

HEART OF FLORIDA UNITED WAY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2022 and 2021

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 Audit of the Financial Statements

Opinion

We have audited the accompanying statements of financial position of Heart of Florida United Way, Inc. (the "Organization") (a nonprofit organization) as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 17, 2022, 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 solely 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 the effectiveness of Heart of Florida United Way, Inc.'s 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.

Cherry Bekaert LLP

Orlando, Florida
November 17, 2022

FINANCIAL STATEMENTS

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

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 28,305,205	\$ 31,779,122
Investments - operating	13,583,463	15,375,783
Campaign pledges receivable, less allowance for uncollectible pledges of \$1,328,857 and \$2,080,241 in 2022 and 2021, respectively	2,538,418	2,546,298
Grants receivable	2,327,595	2,133,809
Other receivables	253,841	290,144
Prepaid expenses	153,870	123,475
Property and equipment, net	3,225,427	3,235,019
Pooled investment with Central Florida Foundation, Inc.	1,892,439	2,175,707
Total Assets	<u><u>\$ 52,280,258</u></u>	<u><u>\$ 57,659,357</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 975,642	\$ 1,010,133
Accrued expenses	616,239	443,314
Campaign pledges due to designated agencies and other United Way organizations	326,017	360,480
Grants payable	5,830,087	4,375,587
Loan payable	-	1,178,200
Total Liabilities	<u>7,747,985</u>	<u>7,367,714</u>
Net Assets:		
Without donor restrictions	36,545,945	42,552,297
With donor restrictions	7,986,328	7,739,346
Total Net Assets	<u>44,532,273</u>	<u>50,291,643</u>
Total Liabilities and Net Assets	<u><u>\$ 52,280,258</u></u>	<u><u>\$ 57,659,357</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

HEART OF FLORIDA UNITED WAY, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support:			
Gross campaign and initiative results applicable to current period received in prior periods and now released from restriction	\$ 9,742,745	\$ (9,742,745)	\$ -
Donor designations	(2,461,942)	2,461,942	-
Provision for uncollectible pledges	9,005	1,075,627	1,084,632
Total Net Campaign Revenue for Current Period	<u>7,289,808</u>	<u>(6,205,176)</u>	<u>1,084,632</u>
Gross workplace campaign and initiative results received for future allocation periods	-	8,924,508	8,924,508
Less donor designations	-	(1,687,035)	(1,687,035)
Less provision for uncollectible pledges	-	(835,566)	(835,566)
Total Net Campaign Revenue for Future Allocation Periods	<u>-</u>	<u>6,401,907</u>	<u>6,401,907</u>
Grant and contract revenues	4,780,037	-	4,780,037
Paycheck Protection Program loan extinguishment	1,178,200	-	1,178,200
Contributions	296,853	-	296,853
Donated advertising and services	717,122	-	717,122
Other revenues	659,359	-	659,359
Emergency assistance funds	-	369,235	369,235
211 grants	-	2,819,075	2,819,075
Funds released from restriction	3,138,059	(3,138,059)	-
Investment return, net	(1,534,484)	-	(1,534,484)
Total Revenues and Support	<u>16,524,954</u>	<u>246,982</u>	<u>16,771,936</u>
Expenses:			
Program Services:			
Allocation services	10,141,408	-	10,141,408
Ryan White	2,342,185	-	2,342,185
Other program services	6,364,029	-	6,364,029
Total Program Services	<u>18,847,622</u>	<u>-</u>	<u>18,847,622</u>
Supporting Services:			
Management and general	2,262,592	-	2,262,592
Fundraising	1,421,092	-	1,421,092
Total Supporting Services	<u>3,683,684</u>	<u>-</u>	<u>3,683,684</u>
Total Expenses	<u>22,531,306</u>	<u>-</u>	<u>22,531,306</u>
Change in net assets	(6,006,352)	246,982	(5,759,370)
Net assets, beginning of year	42,552,297	7,739,346	50,291,643
Net assets, end of year	<u>\$ 36,545,945</u>	<u>\$ 7,986,328</u>	<u>\$ 44,532,273</u>

The accompanying notes to the financial statements are an integral part of these statements.

