

**HEART OF FLORIDA
UNITED WAY, INC.**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016

And Report of Independent Auditor

HEART OF FLORIDA UNITED WAY, INC.

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Report of Independent Auditor

The Board of Directors
Heart of Florida United Way, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Heart of Florida United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 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 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 Heart of Florida United Way, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19 through 21, including the combining statement of financial position and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 November 16, 2017, on our consideration of Heart of Florida United Way, 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 Heart of Florida United Way, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
November 16, 2017

FINANCIAL STATEMENTS

HEART OF FLORIDA UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 6,904,468	\$ 8,336,449
Investments	10,378,318	9,557,189
Campaign pledges receivable, less allowance for uncollectible pledges of \$2,369,175 and \$2,552,384 in 2017 and 2016, respectively	6,559,165	7,080,775
Grants receivable	2,129,444	1,384,820
Other receivables	417,389	217,311
Prepaid expenses	98,077	159,004
Gift-in-kind inventory	260,738	215,416
Property and equipment, net	<u>3,821,894</u>	<u>3,774,683</u>
Total Assets	<u><u>\$ 30,569,493</u></u>	<u><u>\$ 30,725,647</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 845,848	\$ 592,025
Accrued expenses	379,139	636,966
Campaign pledges due to designated agencies and other United Way organizations	3,337,018	3,955,921
Grants payable	<u>1,019,252</u>	<u>978,497</u>
Total Liabilities	<u>5,581,257</u>	<u>6,163,409</u>
NET ASSETS		
Unrestricted	13,142,979	12,684,602
Temporarily restricted	11,045,257	11,077,636
Permanently restricted	<u>800,000</u>	<u>800,000</u>
Total Net Assets	<u>24,988,236</u>	<u>24,562,238</u>
Total Liabilities and Net Assets	<u><u>\$ 30,569,493</u></u>	<u><u>\$ 30,725,647</u></u>

HEART OF FLORIDA UNITED WAY, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Gross campaign and initiative results applicable to current period received in prior periods and now released from restriction	\$ 20,791,052	\$ (20,791,052)	\$ -	\$ -
Donor designations	(8,769,360)	8,769,360	-	-
Provision for uncollectible pledges	(927,143)	944,056	-	16,913
Total net campaign revenue for current period	11,094,549	(11,077,636)	-	16,913
Gross workplace campaign and initiative results received for future allocation periods	-	18,719,124	-	18,719,124
Less donor designations	-	(6,717,648)	-	(6,717,648)
Less provision for uncollectible pledges	-	(956,219)	-	(956,219)
Total net campaign revenue for future allocation periods	-	11,045,257	-	11,045,257
Grant revenues	7,100,182	-	-	7,100,182
Gifts-in-kind contributions	1,872,359	-	-	1,872,359
Donated advertising	732,697	-	-	732,697
Other revenues and contributions	786,089	-	-	786,089
Emergency assistance funds	-	589,186	-	589,186
Emergency assistance funds released from restriction	589,186	(589,186)	-	-
Net investment income	1,069,683	-	-	1,069,683
Total revenues and support	23,244,745	(32,379)	-	23,212,366
EXPENSES				
Program Services:				
Allocation services	7,287,928	-	-	7,287,928
Ryan White	3,211,722	-	-	3,211,722
Other program services	8,735,411	-	-	8,735,411
Total Program Expenses	19,235,061	-	-	19,235,061
Supporting Services:				
Management and general	1,719,676	-	-	1,719,676
Campaign	1,831,631	-	-	1,831,631
Total Supporting Services	3,551,307	-	-	3,551,307
Total Expenses	22,786,368	-	-	22,786,368
Increase (Decrease) in Net Assets	458,377	(32,379)	-	425,998
Net Assets				
Beginning	12,684,602	11,077,636	800,000	24,562,238
Ending	\$ 13,142,979	\$ 11,045,257	\$ 800,000	\$ 24,988,236

See accompanying Notes to Financial Statements.

