: The Organization's spending policy specifies the approach followed with respect to transfers from the Endowment Funds to the Unrestricted Fund. In general, the Organization may make an annual transfer of up to four percent (4%) of the average endowment corpus. For purposes of this measurement, the endowment corpus includes funds for which the Organization receives no current income, but which are permanently committed to the Organization, and excludes the endowment corpus managed by the Organization for specific purposes, such as the Visiting Nurse endowment.

More specifically, the Organization may transfer at the end of each fiscal quarter, one percent (1%) of the latest year average applicable endowment corpus (determined by the average of the last four available calendar quarters) from the Endowment to the Unrestricted Fund. The Board decided not to transfer any monies out of the Endowment for 2018.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2018:

Building and improvements	\$	257,550
Equipment		<u>151,727</u>
		409,277
Accumulated depreciation		<u>(378,697)</u>
Property and equipment, net	\$	<u>30,580</u>

Depreciation expense for 2018 was \$18,416.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE F - BENEFICIAL INTERESTS IN TRUSTS

Beneficial interests in trusts consist of the following at June 30, 2018:

**Temporarily Restricted**

The Organization is the beneficiary of the following trusts that are classified as temporarily restricted assets until such time as the remainder interests are received:

25% beneficial interest in a charitable remainder unitrust. The trust interest is valued based upon the estimated discounted cash flow (at a discount rate of 1.2% at June 30, 2018) of the remainder interest over the estimated life expectancy of the current beneficiary. \$ 106,748

33% beneficial interest in a charitable remainder unitrust. The trust interest is valued based upon the estimated discounted cash flow (at a discount rate of 2.9% at June 30, 2018) of the remainder interest over the estimated life expectancy of the current beneficiary. 383,003

Total Temporarily Restricted Beneficial Interests in Trusts 489,751

**Permanently Restricted**

The Organization is the beneficiary of the following trusts that are classified as permanently restricted:

A perpetual trust created by a donor, the assets of which are held by a third-party trustee. The Organization has legally enforceable rights and claims to such assets, including the sole right to income therefrom. The interest in this trust is valued at the fair value of the underlying assets held in the trust. 1,562,094

A perpetual trust created by a donor, the assets of which are held by a third-party trustee. The Organization has legally enforceable rights and claims to 25% of the net income of the trust. The interest in this trust is valued at the fair value of the underlying assets held in the trust. 186,832

Total Permanently Restricted Beneficial Interests in Trusts 1,748,926

Total Beneficial Interests in Trusts \$ 2,238,677

While management uses their best judgment in estimating the fair value of these trust interests, there are inherent limitations in any estimation technique. Accordingly, the fair value of the beneficial interests in these trusts could differ significantly from their ultimate realizable value should management's assumptions differ from future confirming events.



TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a consistent framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

The fair value measurement of an asset or liability 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.

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

*TIFF Multi-Asset Fund*: Valued at the unadjusted net asset value per share determined by the Fund manager pursuant to the practical expedient method permitted by ASU No. 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*.

*Beneficial interests in trusts*: Valued at the discounted fair value of the remainder interest to be received upon termination of the trust for the charitable remainder trusts and at the underlying value of the securities as reported on the active market on which the individual securities are traded for perpetual trusts.

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 methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies during the year ended June 30, 2018.

Fair Value of Assets: The following table sets forth, by level within the fair value hierarchy, the fair value of the Organization's financial assets measured at fair value on a recurring basis at June 30, 2018:

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE G - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Beneficial interests in trusts	\$ -	\$ -	\$ 2,238,677	\$ 2,238,677
Alternative investment measured at NAV - TIFF Multi-Asset Fund				<u>6,686,470</u>
Total Fair Value				<u>\$ 8,925,147</u>

During 2018, the Organization was required to adopt the provisions of FASB ASU 2015-07, *Fair Value Measurement*, which requires that investments for which fair value is measured at net asset value using the practical expedient should not be categorized in the fair value hierarchy. The adoption of ASU 2015-07 had no effect on net assets or the change in net assets.

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2018:

	<u>Beneficial Interests in Trusts</u>
Balance at July 1, 2017	\$ 2,158,914
Change in value of beneficial interests	<u>79,763</u>
Balance at June 30, 2018	<u>\$ 2,238,677</u>

Financial Instruments Not Measured at Fair Value: The following financial instruments are not measured at fair value on a recurring basis in the accompanying financial statements:

*Cash and cash equivalents:* The carrying amounts reported in the statement of financial position approximate the estimated fair value.

*Pledges receivable and prepaid expenses:* The carrying amounts reported in the statement of financial position approximate the estimated fair values due to the short-term nature of the amounts.

*Accounts payable and allocations to agencies:* The carrying amounts reported in the statement of financial position approximate the estimated fair values because of their short-term duration.