HEART OF FLORIDA UNITED WAY, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support:			
Gross campaign and initiative results applicable to current period received in prior periods and now released from restriction	\$ 10,699,793	\$ (10,699,793)	\$ -
Donor designations	(2,566,253)	2,566,253	-
Provision for uncollectible pledges	(1,440,942)	1,299,002	(141,940)
Total Net Campaign Revenue for Current Period	<u>6,692,598</u>	<u>(6,834,538)</u>	<u>(141,940)</u>
Gross workplace campaign and initiative results received for future allocation periods	-	9,742,745	9,742,745
Less donor designations	-	(2,461,942)	(2,461,942)
Less provision for uncollectible pledges	-	(1,075,627)	(1,075,627)
Total Net Campaign Revenue for Future Allocation Periods	<u>-</u>	<u>6,205,176</u>	<u>6,205,176</u>
Contributions	20,101,741	-	20,101,741
Grant and contract revenues	9,262,761	-	9,262,761
COVID-19 recovery fund contributions	-	306,475	306,475
Donated advertising and services	490,394	-	490,394
Other revenues	572,459	-	572,459
Emergency assistance funds	-	302,296	302,296
211 grants	-	1,466,655	1,466,655
Funds released from restriction	3,242,689	(3,242,689)	-
Investment return, net	3,048,370	-	3,048,370
Total Revenues and Support	<u>43,411,012</u>	<u>(1,796,625)</u>	<u>41,614,387</u>
Expenses:			
Program Services:			
Allocation services	5,608,308	-	5,608,308
Ryan White	2,665,663	-	2,665,663
Other program services	9,848,149	-	9,848,149
Total Program Services	<u>18,122,120</u>	<u>-</u>	<u>18,122,120</u>
Supporting Services:			
Management and general	1,721,369	-	1,721,369
Fundraising	1,009,163	-	1,009,163
Total Supporting Services	<u>2,730,532</u>	<u>-</u>	<u>2,730,532</u>
Total Expenses	<u>20,852,652</u>	<u>-</u>	<u>20,852,652</u>
Change in net assets	22,558,360	(1,796,625)	20,761,735
Net assets, beginning of year	19,993,937	9,535,971	29,529,908
Net assets, end of year	<u>\$ 42,552,297</u>	<u>\$ 7,739,346</u>	<u>\$ 50,291,643</u>

The accompanying notes to the financial statements are an integral part of these statements.

