

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2016**



**Powell & Jones**  
Certified Public Accountants

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

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## **BASIC FINANCIAL STATEMENTS**



**Powell & Jones**  
Certified Public Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the United Way of Suwannee Valley, Inc., a non-profit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Suwannee Valley, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards 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 October 24, 2016, on our consideration of United Way of Suwannee Valley, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Suwannee Valley's internal control over financial reporting and compliance.



**POWELL & JONES**  
Certified Public Accountants  
October 24, 2016

**UNITED WAY OF SUWANNEE VALLEY, INC**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2016

**ASSETS**

<b>Current assets</b>	
Cash and cash equivalents	\$ 515,739
Cash and cash equivalents, restricted	169,157
Contributions receivable, net	154,566
Accounts receivable	2,792
Due from governments	54,994
Prepaid expenses	3,980
<b>Total current assets</b>	<u>901,228</u>
<b>Long term assets</b>	
Building	385,000
Building improvements	82,214
Equipment	36,853
Less: accumulated depreciation	(40,412)
<b>Total long term assets</b>	<u>463,655</u>
<b>Total assets</b>	<u>\$ 1,364,883</u>

**LIABILITIES**

<b>Current liabilities</b>	
Accounts payable	\$ 451
Accrued expenses	11,531
Accrued compensated absences	2,575
Deferred revenue	5,000
Loan payable - current portion	8,400
<b>Total current liabilities</b>	<u>27,957</u>
<b>Long term liabilities</b>	
Accrued compensated absences	7,724
Loan payable	183,900
<b>Total long term liabilities</b>	<u>191,624</u>

**NET ASSETS**

Unrestricted, undesignated	976,145
Temporarily restricted	169,157
<b>Total net assets</b>	<u>1,145,302</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,364,883</u>

**UNITED WAY OF SUWANNEE VALLEY, INC**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Campaign revenue, net	\$ 428,522	\$ -	\$ 428,522
Governmental grants	370,424	-	370,424
Other grants	179,143	-	179,143
Donated facilities	12,800	-	12,800
Donated supplies	5,869	-	5,869
Investment income	1,449	-	1,449
Fundraising	750	-	750
Events	2,386	-	2,386
Conferences	3,269	-	3,269
Donations	-	168,560	168,560
Endowment	14,831	-	14,831
Miscellaneous income	121	-	121
Sales to the public	2,568	-	2,568
Total revenue and other support	<u>1,022,132</u>	<u>168,560</u>	<u>1,190,692</u>
<b>EXPENSES</b>			
Program services			
Community services	771,122	-	771,122
Supporting services			
General and administrative	87,300	-	87,300
Fundraising	771	-	771
Total expenses	<u>859,193</u>	<u>-</u>	<u>859,193</u>
Change in net assets	162,939	168,560	331,499
Net assets, beginning of year	598,799	215,004	813,803
Release of restricted funds	214,407	(214,407)	-
Net assets, end of year	<u>\$ 976,145</u>	<u>\$ 169,157</u>	<u>\$ 1,145,302</u>

