

**UNITED WAY OF
BRAZORIA COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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UNITED WAY OF BRAZORIA COUNTY
Financial Statements
For the Years Ended June 30, 2014 and 2013

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Independent Auditor's Report on the Financial Statements

August 20, 2014

To the Board of Directors
United Way of Brazoria County
Angleton, Texas

I have audited the accompanying financial statements of the United Way of Brazoria County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

United Way of Brazoria County
August 20, 2014
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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Brazoria County as of June 30, 2014 and 2013, 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.

Harry Koester, Jr.

UNITED WAY OF BRAZORIA COUNTY
Statements of Financial Position
As of June 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,569,029	\$ 1,271,193
Short-term bank certificates of deposit	157,435	156,752
Campaign pledges receivable, net of allowance for uncollectible pledges of \$177,000 and \$169,000, respectively	843,274	1,217,659
Other current assets	14,330	10,186
Total current assets	<u>2,584,068</u>	<u>2,655,790</u>
Fixed assets, at cost, net of accumulated depreciation of \$18,676 and \$14,712, respectively	21,960	8,428
Total assets	<u>\$ 2,606,028</u>	<u>\$ 2,664,218</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 29,055	\$ 21,564
Donor designations payable	186,490	199,309
Total current liabilities	<u>215,545</u>	<u>220,873</u>
Net assets:		
Unrestricted and not designated	2,390,483	2,443,345
Total liabilities and net assets	<u>\$ 2,606,028</u>	<u>\$ 2,664,218</u>

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

UNITED WAY OF BRAZORIA COUNTY
Statements of Activities
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Public support and revenue:		
Campaign revenue:		
Gross campaign results	\$ 2,655,459	\$ 2,755,973
Less provision for uncollectible pledges	<u>(209,135)</u>	<u>(168,077)</u>
Net campaign results	2,446,324	2,587,896
Less donor designations, net of provision for uncollectible designations	<u>(307,666)</u>	<u>(343,929)</u>
Campaign revenue	2,138,658	2,243,967
Designations from other United Ways	110,579	143,952
Service fees retained on donor designations	30,457	33,568
"Helpline" subsidy from county government	14,000	14,000
Fundraising events (net), and other donations	34,024	25,708
Investment income	3,932	3,938
Grants	37,000	37,087
Miscellaneous income (loss)	<u>2,396</u>	<u>2,450</u>
Total public support and revenue	<u>2,371,046</u>	<u>2,504,670</u>
Expenses:		
Program services:		
Allocations, grants, and designations to agencies	2,014,239	2,226,911
Less donor designations incurred	<u>(307,666)</u>	<u>(343,929)</u>
Net funds distributed to agencies	1,706,573	1,882,982
Other program services:		
Funds distribution	80,092	58,526
Community services	<u>183,257</u>	<u>209,826</u>
Total program services	<u>1,969,922</u>	<u>2,151,334</u>
Supporting services:		
Administration	276,334	250,953
Fundraising	<u>177,652</u>	<u>156,460</u>
Total supporting services	<u>453,986</u>	<u>407,413</u>
Total expenses	<u>2,423,908</u>	<u>2,558,747</u>
Increase (decrease) in net assets	(52,862)	(54,077)
Net assets, beginning of year	<u>2,443,345</u>	<u>2,497,422</u>
Net assets, end of year	<u>\$ 2,390,483</u>	<u>\$ 2,443,345</u>

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

UNITED WAY OF BRAZORIA COUNTY
Statement of Functional Expenses
For the Year Ended June 30, 2014

	<u>Program Services</u>		
	<u>Funds</u>	<u>Community</u>	<u>Subtotal -</u>
	<u>Distribution</u>	<u>Services</u>	<u>Program</u>
			<u>Services</u>
Personnel costs:			
Salaries and wages	\$ 50,566	\$ 102,492	\$ 153,058
Payroll taxes and workers comp insurance	3,966	8,216	12,182
Employee benefits	9,483	21,584	31,067
	<hr/>		
Total personnel costs	64,015	132,292	196,307
Other expenses:			
Assistance to individuals, and other programs	-	4,841	4,841
Audit and related CPA services	-	-	-
Depreciation	396	1,150	1,546
Facilities costs	4,704	13,642	18,346
Insurance	569	1,650	2,219
Miscellaneous	883	2,559	3,442
Office equipment rental & maintenance	1,584	4,594	6,178
Postage & shipping	487	1,411	1,898
Printing & publications	1,143	-	1,143
Supplies & office expenses	1,195	3,466	4,661
Telephone	721	4,906	5,627
Travel and local transportation	666	1,932	2,598
United Way Worldwide dues	2,965	8,599	11,564
United Ways of Texas dues	764	2,215	2,979
	<hr/>		
Total expenses	\$ 80,092	\$ 183,257	\$ 263,349
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The accompanying notes are an integral part of these financial statements.