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

YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			Total Expenses	
	Allocation Services	Ryan White	Other Program Services	Total Program Services	Management and General	Fundraising		Total Supporting Services
Allocations - campaign	\$ 6,025,584	\$ -	\$ -	\$ 6,025,584	\$ -	\$ -	\$ -	\$ 6,025,584
Less donor designations	(2,461,942)	-	-	(2,461,942)	-	-	-	(2,461,942)
Allocations - transformational investment	4,000,000	-	-	4,000,000	-	-	-	4,000,000
Allocations	7,563,642	-	-	7,563,642	-	-	-	7,563,642
Salaries	1,393,022	363,002	2,228,397	3,984,421	1,213,856	674,617	1,888,473	5,872,894
Payroll taxes and other employee benefits	427,552	102,764	554,575	1,084,891	282,967	166,435	449,402	1,534,293
Retirement plan	43,499	12,473	79,239	135,211	44,223	-	44,223	179,434
Total salaries and related expenses	1,864,073	478,239	2,862,211	5,204,523	1,541,046	841,052	2,382,098	7,586,621
Emergency homelessness services	-	-	1,842,284	1,842,284	-	-	-	1,842,284
Professional fees	325,000	1,950	206,437	533,387	228,121	74,565	302,686	836,073
Donated advertising and services	7,780	5,450	434,081	447,311	-	269,811	269,811	717,122
Medical and non-medical case management	-	643,830	-	643,830	-	-	-	643,830
Other program expenses	-	-	518,486	518,486	-	-	-	518,486
Ambulatory/outpatient medical care (AOMC)	-	375,338	-	375,338	-	-	-	375,338
State and national dues	-	-	130,236	130,236	154,756	11,756	166,512	296,748
Health insurance premium/cost sharing	-	276,373	-	276,373	-	-	-	276,373
Telephone	208,463	6,822	41,645	256,930	9,557	6,772	16,329	273,259
Depreciation	-	-	-	-	191,741	1,744	193,485	193,485
Early intervention services	-	150,104	-	150,104	-	-	-	150,104
Referral support	-	142,660	-	142,660	-	-	-	142,660
Computer supplies and maintenance	52,753	2,590	46,833	102,176	22,237	13,904	36,141	138,317
Campaign expenses	-	-	515	515	-	122,830	122,830	123,345
Conferences and meetings	1,868	40,228	26,047	68,143	5,797	24,443	30,240	98,383
Building maintenance	36,704	13	26,070	62,787	9,235	5,755	14,990	77,777
Client transportation	-	66,309	-	66,309	-	-	-	66,309
Mental health services	-	64,944	-	64,944	-	-	-	64,944
Marketing	-	3,700	37,305	41,005	19,636	3,537	23,173	64,178
Liability insurance	25,407	3,225	21,925	50,557	7,627	4,142	11,769	62,326
Utilities	27,969	375	20,770	49,114	6,420	4,257	10,677	59,791
Office supplies and expenses	5,668	10,155	29,586	45,409	5,994	7,310	13,304	58,713
Membership dues	1,560	11	20,707	22,278	12,126	3,595	15,721	37,999
Local transportation	823	5,040	16,321	22,184	5,832	8,935	14,767	36,951
Staff development and training	4,797	5,170	20,528	30,495	2,711	428	3,139	33,634
Recruiting and relocation	-	110	20,005	20,115	11,590	1,507	13,097	33,212
Equipment rental and maintenance	12,991	2,596	9,412	24,999	5,905	2,139	8,044	33,043
Printing	1,290	150	18,751	20,191	2,784	8,908	11,692	31,883
Loss on disposal of fixed asset	-	-	-	-	12,828	-	12,828	12,828
Food bank	-	12,375	-	12,375	-	-	-	12,375
Advertising	-	10,044	-	10,044	986	127	1,113	11,157
Drug reimbursement	-	10,417	-	10,417	-	-	-	10,417
Subscriptions and publications	-	497	7,576	8,073	2,064	184	2,248	10,321
Emergency financial assistance	-	10,310	-	10,310	-	-	-	10,310
Miscellaneous	444	4,697	827	5,968	693	2,394	3,087	9,055
Oral health care	-	8,023	-	8,023	-	-	-	8,023
Property taxes	-	-	4,014	4,014	2,347	303	2,650	6,664
Postage and freight	176	440	1,457	2,073	559	694	1,253	3,326
Total expenses	\$ 10,141,408	\$ 2,342,185	\$ 6,364,029	\$ 18,847,622	\$ 2,262,592	\$ 1,421,092	\$ 3,683,684	\$ 22,531,306

The accompanying notes to the financial statements are an integral part of these statements.