See notes to the financial statements

**UNITED WAY OF SUWANNEE VALLEY, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2016

	Program Services	Supporting Services		Totals
	Community Service	General and Administrative	Fundraising	
Personnel services				
Salaries and wages	\$ 144,023	\$ 58,439	\$ -	\$ 202,462
Employee benefits	4,857	1,984	-	6,841
Payroll taxes	13,129	5,362	-	18,491
Total personnel services	<u>162,009</u>	<u>65,785</u>	<u>-</u>	<u>227,794</u>
Operating expenses				
HUD HMIS program	16,786	-	-	16,786
Emergency Solutions Grant	52,108	-	-	52,108
Continuum of care planning	1,014	-	-	1,014
Homeless services network	20,163	-	-	20,163
Challenge Grant	67,583	-	-	67,583
Reading Pals	35,012	-	-	35,012
Children's Partnership	2,889	-	-	2,889
Homeless Prevention	32,315	-	-	32,315
Local grant	19,320	-	-	19,320
Assistance to individuals	6,734	-	-	6,734
Agency funding	300,460	-	-	300,460
Supplies	-	1,766	-	1,766
Repairs	-	2,251	-	2,251
Telephone	2,428	-	-	2,428
Postage and shipping	1,130	-	-	1,130
Insurance	2,334	3,234	-	5,568
Rental and maintenance of equipment	2,327	-	-	2,327
Occupancy	12,800	2,837	-	15,637
Printing and publications	1,778	-	-	1,778
Travel/training	2,349	118	-	2,467
Conferences, conventions and meetings	5,009	-	771	5,780
Professional fees	5,000	5,869	-	10,869
Membership dues	8,241	-	-	8,241
Miscellaneous	-	1,662	-	1,662
Total operating expenses	<u>597,780</u>	<u>17,737</u>	<u>771</u>	<u>616,288</u>
Total expenses before depreciation	759,789	83,522	771	844,082
Depreciation	11,333	3,778	-	15,111
Total expenses	<u>\$ 771,122</u>	<u>\$ 87,300</u>	<u>\$ 771</u>	<u>\$ 859,193</u>



**UNITED WAY OF SUWANNEE VALLEY, INC**

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

Support and revenues collected	
Campaign revenue, net	\$ 421,235
Government grants	510,123
Other grants	178,088
Donation	168,560
Investment income	1,449
Fundraising	771
Endowment income	14,831
Conferences	3,269
Miscellaneous income	121
Payments for expenses	
Compensation and related benefits	(218,173)
Suppliers and charitable expenses	(747,471)
Net cash provided by operating activities	<u>332,803</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	<u>(264,194)</u>
Net cash used for capital and related financing	<u>(264,194)</u>

Net increase in cash and cash equivalents 68,609

Cash and cash equivalents, beginning of year 616,287  
Cash and cash equivalents, end of year \$ 684,896

Cash and cash equivalents, classified as

Current assets	\$ 515,739
Restricted assets	169,157
Total cash and cash equivalents	<u>\$ 684,896</u>

Change in net assets \$ 331,499

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation	15,111
Increase in prepaid expenses	(3,467)
Increase in receivables, net	17,697
Decrease in accounts payable	(158)
Increase in accrued expenses	1,460
Decrease in compensated absences	8,161
Increase in deferred revenue	(37,500)
Total adjustments	<u>1,304</u>
Net cash provided by operating activities	<u>\$ 332,803</u>

**UNITED WAY OF SUWANNEE VALLEY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2016

**NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

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

Basis of Accounting

United Way of Suwannee Valley, Inc. follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

Financial Statement Presentation

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

United Way of Suwannee Valley, Inc. also follows FASB ASC 958 regarding accounting for contributions made and received. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All assets and all liabilities associated with the operation of the Organization are included on the statement of financial position. The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of cash in banks in the form of checking and money market funds. Temporarily restricted cash of \$169,157 was held at June 30, 2016 for a building fund. Cash and cash equivalents are 100% FDIC insured as of June 30, 2016. Associated temporarily restricted net assets at June 30, 2016 were \$169,157.

Promises to Give

Contributions are recognized when the donor makes a promise to give (a pledge) to the Organization that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the pledges are recognized. All other donor-restricted pledges are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization has established an allowance for uncollectible pledges. The allowance is an estimate based on management's analysis and prior experience with the collectability of outstanding pledges.

#### Deferred Revenue

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

#### Property and Equipment

The facilities used by the Organization were donated. In-kind rent and a contribution of donated facilities have been recognized in the statement of activities. A building was subsequently purchased and renovated. Property and equipment consists of donated and purchased furnishings and equipment which have been capitalized at fair market value at time of donation or cost, if greater than \$500, and are depreciated using the straight line method over their estimated useful lives.

#### Accrued Compensated Absences

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

#### Revenue Recognition

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

#### Contributed Services and Facilities

During the year ended June 30, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not historically material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in planning and conducting United Way affairs. \$93,855 in volunteer time was donated by various individuals. These either gave their time/services voluntarily or they were required to volunteer under a community service court-order or to fulfill a graduation requirement. This amount does not meet the criteria for recognition in the financial statements and accordingly has not been recorded. The City of Lake City contributed space that has been recorded at estimated value of \$12,800 for the office location at 325 NE Hernando Street.