TOWN OF PALM BEACH UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE H - NET ASSETS

As of June 30, 2018, the Organization's restricted net assets consist of the following:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beneficial interests in trusts	\$ 489,751	\$ 1,748,926
Investments	<u>1,481,356</u>	<u>2,985,425</u>
	<u>\$ 1,971,356</u>	<u>\$ 4,734,351</u>

The temporarily restricted net assets arise as a result of time restrictions until such assets are received or donor restrictions for specific purposes are met. The temporarily restricted beneficial interests in trusts are restricted until such time as the remainder of the trust is distributed, at which time the distribution will become available to the Organization for its unrestricted use. The temporarily restricted investments consist of a donor restricted endowment fund, the "Visiting Nurse Endowment Fund", which must be used to provide funding support to agencies and organizations which provide direct services to the poor who are in need of medical home health services or other medical services.

Permanently restricted assets must be maintained in perpetuity. The income from these assets may be used to support the Organization's operations and are recorded as unrestricted investment income.

NOTE I - PENSION PLAN

The Organization has two pension plans administered by Empower Retirement on behalf of qualified, full-time employees. The first plan is a tax-deferred annuity contract, allowing employees to defer a portion of their pay up to the maximum allowed by law and receive a matching contribution of up to 5% of their pay from the Organization. The second plan is a defined contribution plan where employee contributions are not required or permitted, and the Organization contributes 10% of an eligible employee's annual salary. During the year ended June 30, 2018, the Organization contributed \$43,769 to these two plans.

NOTE J - RELATED PARTY CONTRIBUTIONS

The Organization received contributions from members of the Board of Trustees and committees totaling approximately \$1,785,000 during the year ended June 30, 2018. This represents approximately 42% of total campaign support.

## **SUPPLEMENTARY INFORMATION**



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COHEN, PORTER & VEIL, P.A.

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report  
on Supplementary Information

To the Board of Trustees  
Town of Palm Beach United Way, Inc.  
Palm Beach, Florida

We have audited the financial statements of the Town of Palm Beach United Way, Inc. (the "Organization"), as of and for the year ended June 30, 2018, and have issued our report thereon dated October 25, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The schedule of allocations to agencies and response pool on pages 19 and 20 is presented for the purpose 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Caler, Donten, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
October 25, 2018

TOWN OF PALM BEACH UNITED WAY, INC.

SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL

Year Ended June 30, 2018

Allocations to agencies are determined each year by the Board of Trustees and are generally paid in monthly installments. The following allocations were approved for the year ended June 30, 2018, for disbursement between July 1, 2019 and June 30, 2019.

Agency	Allocations
2-1-1 Palm Beach/Treasure Coast	\$ 179,200
Achievement Center	20,000
ARC of the Glades	13,000
ARC of Palm Beach County	192,600
Adopt-A-Family	195,500
Aid to Victims of Domestic Abuse	70,000
Alpert Jewish Family & Children's Services	76,000
Alzheimer's Community Care	74,000
Boys & Girls Clubs of Palm Beach County	202,000
Caridad Center	160,000
Catholic Charities	25,000
Center for Child Counseling	38,500
Center for Family Services	20,000
Children's Home Society	20,000
Clinics Can Help	30,000
CROS	35,000
Drug Abuse Foundation	120,000
Drug Abuse Treatment Association	171,000
El Sol	40,000
Families First of Palm Beach County	72,400
Farmworkers Coordinating Council	110,000
Feeding South Florida	47,500
Genesis Community Health	9,000
The Glades Initiative	40,000
Gulfstream Goodwill Industries	35,000
Habitat for Humanity	11,500
Healthy Mothers/Healthy Babies	17,000
Home Safe	98,000
Homeless Coalition of Palm Beach County	22,000
Jewish Community Center	7,500
Legal Aid Society	60,000
Lord's Place	170,000
Milagro Center	49,000
Opportunity, Inc.	125,000

(continued)

TOWN OF PALM BEACH UNITED WAY, INC.

SCHEDULE OF ALLOCATIONS TO AGENCIES AND RESPONSE POOL (CONTINUED)

Year Ended June 30, 2018

Agency	Allocations
Palm Beach Habilitation Center	\$ 230,000
Palm Beach County Food Bank	15,000
Palm Beach County Literacy Coalition	113,000
Parent Child Center	15,000
Planned Parenthood	33,000
Seagull Industries	65,000
Take Stock in Children	59,000
Urban League	14,000
Urban Youth Impact	26,000
YMCA of South Palm Beach County	5,000
YWCA of Palm Beach County	151,000
	<hr/>
Total allocations for July 1, 2018, through June 30, 2019	3,281,700
Response Pool amounts expended during 2018	180,166
	<hr/>
Total allocation to agencies and response pool	<u>\$ 3,461,866</u>