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

YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Total Expenses
	Allocation Services	Ryan White	Other Program Services	Total Program Services	Management and General	Fundraising	
Allocations - campaign	\$ 5,386,696	\$ -	\$ -	\$ 5,386,696	\$ -	\$ -	\$ 5,386,696
Less donor designations	(1,917,220)	-	-	(1,917,220)	-	-	(1,917,220)
Allocations	3,469,476	-	-	3,469,476	-	-	3,469,476
Salaries	1,325,694	340,316	1,872,374	3,538,384	892,080	564,744	4,995,208
Payroll taxes and other employee benefits	381,235	97,122	501,829	980,186	227,224	164,040	1,371,450
Retirement plan	40,181	13,559	65,084	118,824	37,908	5,035	161,767
Total salaries and related expenses	1,747,110	450,997	2,439,287	4,637,394	1,157,212	733,819	6,528,425
Emergency homelessness services	-	-	6,208,727	6,208,727	-	-	6,208,727
Medical and non-medical case management	-	861,837	-	861,837	-	-	861,837
Donated advertising and services	-	-	346,485	346,485	-	143,909	490,394
Professional fees	61,467	6,227	181,719	249,413	109,459	15,300	374,172
Ambulatory/outpatient medical care (AOMC)	-	365,401	-	365,401	-	-	365,401
Oral health care	-	278,913	-	278,913	-	-	278,913
Other program expenses	-	-	254,545	254,545	-	-	254,545
Telephone	177,272	6,183	52,619	236,074	7,164	6,464	249,702
Health insurance premium/cost sharing	-	244,448	-	244,448	-	-	244,448
State and national dues	-	-	88,290	88,290	143,240	12,388	243,918
Depreciation	-	-	-	-	183,573	16,788	200,361
Early intervention services	-	182,260	-	182,260	-	-	182,260
Computer supplies and maintenance	41,026	2,497	54,152	97,675	27,363	9,532	134,570
Client transportation	-	95,220	-	95,220	-	-	95,220
Marketing	-	-	42,288	42,288	22,896	7,397	72,581
Mental health services	-	72,232	-	72,232	-	-	72,232
Advertising	-	52	45,378	45,430	1,622	11,766	58,818
Building maintenance	27,334	28	15,804	43,166	4,945	4,399	52,510
Liability insurance	22,397	3,511	15,686	41,594	5,779	3,907	51,280
Utilities	23,464	4,223	13,561	41,248	4,243	3,783	49,274
Membership dues	1,835	-	19,403	21,238	11,997	3,750	36,985
Equipment rental and maintenance	14,833	353	10,063	25,249	3,773	2,460	31,482
Emergency financial assistance	-	31,301	-	31,301	-	-	31,301
Staff development and training	11,490	1,138	10,149	22,777	6,560	1,737	31,074
Conferences and meetings	1,417	10,897	6,705	19,019	1,617	6,671	27,307
Office supplies and expenses	4,450	3,451	11,066	18,967	2,369	3,773	25,109
Printing	4,153	659	8,306	13,118	2,135	7,386	22,639
Miscellaneous	-	6,989	409	7,398	12,841	860	21,099
Local transportation	255	857	8,831	9,943	4,377	1,501	15,821
Food bank	-	14,625	-	14,625	-	-	14,625
Drug reimbursement	-	11,890	-	11,890	-	-	11,890
Subscriptions and publications	200	231	5,699	6,130	3,013	2,045	11,188
Substance abuse services - outpatient	-	8,969	-	8,969	-	-	8,969
Campaign expenses	-	-	710	710	195	7,652	8,557
Property taxes	-	-	3,660	3,660	2,309	396	6,365
Recruiting and relocation	-	-	3,007	3,007	1,672	287	4,966
Postage and freight	129	274	1,600	2,003	1,015	1,193	4,211
Total expenses	\$ 5,608,308	\$ 2,665,663	\$ 9,848,149	\$ 18,122,120	\$ 1,721,369	\$ 1,009,163	\$ 2,730,532

The accompanying notes to the financial statements are an integral part of these statements.

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

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (5,759,370)	\$ 20,761,735
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Depreciation	193,485	200,361
Provision for uncollectible pledges	(249,066)	1,217,567
Net realized and unrealized losses (gains) on investments	2,286,309	(2,350,759)
Paycheck Protection Program loan extinguishment	(1,178,200)	-
Changes in operating assets and liabilities:		
Campaign pledges receivable	256,946	(1,260,194)
Grants receivable	(193,786)	(855,577)
Other receivables	36,303	(144,654)
Prepaid expenses	(30,395)	(32,767)
Accounts payable	(34,491)	331,851
Accrued expenses	172,925	(126,062)
Campaign pledges due to designated agencies and other United Way organizations	(34,463)	(568,959)
Grants payable	1,454,500	2,548,157
Net cash flows from operating activities	<u>(3,079,303)</u>	<u>19,720,699</u>
Cash flows from investing activities:		
Purchases of property and equipment	(183,893)	(88,788)
Purchases of investments	(1,409,954)	(4,042,319)
Proceeds from sale of investments	1,199,233	751,939
Net cash flows from investing activities	<u>(394,614)</u>	<u>(3,379,168)</u>
Change in cash	(3,473,917)	16,341,531
Cash, beginning of year	31,779,122	15,437,591
Cash, end of year	<u>\$ 28,305,205</u>	<u>\$ 31,779,122</u>
Supplemental Disclosure:		
Loan extinguished through forgiveness	<u>\$ 1,178,200</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of these statements.