HEART OF FLORIDA UNITED WAY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Gross campaign and initiative results applicable to current period received in prior periods and now released from restriction	\$ 19,363,739	\$ (19,363,739)	\$ -	\$ -
Donor designations	(7,420,487)	7,420,487	-	-
Provision for uncollectible pledges	(1,023,652)	940,230	-	(83,422)
Total net campaign revenue for current period	<u>10,919,600</u>	<u>(11,003,022)</u>	<u>-</u>	<u>(83,422)</u>
Gross workplace campaign and initiative results				
received for future allocation periods	-	20,791,052	-	20,791,052
Less donor designations	-	(8,769,360)	-	(8,769,360)
Less provision for uncollectible pledges	-	(944,056)	-	(944,056)
Total net campaign revenue for future allocation periods	<u>-</u>	<u>11,077,636</u>	<u>-</u>	<u>11,077,636</u>
Grant revenues	5,268,500	-	-	5,268,500
Gifts-in-kind contributions	1,940,523	-	-	1,940,523
Donated advertising	655,718	-	-	655,718
Other revenues and contributions	570,500	-	-	570,500
Other revenues and contributions released from restriction	10,474	(10,474)	-	-
Emergency assistance funds	-	496,221	-	496,221
Emergency assistance funds released from restriction	496,221	(496,221)	-	-
Net investment income	14,562	-	-	14,562
Total revenues and support	<u>19,876,098</u>	<u>64,140</u>	<u>-</u>	<u>19,940,238</u>
EXPENSES				
Program Services:				
Allocation services	7,091,230	-	-	7,091,230
Ryan White	2,168,752	-	-	2,168,752
Other program services	8,588,089	-	-	8,588,089
Total Program Expenses	<u>17,848,071</u>	<u>-</u>	<u>-</u>	<u>17,848,071</u>
Supporting Services:				
Management and general	1,743,207	-	-	1,743,207
Campaign	1,939,344	-	-	1,939,344
Total Supporting Services	<u>3,682,551</u>	<u>-</u>	<u>-</u>	<u>3,682,551</u>
Total Expenses	<u>21,530,622</u>	<u>-</u>	<u>-</u>	<u>21,530,622</u>
Increase (Decrease) in Net Assets	(1,654,524)	64,140	-	(1,590,384)
Net Assets				
Beginning	14,339,126	11,013,496	800,000	26,152,622
Ending	<u>\$ 12,684,602</u>	<u>\$ 11,077,636</u>	<u>\$ 800,000</u>	<u>\$ 24,562,238</u>

See accompanying Notes to Financial Statements.

HEART OF FLORIDA UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	2017							
	Program Services			Supporting Services				
	Allocation Services	Ryan White	Other Program Services	Total Program Services	Management and General	Campaign	Total Supporting Services	Total Expenses
Gross campaign to agencies	\$ 14,027,927	\$ -	\$ -	14,027,927	\$ -	\$ -	\$ -	\$ 14,027,927
Less donor designations	(8,769,360)	-	-	(8,769,360)	-	-	-	(8,769,360)
Campaign allocations to agencies	5,258,567	-	-	5,258,567	-	-	-	5,258,567
Salaries	1,224,869	268,539	2,447,805	3,941,213	822,489	774,596	1,597,085	5,538,298
Payroll taxes and other employee benefits	448,337	106,249	732,054	1,286,640	281,329	267,855	549,184	1,835,824
Retirement plan	78,629	19,187	152,407	250,223	75,329	46,437	121,766	371,989
Total salaries and related expenses	1,751,835	393,975	3,332,266	5,478,076	1,179,147	1,088,888	2,268,035	7,746,111
Emergency homelessness services	-	18,060	2,314,739	2,332,799	-	-	-	2,332,799
Gifts-in-kind program	-	-	1,834,037	1,834,037	-	-	-	1,834,037
Health insurance premium/cost sharing	-	747,972	-	747,972	-	-	-	747,972
Donated advertising	-	-	434,955	434,955	-	297,742	297,742	732,697
Medical and non-medical case management	-	679,553	-	679,553	-	-	-	679,553
Oral health care	-	365,784	-	365,784	-	-	-	365,784
Ambulatory/outpatient medical care (AOMC)	-	350,669	-	350,669	-	-	-	350,669
AIDS pharmaceutical assistance	-	297,264	-	297,264	-	-	-	297,264
State and national dues	-	-	113,722	113,722	119,362	24,240	143,602	257,324
Campaign expenses	-	-	-	-	-	213,206	213,206	213,206
Depreciation	-	-	-	-	186,361	19,381	205,742	205,742
Professional fees	25,248	17,200	77,606	120,054	62,358	10,970	73,328	193,382
Other program expenses	-	-	155,608	155,608	-	-	-	155,608
Recruiting and relocation	-	-	60,827	60,827	38,509	10,357	48,866	109,693
Medical transportation services	-	106,362	-	106,362	-	-	-	106,362
Telephone	42,490	4,412	32,441	79,343	10,773	13,453	24,226	103,569
Office supplies	26,002	4,660	41,927	72,589	14,188	14,706	28,894	101,483
Computer supplies and maintenance	34,320	816	21,490	56,626	13,609	14,441	28,050	84,676
Utilities	30,850	5,500	27,036	63,386	9,598	11,287	20,885	84,271
Building maintenance	31,045	2,267	28,648	61,960	9,951	11,252	21,203	83,163
Conferences and meetings	7,693	-	33,052	40,745	10,616	29,423	40,039	80,784
Early intervention services	-	76,308	-	76,308	-	-	-	76,308
Liability insurance	23,391	3,687	23,795	50,873	8,917	8,746	17,663	68,536
Local transportation	7,113	1,358	38,131	46,602	6,259	15,276	21,535	68,137
Miscellaneous	-	3,836	47,075	50,911	11,470	809	12,279	63,190
Staff development and training	8,040	1,002	42,065	51,107	6,752	3,699	10,451	61,558
Equipment rental and maintenance	22,390	-	19,974	42,364	9,602	8,360	17,962	60,326
Mental health services	-	55,646	-	55,646	-	-	-	55,646
Printing	3,264	59	27,828	31,151	4,198	17,870	22,068	53,219
Medical nutritional therapy	-	51,851	-	51,851	-	-	-	51,851
Membership dues	14,166	-	11,287	25,453	6,194	12,836	19,030	44,483
Food bank	-	21,250	-	21,250	-	-	-	21,250
Promotional activities	-	144	6,555	6,699	4,093	1,775	5,868	12,567
Postage and freight	592	1,640	3,818	6,050	3,825	1,393	5,218	11,268
Property taxes	-	-	3,746	3,746	2,461	645	3,106	6,852
Subscriptions and publications	922	447	2,783	4,152	1,433	876	2,309	6,461
Total expenses	\$ 7,287,928	\$ 3,211,722	\$ 8,735,411	\$ 19,235,061	\$ 1,719,676	\$ 1,831,631	\$ 3,551,307	\$ 22,786,368