#### Income Taxes

The Organization is not a private foundation and is exempt from income tax under Internal Revenue Code section 501(c)(3). As such no provision for income tax is reflected in these financial statements. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax," with the Internal Revenue Service. The returns for 2016, 2015 and 2014 are subject to review and adjustment by the Internal Revenue Service.

#### Pervasiveness of Estimates

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

## Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **NOTE 2. PROMISES TO GIVE (CONTRIBUTIONS) RECEIVABLE**

Contributions receivable at June 30, 2016, consist of the following:

	<u>Unrestricted</u>
2015-16 Campaign Year	\$ 188,462
Less allowance for Uncollectible pledges	<u>(33,896)</u>
	<u>\$ 154,566</u>

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

### **NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>Cost</u>	<u>Years</u>
Furniture and equipment	\$ 36,853	5
Building and building improvements	467,214	40
Less accumulated depreciation	<u>(40,412)</u>	
	<u>\$ 463,655</u>	

Depreciation expense for the year was \$15,111.

### **NOTE 4. PENSION PLAN AND OTHER BENEFITS**

The Organization has adopted a tax sheltered retirement plan. This plan is a qualified defined contribution plan under Section 403(b)(7) of the Internal Revenue Code. Under this defined contribution type of plan, the Organization may make contributions to the plan on behalf of eligible employees or employees may make contributions. Employee benefit levels have been currently established at \$1,300 annually for all permanent full-time employees. Total payments to the plan for the year ended June 30, 2016, were \$3,600.

Since this is a defined contribution plan, there is no unfunded liability, normal cost, past or prior service cost, nor any current effects on pension costs under ERISA. None of the benefits exceed the total value of the pension fund since this is a defined contribution type plan. The plan is administered by the Organization through a contractual agreement with a servicing company.

Eligible employees may opt to allocate the employer benefit as medical benefits. Total payments to employees for medical benefits for the year ended June 30, 2016 were \$4,700.

**NOTE 5. EXPENSES BY FUNCTION**

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

**NOTE 6. CONTINGENCIES AND COMMITMENTS**

Contingencies - There is a contingent liability due to the fact that all possible regulatory audits of the Organization have not been fully completed for the year ended June 30, 2016. Under provisions of the funding agreements, any eventual expenditures determined to be not in compliance with grant regulations could be subject to repayment by the Organization. The Organization's administration believes that all expenditures were significantly in compliance with appropriate grant regulations.

Operating Leases - The Organization has one operating lease with non-cancelable terms for office equipment. The future minimum lease payments for this lease at June 30, 2016 are as follows:

<u>June 30</u>	<u>Minimum Lease Payments</u>
2017	<u>\$ 456</u>

Rental expense for the year ended June 30, 2016 was \$5,149.

**NOTE 7. CONCENTRATION OF CREDIT RISK**

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in local banks which may at times exceed the FDIC limits. At June 30, 2016, the total bank balances were \$684,896 of which all was covered by federal depository insurance.

**NOTE 8. RISK MANAGEMENT**

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

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

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

**NOTE 9. INVENTORIES**

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

**NOTE 10. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

- Cash, Accounts Receivable, and Accounts Payable - Carrying amount approximates fair value due to the short maturity of these financial instruments.

At June 30, 2016, the Organization had no assets or liabilities subject to disclosure of fair value measurements per FASB Statement No. 157.