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

YEARS ENDED JUNE 30, 2022 AND 2021

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, state, and local 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. Additionally, The United Way facilitates community support through collection of public contributions and expenditure on designated activities.

A summary of the Organization’s significant accounting policies are as follows:

Basis of Presentation – The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Based on the existence or absence of donor-imposed restrictions, the Organization classifies resources into two categories: without donor restrictions and with donor restrictions.

Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors’ stipulations results in the release of such restrictions.

With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. Some net assets with donor restrictions are required by donors to be held in perpetuity. The donor of net assets to be held in perpetuity permit the Organization to use the income earned to support either building maintenance or other needs of The United Way.

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, 2022 and 2021.

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

YEARS ENDED JUNE 30, 2022 AND 2021

Note 1—Summary of significant accounting policies (continued)

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 net assets without donor restrictions, unless its use is time or purpose restricted by donor stipulations or law.

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, 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 time restricted support and net assets with donor restrictions. 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. Revenues from contributions may be subject to conditions, in the form of both a barrier to entitlement and refund of amounts paid (or a release from obligation to make future payments). Conditional promises to give are not recognized as revenue until the conditions are substantially met. Other contributions are considered to be available for use without donor restrictions 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 revenue with donor restrictions that increase this net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 is 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, as well as 2-1-1 support grants.

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

YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021.

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's Worldwide reporting guidelines. The Organization's functional categories are as follows:

Allocation Services – Expenses related to activities in determining allocations to agencies and expenses related to 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 fundraising expenses.

Fundraising – Expenses related to the Organization's efforts at raising money for The United Way.

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, 2022 and 2021, the Organization recorded contributed services of \$717,122 and \$490,394 respectively, which represents donated advertising and 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, 2022 and 2021.

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

YEARS ENDED JUNE 30, 2022 AND 2021

Note 1—Summary of significant accounting policies (continued)

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 in such accounts.

The Organization received pledges for campaign years 2021 and 2020 from employees and corporate matches of one company that represented approximately 27% of fiscal 2022 and 2021 gross campaign results. Substantially all of the Organizations’ campaign pledges receivable are due from individuals, businesses, or not-for-profit organizations in the Central Florida area.

Risks and Uncertainties – Investment securities, in general, are subject to various risks, such as interest rate, credit and overall market volatility. During the Organization’s current fiscal year, stock market conditions experienced a significant downturn, exacerbated by inflationary factors, rising interest rates, and ramifications from the war in Ukraine. The Organization’s investment portfolio has been adversely impacted by this decline, the duration and ultimate impact of which is uncertain and could materially affect the amounts reported in the statements of financial position.

Note 2—Investments and fair value measurements

The fair value of investments at June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 459,533	\$ 179,084
Mutual funds:		
Intermediate term bond fund	4,391,348	4,904,486
Large blend fund	2,864,857	3,605,309
Intermediate core-plus bond	1,495,391	1,682,708
Multisector bond fund	1,065,011	1,206,993
Small blend fund	865,974	1,068,113
Foreign large blend fund	626,076	777,334
Ultrashort bond	584,301	604,712
Mid-cap blend fund	564,670	704,341
Diversified emerging markets fund	237,264	262,184
Hedge funds at net asset value	<u>429,038</u>	<u>380,519</u>
Total investments - operating	13,583,463	15,375,783
Pooled investment with Central Florida Foundation, Inc.	<u>1,892,439</u>	<u>2,175,707</u>
Total investments	<u>\$ 15,475,902</u>	<u>\$ 17,551,490</u>