See accompanying Notes to Financial Statements.

HEART OF FLORIDA UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	2016							
	Program Services			Supporting Services				
	Allocation Services	Ryan White	Other Program Services	Total Program Services	Management and General	Campaign	Total Supporting Services	Total Expenses
Gross campaign to agencies	\$ 13,100,899	\$ -	\$ -	13,100,899	\$ -	\$ -	\$ -	\$ 13,100,899
Less donor designations	(7,420,487)	-	-	(7,420,487)	-	-	-	(7,420,487)
Campaign allocations to agencies	5,680,412	-	-	5,680,412	-	-	-	5,680,412
Salaries	930,624	190,440	2,266,099	3,387,163	849,556	792,401	1,641,957	5,029,120
Payroll taxes and other employee benefits	271,331	70,498	754,670	1,096,499	293,341	279,911	573,252	1,669,751
Retirement plan	55,350	18,295	132,063	205,708	71,603	73,484	145,087	350,795
Total salaries and related expenses	1,257,305	279,233	3,152,832	4,689,370	1,214,500	1,145,796	2,360,296	7,049,666
Emergency homelessness services	-	-	2,108,180	2,108,180	-	-	-	2,108,180
Gifts-in-kind program	-	-	2,069,972	2,069,972	-	-	-	2,069,972
Medical and non-medical case management	-	765,831	-	765,831	-	-	-	765,831
Donated advertising	-	-	299,855	299,855	-	355,863	355,863	655,718
Ambulatory/outpatient medical care (AOMC)	-	308,741	-	308,741	-	-	-	308,741
Oral health care	-	274,560	-	274,560	-	-	-	274,560
State and national dues	-	-	88,476	88,476	120,180	22,612	142,792	231,268
AIDS pharmaceutical assistance	-	228,741	-	228,741	-	-	-	228,741
Depreciation	-	-	-	-	177,611	19,248	196,859	196,859
Campaign expenses	-	-	-	-	-	188,213	188,213	188,213
Dress2Learn	-	-	186,475	186,475	-	-	-	186,475
Professional fees	6,183	13,750	60,324	80,257	66,498	11,243	77,741	157,998
Other program expenses	-	-	118,800	118,800	-	-	-	118,800
Telephone	12,886	4,121	65,043	82,050	12,115	15,820	27,935	109,985
Medical transportation services	-	99,430	-	99,430	-	-	-	99,430
Building maintenance	13,852	1,784	52,282	67,918	14,839	15,179	30,018	97,936
Utilities	13,317	4,455	47,992	65,764	13,846	14,638	28,484	94,248
Miscellaneous	-	1,244	71,871	73,115	10,190	745	10,935	84,050
Office supplies	14,568	2,047	35,647	52,262	8,527	21,944	30,471	82,733
Recruiting and relocation	-	-	37,471	37,471	30,902	7,308	38,210	75,681
Liability insurance	8,932	2,914	34,635	46,481	11,831	10,388	22,219	68,700
Local transportation	13,299	1,496	27,807	42,602	7,264	16,002	23,266	65,868
Computer supplies and maintenance	7,165	13	30,812	37,990	15,994	8,383	24,377	62,367
Staff development and training	19,133	881	24,007	44,021	8,154	9,742	17,896	61,917
Mental health services	-	57,169	-	57,169	-	-	-	57,169
Medical nutritional therapy	-	55,201	-	55,201	-	-	-	55,201
Printing	15,147	355	6,094	21,596	1,920	25,660	27,580	49,176
Conferences and meetings	22,877	835	10,839	34,551	3,636	6,659	10,295	44,846
Equipment rental and maintenance	4,961	-	19,485	24,446	8,715	8,524	17,239	41,685
Health insurance premium/cost sharing	-	31,126	-	31,126	-	-	-	31,126
Membership dues	355	-	8,674	9,029	5,288	12,347	17,635	26,664
Promotional activities	-	-	3,669	3,669	3,077	19,188	22,265	25,934
Food bank	-	17,241	-	17,241	-	-	-	17,241
Early intervention services	-	16,966	-	16,966	-	-	-	16,966
Donated tax preparation services	-	-	15,000	15,000	-	-	-	15,000
Postage and freight	575	618	6,179	7,372	3,970	2,158	6,128	13,500
Property taxes	-	-	3,508	3,508	2,942	699	3,641	7,149
Subscriptions and publications	263	-	2,160	2,423	1,208	985	2,193	4,616
Total expenses	\$ 7,091,230	\$ 2,168,752	\$ 8,588,089	\$ 17,848,071	\$ 1,743,207	\$ 1,939,344	\$ 3,682,551	\$ 21,530,622