**NOTE 11. MORTGAGE – FIRST FEDERAL BANK OF FLORIDA**

On July 20, 2015, United Way of Suwannee Valley, Inc. obtained a note in the amount of \$200,000 to assist in purchasing a new office building. The note does not require interest payments until July, 2017. Thereafter, the loan is payable in twenty-three monthly payments of \$700 with interest accruing at 1.99%. After that period, interest and principal terms change periodically until paid in full. The note is collateralized by the purchased building located at 871 S.W. State Road 47, in Lake City, Florida. The current balance at June 30, 2016, was \$192,300, and is payable as follows assuming maintenance of the 1.99% interest rate:

Year	Principal	Interest	Total
2017	\$ 8,400	\$ 3,721	\$ 12,121
2018	11,648	3,403	15,051
2019	11,648	3,238	14,886
2020	11,648	3,072	14,720
2021	11,648	2,900	14,548
Thereafter	137,308	20,669	157,977
	<u>\$ 192,300</u>	<u>\$ 37,003</u>	<u>\$ 229,303</u>

United Way of Suwannee Valley, Inc. intends to fully pay this loan prior to July 20, 2017 and at June 30, 2016 has accumulated funds totaling \$169,157 toward this purpose.

**NOTE 12. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2016, the date the financial statements were available to be issued.

## **COMPLIANCE SECTION**

**UNITED WAY OF SUWANNEE VALLEY, INC**  
**SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the fiscal year ended June 30, 2016

Program	CFDA #	CSFA #	Grant Number	Award Amount	Reported in Prior Year	Fund Balance/		Revenue Recognized	Disbursements
						Deferred Revenue	July 1, 2016		
<b>FEDERAL AWARDS</b>									
Nonmajor Programs:									
U.S. Department of HUD									
Continuum of Care Planning Grant	14.267		FL0460L4H181300	3,143	645	-	2,498	2,498	2,498
Continuum of Care Planning Grant			FL0530L4H181400	3,969	-	-	2,964	2,964	2,964
Homeless Management Information System	14.235		FL0158L4H181508	32,146	-	-	28,932	28,932	28,932
Passed through Florida Department of Children and Families									
Emergency Solutions Grant	14.231		CPZ42	76,905	-	-	76,684	76,684	76,684
Total federal awards				\$ 120,084	\$ 645	\$ -	\$ 111,078	\$ 111,078	\$ 111,078

**STATE FINANCIAL ASSISTANCE**

Nonmajor Programs:									
Florida Department of Children and Families									
Homeless Services Network	N/A		CP001	\$ 216,137	\$ 142,588	\$ -	\$ 73,280	\$ 73,280	\$ 73,280
Homeless Challenge grants	60.014		CPZ34	87,595	60,588	-	24,948	24,948	24,948
Homeless Challenge grants	60.014		CPZ48	140,000	-	-	120,000	120,000	120,000
Homeless Prevention grants				41,118	-	-	41,118	41,118	41,118
Total state financial assistance				484,850	203,176	-	259,346	259,346	259,346
Total state and federal financial assistance				\$ 604,934	\$ 203,821	\$ -	\$ 370,424	\$ 370,424	\$ 370,424

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



**UNITED WAY OF SUWANNEE VALLEY, INC.**

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

For the Fiscal Year Ended June 30, 2016

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

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

**C. Grant Awards**

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Suwannee Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 October 24, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**2012-1  
Financial Statement Preparation**

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

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

#### **MANAGEMENT'S RESPONSE**

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

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

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

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



**POWELL & JONES**  
Certified Public Accountants  
October 24, 2016

## MANAGEMENT LETTER

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

We have audited the financial statements of United Way of Suwannee Valley, Inc. as of and for the year ended June 30, 2016, and have issued our report thereon dated October 24, 2016.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matter Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated October 24, 2016, should be considered in conjunction with this management letter.

### PRIOR YEAR FINDINGS

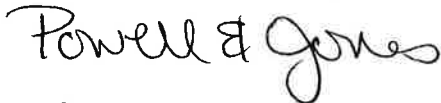
There were no reportable findings in the prior year.

### CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

### CONCLUSION

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



**POWELL & JONES**  
Certified Public Accountants  
October 24, 2016

## Communication with Those Charged with Governance

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

We have audited the financial statements of United Way of Suwannee Valley, Inc. for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Suwannee Valley, Inc. are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 24, 2016.

***Management Consultations with Other Independent Accountants***

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

***Other Audit Findings or Issues***

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

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

Very truly yours,

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

**POWELL & JONES**  
Certified Public Accountants  
October 24, 2016