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

YEARS ENDED JUNE 30, 2022 AND 2021

Note 2—Investments and fair value measurements (continued)

The investment return, net for the years ended June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 751,825	\$ 697,611
Net realized and unrealized (loss) gain on investments	<u>(2,286,309)</u>	<u>2,350,759</u>
Investment return, net	<u>\$ (1,534,484)</u>	<u>\$ 3,048,370</u>

The Organization incurred investment management fees of \$73,977 and \$70,806 for the years ended June 30, 2022 and 2021, respectively. These fees are included in the investment return, net 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 generally accepted accounting principles in the United States of America relating to fair value measurements, which define fair value, establish a framework for measuring fair value in accordance with U.S. GAAP 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 principles 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 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1, 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 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability.

Fair values of money market and mutual funds are based on quoted market prices, presented as Level 1 in the fair value hierarchy at June 30, 2022 and 2021.

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 the Foundation's 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 1 and Level 2 securities. The pooled investment with the Foundation is classified as a Level 3 in the fair value hierarchy at June 30, 2022 and 2021, due to redemption restrictions that cannot occur unless approved by the Foundation Board of Directors.

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

YEARS ENDED JUNE 30, 2022 AND 2021

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 3 investment during the years ended June 30, 2022 and 2021.

	Pooled Investment with Central Florida Foundation, Inc.	
	2022	2021
Balance, beginning of year	\$ 2,175,707	\$ 1,769,487
Investment return, net	(192,625)	488,794
Distributions	(90,643)	(82,574)
Balance, end of year	<u>\$ 1,892,439</u>	<u>\$ 2,175,707</u>

The hedge fund accounts are not available in an exchange or an active market; however, as a practical expedient, the fair value is determined based on the net asset value (“NAV”) of the underlying assets as traded in an exchange or active market. No shareholder has the right to require the funds to redeem their shares. There is no public market for shares, and none is expected to develop. Consequently, shareholders may not be able to liquidate their investment other than as a result of repurchase of shares by the funds. There are no unfunded commitments.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3—Grants receivable

Grants receivable at June 30, 2022 and 2021 consist of the following and are due in less than one year:

	2022	2021
Federal Emergency Management Agency	\$ 616,532	\$ 304,228
Florida Department of Health	472,619	373,857
Orange County	247,396	414,979
Department of Children and Families	188,017	85,647
Orlando Health	187,419	192,999
United Way Nashville	182,570	86,120
United Way Suncoast	148,526	142,226
United States Department of the Treasury	-	109,928
Other	284,516	423,825
	<u>\$ 2,327,595</u>	<u>\$ 2,133,809</u>

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

YEARS ENDED JUNE 30, 2022 AND 2021

Note 4—Property and equipment

Property and equipment at June 30, 2022 and 2021 are summarized as follows:

	<u>Useful Lives</u>	<u>2022</u>	<u>2021</u>
Land		\$ 275,000	\$ 275,000
Building and improvements	5 - 40 Years	5,565,530	5,551,530
Furniture and equipment	5 - 10 Years	91,643	130,807
Computer equipment	3 - 5 Years	450,658	886,615
Vehicles	3 Years	36,308	36,308
		<u>6,419,139</u>	<u>6,880,260</u>
Less accumulated depreciation		<u>(3,193,712)</u>	<u>(3,645,241)</u>
		<u>\$ 3,225,427</u>	<u>\$ 3,235,019</u>

Note 5—Loan payable

On April 17, 2020, the Organization was granted a loan from Truist Bank in the amount of \$1,178,200, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted on March 27, 2020. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The Paycheck Protection Program Flexibility Act of 2020, which became law on June 5, 2020, extended the covered period for loan forgiveness from eight weeks after the date of loan disbursement to 24 weeks after the date of loan disbursement, providing substantially greater flexibility for borrowers to qualify for loan forgiveness. The entire loan balance was recorded as a liability at June 30, 2021. On August 6, 2021, the entire loan balance was formally forgiven. As such, the loan has been eliminated and recognized as a gain on loan extinguishment through forgiveness for the year ended June 30, 2022.