See accompanying Notes to Financial Statements.

HEART OF FLORIDA UNITED WAY, INC.**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 425,998	\$ (1,590,384)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	205,742	196,859
Provision for uncollectible pledges	939,306	1,027,478
Gift-in-kind inventory contributions (net of allocations)	(45,322)	120,700
Net realized and unrealized (gains) losses on investments	(717,760)	326,056
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Campaign pledges receivable	(417,696)	(807,161)
Grants receivable	(744,624)	(934,127)
Other receivables	(200,078)	175,076
Prepaid expenses	60,927	6,437
Increase (decrease) in liabilities:		
Accounts payable	253,823	(137,723)
Accrued expenses	(257,827)	104,659
Campaign pledges due to designated agencies and other United Way organizations	(618,903)	220,396
Grants payable	40,755	604,389
Net cash used by operating activities	<u>(1,075,659)</u>	<u>(687,345)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(252,953)	(80,766)
Purchases of investments	(9,032,338)	(357,146)
Proceeds from sale of investments	8,928,969	172,330
Net cash used in investing activities	<u>(356,322)</u>	<u>(265,582)</u>
Net decrease in cash	(1,431,981)	(952,927)
Cash:		
Beginning	8,336,449	9,289,376
Ending	<u>\$ 6,904,468</u>	<u>\$ 8,336,449</u>

See accompanying Notes to Financial Statements.

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Summary of significant accounting policies

Nature of organization – United Way organizations have been serving the Central Florida community since 1939. In 1988, the United Ways of Orange, Seminole, and Osceola Counties merged to form Heart of Florida United Way, Inc. (“The United Way” or the “Organization”). The United Way is a not-for-profit corporation designed to improve lives by mobilizing the caring power of our communities. The United Way works with community partners to find long-term systemic change solutions for problems that impact lives. The Organization is governed by a volunteer board of directors.

The United Way conducts its annual campaign each year to obtain funds for charitable purposes and for operating expenses of the coming year. Substantially all of the Organization’s campaign contributions are from individuals, businesses, or not-for-profit organizations in the Central Florida area.

The United Way administers the Ryan White program in the Central Florida area, which provides medical care and support services to individuals that are affected by Human Immunodeficiency Virus (“HIV”)/Acquired Immune Deficiency Syndrome (“AIDS”). The United Way receives Federal and State grants and administers the distribution of funds to third-party service providers on a cost reimbursement basis. Accordingly, grant dollars received and disbursed are included as revenues and expenses in the accompanying statements of activities.

The United Way also responds to the human service needs within its tri-county jurisdiction of Orange, Seminole, and Osceola counties. The United Way facilitates the integration of the social service system in Central Florida, providing a forum for social service providers, funders, and customers to store and access information to meet each of their needs. The United Way developed a telephone information service known as 2-1-1 Community Information and Referral (“2-1-1”), designated by the Public Service Commission as the three digit dialing code nationwide for access to community human service information and referral.