Note 6—Contribution revenue

The Organization received a \$20,000,000 transformational non-recurring contribution from one donor during the fiscal year ended June 30, 2021, substantially increasing the Organization’s net assets without donor restrictions. During the fiscal year ended June 30, 2022, the Organization expended \$4,470,832 of the fiscal 2021 contribution on community development initiatives, of which \$3,000,000 is included in grants payable, resulting in a fiscal 2022 reduction in net assets without donor restrictions. Future financial statements will be impacted to the extent proceeds of the remaining \$15,529,168 from this contribution are used in subsequent years.

Note 7—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. On June 18, 2020, the Board of Directors, at the recommendation of Organization management, approved a decrease in the Organization contribution from 10% to 5%, effective July 1, 2020. Contributions to this Plan, including administrative expenses, for the years ended June 30, 2022 and 2021 were \$174,320 and \$161,767, respectively.

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

YEARS ENDED JUNE 30, 2022 AND 2021

Note 8—Net assets without donor restrictions

Net assets without donor restrictions at June 30, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Pooled investment with Central Florida Foundation, Inc.	\$ 1,892,439	\$ 2,175,707
Property and equipment, net	3,225,427	3,235,019
General operating	<u>31,428,079</u>	<u>37,141,571</u>
Net assets without donor restrictions	<u>\$ 36,545,945</u>	<u>\$ 42,552,297</u>

Note 9—Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose or passage of time:		
Net undesignated campaign contributions received for future allocation periods	\$ 6,401,907	\$ 6,205,176
COVID-19 recovery fund contributions	426,740	532,765
211 grants	<u>357,681</u>	<u>201,405</u>
	7,186,328	6,939,346
Subject to the restrictions in perpetuity:		
Building and operational endowment	<u>800,000</u>	<u>800,000</u>
Net assets with donor restrictions	<u>\$ 7,986,328</u>	<u>\$ 7,739,346</u>

Note 10—Endowment funds

The United Way has interpreted the *Florida Uniform Management of Institutional Funds Act* of 2003 and its successor enacted law, the *Florida Uniform Prudent Management of Institutional Funds Act*, effective July 1, 2012, as requiring the preservation of the historic dollar value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the endowment to be held in perpetuity.

The United Way endowment to be held in perpetuity consists of a donation received in the amount of \$800,000 at June 30, 2022 and 2021, which is restricted by the donor to investment in perpetuity. The income from these invested funds is classified as without donor restrictions, since it is expendable to support either building maintenance or other needs of The United Way. The remaining unspent income from these invested funds amounted to \$543,691 and \$745,884 at June 30, 2022 and 2021, respectively.

The United Way also has an endowment for board-designated funds of \$1,892,439 and \$2,175,707 at June 30, 2022 and 2021, respectively, to support the mission of the Organization. The designation does not specify a spending policy. Since this is an internal designation consisting of a pooled investment with the Foundation, and is not donor-restricted, the designation is classified and reported as net assets without donor restrictions.

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

YEARS ENDED JUNE 30, 2022 AND 2021

Note 10—Endowment funds (continued)

Annual distributions of earnings may occur upon request of United Way. The distribution of principal from the Organization's investment with the Foundation can be requested by The United Way's Board of Directors, subject to the occurrence of a dire emergency or disaster with community-wide impact, as well as with the approval of the Foundation's Board of Directors. As such, the pooled investment in the Foundation is not considered to be a liquid asset of the Organization.

Note 11—Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash	\$ 28,305,205	\$ 31,779,122
Investments	13,583,463	15,375,783
Campaign pledges receivable, net	2,538,418	2,546,298
Grants receivable	2,327,595	2,133,809
Other receivables	<u>253,841</u>	<u>290,144</u>
Financial assets at the end of the year	47,008,522	52,125,156
Less assets unavailable for general expenditures within one year:		
Restricted by donor with purpose restriction	(800,000)	(800,000)
Campaign pledges due to designated agencies and other United Way organizations	<u>(326,017)</u>	<u>(360,480)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 45,882,505</u>	<u>\$ 50,964,676</u>

For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers all expenditures related to its ongoing activities of improving lives as well as the services undertaken to support those activities to be general expenditures.

Endowment funds consist of a donor-restricted endowment and funds designated by the Board as an endowment. Income from the donor-restricted endowment is classified as without donor restriction, since it is expendable to support either building maintenance or other needs of The United Way. The Board designated endowment does not specify a spending policy. The Organization does not intend to spend from the Board designated endowment and has deducted the funds from financial assets available in the table above. However, these amounts could be made available, if necessary. These funds are invested in money market funds, mutual funds, and pooled investments.

Note 12—Subsequent events

Management has assessed subsequent events and determined there were no events requiring recognition or disclosure through November 17, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2022

Grantor/Pass-Through/Program Total	Contract Award Number	Assistance Listing #	Portion Expended by Subrecipients	Total Federal Expenditures
Federal Awards:				
U.S. Department of Justice				
Passed through Office for Victims of Crime: Crime Victim Assistance - Discretionary Grant	2018-V3-GX-K012	16.582	\$ 171,554	\$ 235,074
Total U.S. Department of Justice			<u>171,554</u>	<u>235,074</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	-	128,350
Passed through Central Florida Cares Health System: Block Grant for Community Mental Health Services	UW224	93.958	-	921,532
Passed through Orange County: HIV Care Formula Grants (Ryan White HIV/AIDS Planning Council)	Y18-186-ZM	93.914	-	251,821
Passed through Florida Department of Health: HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	CODLQ-Y2	93.917	403,775	472,962
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	CODLQ-Y3	93.917	855,683	1,027,812
HIV Care Formula Grants (Ryan White HIV/AIDS Program General Revenue)	CODMH	93.917	501,226	589,536
Total U.S. Department of Health and Human Services			<u>1,760,684</u>	<u>2,090,310</u>
U.S. Department of Homeland Security				
Passed through the Emergency Food and Shelter National Board:				
Emergency Food and Shelter National Board Program	37-1680-00, 37-1684-00, 37-1718-00, 38-1680-00, 38-1684-00, 38-1718-00	97.024	1,139,931	1,166,035
COVID-19 Emergency Food and Shelter National Board Program	CARES-1680-00, CARES- 1684-00, CARES-1718-00	97.024	361,817	367,659
Passed through the Federal Emergency Management Agency: COVID-19 Mental Health Disaster Assistance and Emergency Mental Health	LH802	93.982	1,501,748	1,533,694
Total U.S. Department of Homeland Security			<u>1,501,748</u>	<u>1,657,263</u>
U.S. Department of the Treasury				
Volunteer Income Tax Assistance	21VITA-0100, 22VITA-0172	21.009	-	101,261
Passed through Seminole County: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	-	25,000
Total U.S. Department of the Treasury			<u>-</u>	<u>126,261</u>
Total Federal Awards			<u>\$ 3,433,986</u>	<u>\$ 5,410,611</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, 2022

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, 2022. 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 AND SCHEDULES

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 statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2022.

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") as a basis for designing 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 or significant deficiencies 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 financial statements. 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 Heart of Florida United Way, Inc.'s internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
November 17, 2022

Report of Independent Auditor on Compliance for Each Major Federal 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

Opinion on Each Major Federal Program

We have audited Heart of Florida United Way, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of its major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Cherry Bekaert LLP

Orlando, Florida
November 17, 2022

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

YEAR ENDED JUNE 30, 2022

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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.958	Block Grants for Community Mental Health Services
97.024	Emergency Food and Shelter Program

Dollar threshold used to determine Type A programs:
 Federal \$ 750,000

Auditee qualified as low-risk auditee for federal purposes? x yes no

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

YEAR ENDED JUNE 30, 2022

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, 2022

Summary of Prior Year Findings

There were no findings required to be reported by 2 CFR section 200.516(a) in the 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, 2022; therefore, a Corrective Action Plan is not required.