In addition to the annual campaign and its two primary programs, Ryan White and 2-1-1, The United Way conducts a Combined Federal Campaign (“CFC”). The CFC represents fundraising activities approved by federal agencies to provide federal employees with the opportunity to support a variety of voluntary health and welfare organizations through the United Way campaign. The CFC was organized in accordance with the rules and guidelines promulgated by the U.S. Office of Personnel Management and covers Orange, Seminole, Osceola, Lake, Sumter, Volusia, Flagler, Putnam, Brevard, and Citrus Counties. The United Way was selected as the Principal Combined Fund Organization by CFC’s governing body, the Local Federal Coordinating Committee. Distributions under the CFC campaign to participating agencies are made in accordance with the terms of the regulations for Solicitation of Federal Civilian and Uniformed Service Personnel for Contributions to Private Voluntary Organizations, published by the U.S. Office of Personnel Management. The United Way honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Summary of significant accounting policies (continued)

Contributions received during the CFC campaign are recorded in the statements of financial position as campaign pledges due to designated agencies, except for contributions designated to other United Way organizations, which are recorded as campaign pledges due to other United Way organizations. Administrative and campaign expenses during fiscal 2017 and 2016 for CFC of \$103,162 and \$108,823, respectively, were deducted from agency distributions and have been allocated to the agencies based on the distribution of pledges received. Certain facilities and services are shared by The United Way and CFC. The United Way is reimbursed by CFC for its share of the cost of the facilities and for services provided, which was \$57,242 and \$69,657 during the years ended June 30, 2017 and 2016, respectively. Accordingly, there are no revenues or expenses reflected on the accompanying statements of activities for CFC.

A summary of the Organization's significant accounting policies follows:

Accounting Principles: A not-for-profit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be permanently maintained by the Organization.

The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash Equivalents: The Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization did not have any cash equivalents at June 30, 2017 and 2016.

Investments: Investments are reported at fair value (see Note 2). Realized gains and losses are recognized at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are recognized for the change in fair value between reporting periods. Interest and dividend income is recognized when earned. Investment income is included in the change in unrestricted net assets, unless its use is temporarily or permanently restricted by donor stipulations or law.

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Summary of significant accounting policies (continued)

Campaign Pledges Receivable, Campaign Contributions and Designations: Campaign pledges receivable are unconditional promises received from the annual fundraising campaign and are recorded when the promises to contribute are made, at fair value. The Organization provides an allowance for uncollectible pledges at the time campaign revenues are recorded. Provision for uncollectible pledges is computed based upon management estimates of current economic factors and past experience. Management's estimates are applied to gross campaign amounts, including donor designations.

Undesignated campaign contributions received for future allocation periods, net of an allowance for uncollectible pledges, are recorded as temporarily restricted support and net assets. These contributions are released from restriction during the year the allocations to agencies are paid. Pledges received which are designated to a specified agency or to another United Way organization by the donor are not recorded as net campaign revenue. These designations are recorded as a liability when the promise to give is received, net of an allowance for uncollectible pledges.

Other Contributions and Emergency Assistance Funds: Other contributions and emergency assistance funds are recognized as revenue at fair value in the period received in the form of cash or unconditional promises to give. Conditional promises to give are not recognized as revenue until the conditions are substantially met. Other contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Other contributions that are designated for future periods, receivables to be collected in future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted revenue that increases those net asset classes. 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 as released from restriction.

Grants Receivable and Revenues: The Organization receives various grants from federal, state, and local governmental agencies for program and supporting services. These grants are generally funded on a cost reimbursement basis, wherein revenues are recognized in the accompanying statements of activities when expenses are made for the purpose specified. Alternatively, certain grants are to fund designated services and are not on a cost reimbursement basis. Revenues for these other grants are recognized as funding is received.

By terms of the Organization's grants, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund for the appropriate amount. Management of the Organization does not anticipate adjustments to be made for grants. Accordingly, no provision for liability has been made in the accompanying financial statements.

Grants receivable are primarily due from federal, state and local governmental agencies and are stated at net realizable value. The majority of these receivables relate to reimbursement of subrecipient expenditures, for which grants payable are presented.

Gift-in-kind Inventory Contributions and Allocations: The United Way's Gifts-in-Kind (GIK) program solicits donated equipment and supplies from local and national companies and provides them to local agencies at amounts significantly below retail value. Donated items are received at The United Way's GIK Distribution Center and are recorded in inventory at their estimated fair value on the date received. The United Way records donated items as gifts-in-kind contributions when received and as gifts-in-kind allocations when the inventory is distributed to local agencies.

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Summary of significant accounting policies (continued)

Property and Equipment: Property and equipment are recorded at cost, if purchased, or at fair value on the date received, if donated. Improvements and betterments are capitalized while repair and maintenance expenditures are presented as expenses.

Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the assets, which range from 3 to 40 years.

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset groups. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the years ended June 30, 2017 and 2016.

Functional Expenses: The cost of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated amongst the various programs and supporting services benefited. Expenses are allocated among functional categories based on the full-time equivalent (FTE) allocation method. This method is in accordance with United Way Worldwide's reporting guidelines. The Organization's functional categories are as follows:

Allocation services – Expenses related to activities in determining allocations to agencies and allocations made to agencies.

Ryan White – Expenses related to The United Way's payment of grant monies to the providers of medical and related services to achieve the program objectives of the Ryan White program.

Other program services – Expenses related to information and referral services and emergency assistance to individuals and organizations.

Management and general – All other functional expenses of the Organization not related to allocation services, the Ryan White program, other program services, or campaign expenses.

Campaign – Expenses related to the Organization's efforts at raising money for The United Way fundraising campaign held each year.

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Summary of significant accounting policies (continued)

Contributed Services: Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. During the years ended June 30, 2017 and 2016, the Organization recorded contributed services of \$732,697 and \$670,718, respectively, which represents donated advertising and donated tax preparation services and is included in the accompanying statements of activities and functional expenses. In addition, many individuals volunteer time for administrative and program functions. The value of the volunteered time for these functions is not included in the financial statements because it does not meet the criteria for recognition.

Income Taxes: The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes.

Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at June 30, 2017. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Organization has no significant uncertain income tax positions at June 30, 2017.

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

Concentrations of Credit Risk: The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts.

The Organization received 2016 and 2015 campaign pledges from employees and corporate matches of two companies that represented approximately 20% and 19% of fiscal 2017 and fiscal 2016 gross campaign results, respectively. Substantially all of the Organizations' campaign pledges receivable are due from individuals, businesses, or not-for-profit organizations in the Central Florida area.

Recent Accounting Pronouncements: In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, disclosure of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks, reporting of expenses by function and nature, and enhanced endowment disclosures. The new standard is effective for all fiscal years beginning after December 15, 2017.

HEART OF FLORIDA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 2 – Investments and Fair Value Measurements

The fair value of investments at June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 150,002	\$ 128,955
Mutual funds:		
Large blend fund	2,782,420	878,365
Intermediate term bond fund	1,749,228	1,023,658
Short-term bond fund	632,093	-
Small blend fund	616,547	106,654
Mid-cap blend fund	611,782	-
Foreign large blend fund	601,578	576,327
Corporate bond fund	397,562	903,797
Intermediate government fund	324,001	847,552
Emerging markets bond fund	241,360	-
Inflation-protected bond fund	220,168	-
Diversified emerging markets fund	207,784	137,427
High yield bond fund	149,733	232,146
Large value fund	-	1,859,026
Large growth fund	-	760,073
Mid-cap growth fund	-	348,569
Small growth fund	-	116,199
Foreign small/mid value fund	-	83,226
Pooled investment with Central Florida Foundation, Inc.	1,694,060	1,555,215
Total investments	<u><u>\$ 10,378,318</u></u>	<u><u>\$ 9,557,189</u></u>

The net investment income for the years ended June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 351,923	\$ 340,618
Net realized and unrealized gain (loss) on investments	717,760	(326,056)
Net investment income	<u><u>\$ 1,069,683</u></u>	<u><u>\$ 14,562</u></u>

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 2 – Investments and Fair Value Measurements (continued)

The Organization incurred investment management fees of \$44,032 and \$39,618 for the years ended June 30, 2017 and 2016, respectively. These fees are included in the net realized and unrealized gain (loss) on investments presented above.

The Organization invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance.

The Organization follows accounting standards relating to fair value measurements which define fair value, establish a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expand disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurements establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Investments recorded at fair value in the accompanying statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

Level Input	Input Definition
Level I	Quoted market prices in active markets for identical assets or liabilities
Level II	Observable inputs other than Level I, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability.

Fair value of money market and mutual funds are based on quoted market prices, presented as Level I in the fair value hierarchy at June 30, 2017 and 2016.

The fair value of the pooled investment with Central Florida Foundation, Inc. (the Foundation) is determined based on the Organization's allocated share of the Foundation's investment pool. Information is provided to the Organization by Foundation management in the form of quarterly investment reports and through the Foundation's annual audit. The pooled investments at the Foundation primarily consist of Level I and Level II securities. The pooled investment with the Foundation is classified as a Level III in the fair value hierarchy at June 30, 2017 and 2016, since redemption cannot occur in the near term.

HEART OF FLORIDA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 2 – Investments and Fair Value Measurements (continued)

The table below sets forth a summary of the changes in the fair value of the Organization's Level III investment during the years ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
	Pooled Investment with Central Florida Foundation, Inc.	Pooled Investment with Central Florida Foundation, Inc.
Balance, beginning of year	\$ 1,555,215	\$ 1,660,067
Net realized and unrealized gain (loss)	214,974	(29,794)
Distributions	(76,129)	(75,058)
Balance, end of year	<u>\$ 1,694,060</u>	<u>\$ 1,555,215</u>

Note 3 – Grants Receivable

Grants receivable at June 30, 2017 and 2016 consist of the following and are due in less than one year:

	<u>2017</u>	<u>2016</u>
Florida Department of Health	\$ 664,709	\$ 354,808
Orange County	401,011	24,584
Department of Homeland Security	293,637	733,044
Homeless Services Network of Central Florida, Inc.	267,952	73,391
City of Orlando	119,999	-
United Way of Central Florida	75,000	-
Department of Children and Families	60,385	36,439
United Way of Collier County	52,182	-
Americorps	24,661	18,185
United Way of Metro Nashville	-	84,425
Other	169,908	59,944
	<u>\$ 2,129,444</u>	<u>\$ 1,384,820</u>

HEART OF FLORIDA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 4 – Property and Equipment

Property and equipment at June 30, 2017 and 2016 are summarized as follows:

	Useful Lives	2017	2016
	(Years)	2017	2016
Land		\$ 275,000	\$ 275,000
Building and improvements	5 - 40	5,480,377	5,375,775
Furniture and equipment	5 - 10	130,807	97,504
Computer equipment	3 - 5	705,593	590,545
Vehicles	3	36,308	36,308
		6,628,085	6,375,132
Less accumulated depreciation		(2,806,191)	(2,600,449)
		<u>\$ 3,821,894</u>	<u>\$ 3,774,683</u>

Note 5 – Retirement Plan

The Organization has a defined contribution 401(k) Profit-Sharing Plan (the Plan). All employees who meet certain age and service requirements are eligible to participate in the Plan. The Plan provides for salary reduction contributions from employees and the Organization contributed 10% of an employees' annual compensation up to the federal tax limit according to the Internal Revenue Code. Contributions to this Plan, including administrative expenses, for the years ended June 30, 2017 and 2016 were \$371,989 and \$350,795, respectively.

Note 6 – Unrestricted Net Assets

Unrestricted net assets at June 30, 2017 and 2016 are available for the following purposes:

	2017	2016
Gift-in-kind inventory	\$ 260,738	\$ 215,416
Pooled investment with Central Florida Foundation, Inc.	1,694,060	1,555,215
Property and equipment, net	3,821,894	3,774,683
General operating	7,366,287	7,139,288
	<u>\$ 13,142,979</u>	<u>\$ 12,684,602</u>

HEART OF FLORIDA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Net undesignated campaign contributions received for future allocation periods	<u>\$ 11,045,257</u>	<u>\$ 11,077,636</u>
	<u>\$ 11,045,257</u>	<u>\$ 11,077,636</u>

Note 8 – Permanently Restricted Net Assets

Permanently restricted net assets of \$800,000 at June 30, 2017 and 2016 are restricted by the donor to investment in perpetuity, the income from which is expendable to support The United Way's building maintenance.

Note 9 – Subsequent Events

Management has assessed subsequent events and determined there were no events requiring recognition or disclosure through November 16, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HEART OF FLORIDA UNITED WAY, INC.
COMBINING STATEMENT OF FINANCIAL POSITION

YEAR ENDED JUNE 30, 2017

	United Way	CFC	Eliminations	Total
ASSETS				
Cash	\$ 6,510,097	\$ 394,371	\$ -	\$ 6,904,468
Investments	10,378,318	-	-	10,378,318
Campaign pledges receivable, net	6,001,922	557,243	-	6,559,165
Grants receivable	2,129,444	-	-	2,129,444
Other receivables	417,389	-	-	417,389
Prepaid expenses	98,077	-	-	98,077
Gift-in-kind inventory	260,738	-	-	260,738
Property and equipment, net	3,821,894	-	-	3,821,894
Due from other divisions	6,276	-	(6,276)	-
Total Assets	\$ 29,624,155	\$ 951,614	\$ (6,276)	\$ 30,569,493
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 845,642	\$ 206	\$ -	\$ 845,848
Accrued expenses	379,139	-	-	379,139
Campaign pledges due to designated agencies and other United Way organizations	2,391,886	945,132	-	3,337,018
Grants payable	1,019,252	-	-	1,019,252
Due to Heart of Florida United Way, Inc.	-	6,276	(6,276)	-
Total Liabilities	4,635,919	951,614	(6,276)	5,581,257
NET ASSETS				
Unrestricted	13,142,979	-	-	13,142,979
Temporarily restricted	11,045,257	-	-	11,045,257
Permanently restricted	800,000	-	-	800,000
Total Net Assets	24,988,236	-	-	24,988,236
Total Liabilities and Net Assets	\$ 29,624,155	\$ 951,614	\$ (6,276)	\$ 30,569,493

HEART OF FLORIDA UNITED WAY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Grantor/Pass-Through/Program Total	Award Number	Federal CFDA #	Expended by Subrecipients	Federal Expenditures
Federal Awards:				
U.S. Department of Housing and Urban Development				
Passed through Orange County: Emergency Solutions Grant Program	E16-UC-12-0015	14.231		\$ 139,552
Passed through Homeless Services Network of Central Florida, Inc.: Supportive Housing Program	FL0471L4H071503	14.235		<u>103,302</u>
Total U.S. Department of Housing and Urban Development				<u>242,854</u>
U.S. Department of Veterans Affairs				
Passed through the Homeless Services Network of Central Florida, Inc.: VA Supportive Services for Veteran Families Program	C15-FL-507A	64.033		<u>443,200</u>
Total U.S. Department of Veterans Affairs				<u>443,200</u>
U.S. Department of Justice				
Passed through City of Orlando: Antiterrorism Emergency Reserve	2017-RF-GX-0003	16.321	\$ 96,605	<u>501,552</u>
Total U.S. Department of Justice			<u>96,605</u>	<u>501,552</u>
U.S. Department of Health and Human Services				
Substance Abuse and Mental Health Services: Projects of Regional and National Significance	1U79SM062415-01	93.243		62,500
Passed through Homeless Services Network of Central Florida, Inc.: Temporary Assistance for Needy Families Program	UW221	93.558		15,555
Passed through Central Florida Cares Health System: Block Grant for Community Health Services	UW221	93.958		177,206
Block Grant for Prevention & Treatment of Substance Abuse	UWS18	93.959		60,331
Passed through University of South Florida: Children's Health Insurance Program	6414-1089-00-D	93.767		27,107
Passed through Orange County: HIV Care Formula Grants (Ryan White HIV/AIDS Program Part A)	Y17-164-DG	93.914		836,909
Passed through Florida Department of Health: HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	CODLQ-Y2	93.917	228,274	339,436
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	CODLQ	93.917	1,240,223	1,428,740
HIV Care Formula Grants (Ryan White HIV/AIDS Program General Revenue)	CODMH	93.917	521,595	606,637
			<u>1,990,092</u>	<u>2,374,813</u>
Total U.S. Department of Health and Human Services			<u>1,990,092</u>	<u>3,554,421</u>
Corporation for National & Community Service				
AmeriCorps Program	12AFHFL0010033	94.006		236,292
Volunteers in Service to America	11VSSFL003	94.013		<u>16,800</u>
Total Corporation for National & Community Service				<u>253,092</u>
U.S. Department of Homeland Security				
Passed through the Emergency Food and Shelter National Board: Emergency Food and Shelter National Board Program	33-1680-00, 33-1684-00, 33-1718-00	97.024	919,701	<u>938,471</u>
Total U.S. Department of Homeland Security			<u>919,701</u>	<u>938,471</u>
U.S. Department of the Treasury				
Volunteer Income Tax Assistance	17VITA0274	21.009		<u>36,822</u>
Total U.S. Department of the Treasury				<u>36,822</u>
Total Federal Awards			<u>\$ 3,006,398</u>	<u>\$ 5,970,412</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HEART OF FLORIDA UNITED WAY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Heart of Florida United Way, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget's Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or award number) are presented where available.

The Organization elected to use the 10% de minimis indirect cost rate.

OTHER REPORTS

**Report of Independent Auditor 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
Heart of Florida United Way, Inc.
Orlando, 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 Heart of Florida United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heart of Florida United Way, 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 Heart of Florida United Way, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Heart of Florida United Way, Inc.'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 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heart of Florida United Way, 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.

A handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
November 16, 2017

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Heart of Florida United Way, Inc.
Orlando, Florida:

Report on Compliance for Each Major Federal Program

We have audited Heart of Florida United Way, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Heart of Florida United Way, Inc.'s major federal programs for the year ended June 30, 2017. Heart of Florida United Way, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Heart of Florida United Way, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Heart of Florida United Way, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Heart of Florida United Way, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Heart of Florida United Way, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Heart of Florida United Way, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Heart of Florida United Way, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Heart of Florida United Way, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Orlando, Florida
November 16, 2017

HEART OF FLORIDA UNITED WAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted?

 yes x no

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified? yes x none reported

Type of auditor's report on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

 yes x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.914	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part A)
93.917	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

Dollar threshold used to determine Type A programs:
 Federal

\$ 750,000

Auditee qualified as low-risk auditee for federal purposes?

 yes x no

HEART OF FLORIDA UNITED WAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS

YEAR ENDED JUNE 30, 2017

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by Uniform Guidance.

There were no findings required to be reported by 2 CFR section 200.516(a).

HEART OF FLORIDA UNITED WAY, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
FEDERAL AWARDS PROGRAMS**

YEAR ENDED JUNE 30, 2017

Summary of Prior Year Findings

There were no findings required to be reported by 2 CFR section 200.516(a) in prior year.

Corrective Action Plan

There are no audit findings reported in the Schedule of Findings and Questioned Costs for the year ended June 30, 2017; therefore, a Corrective Action Plan is not required.