Supporting Services

<u>Admini- stration</u>	<u>Fund- Raising</u>	<u>Subtotal - Supporting Services</u>	<u>2014 Grand Total</u>
\$ 159,126	\$ 100,410	\$ 259,536	\$ 412,594
12,985	8,067	21,052	33,234
33,851	20,110	53,961	85,028
<hr/>			
205,962	128,587	334,549	530,856
			4,841
6,900	-	6,900	6,900
1,506	912	2,418	3,964
17,875	10,819	28,694	47,040
2,162	1,310	3,472	5,691
8,448	2,030	10,478	13,920
6,019	3,645	9,664	15,842
1,849	1,119	2,968	4,866
1,631	14,714	16,345	17,488
4,543	2,749	7,292	11,953
2,740	1,659	4,399	10,026
2,532	1,531	4,063	6,661
11,266	6,820	18,086	29,650
2,901	1,757	4,658	7,637
<hr/>			
<u>\$ 276,334</u>	<u>\$ 177,652</u>	<u>\$ 453,986</u>	<u>\$ 717,335</u>

UNITED WAY OF BRAZORIA COUNTY
Statement of Functional Expenses
For the Year Ended June 30, 2013

	<u>Program Services</u>		
	<u>Funds</u>	<u>Community</u>	<u>Subtotal -</u>
	<u>Distribution</u>	<u>Services</u>	<u>Program</u>
			<u>Services</u>
Personnel costs:			
Salaries and wages	\$ 34,352	\$ 119,665	\$ 154,017
Payroll taxes and workers comp insurance	2,836	9,722	12,558
Employee benefits	9,951	29,372	39,323
	<hr/>		
Total personnel costs	47,139	158,759	205,898
Other expenses:			
Assistance to individuals, and other programs	-	8,067	8,067
Audit and related CPA services	-	-	-
Depreciation	230	845	1,075
Facilities costs	3,827	14,034	17,861
Insurance	496	1,820	2,316
Miscellaneous	655	2,401	3,056
Office equipment rental & maintenance	736	2,699	3,435
Postage & shipping	540	1,980	2,520
Printing & publications	-	-	-
Supplies & office expenses	831	3,046	3,877
Telephone	460	2,933	3,393
Travel and local transportation	874	3,204	4,078
United Way Worldwide dues	2,070	7,590	9,660
United Ways of Texas dues	668	2,448	3,116
	<hr/>		
Total expenses	\$ 58,526	\$ 209,826	\$ 268,352
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The accompanying notes are an integral part of these financial statements.

Supporting Services

<u>Admini- stration</u>	<u>Fund- Raising</u>	<u>Subtotal - Supporting Services</u>	<u>2013 Grand Total</u>
\$ 142,776	\$ 85,815	\$ 228,591	\$ 382,608
11,691	6,999	18,690	31,248
40,587	22,389	62,976	102,299
<hr/>			
195,054	115,203	310,257	516,155
			8,067
5,925	-	5,925	5,925
922	563	1,485	2,560
15,309	9,356	24,665	42,526
1,985	1,214	3,199	5,515
7,048	1,600	8,648	11,704
2,944	1,800	4,744	8,179
2,160	1,320	3,480	6,000
-	13,424	13,424	13,424
3,322	2,030	5,352	9,229
1,838	1,123	2,961	6,354
3,495	2,135	5,630	9,708
8,280	5,060	13,340	23,000
2,671	1,632	4,303	7,419
<hr/>			
\$ 250,953	\$ 156,460	\$ 407,413	\$ 675,765

UNITED WAY OF BRAZORIA COUNTY
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (52,862)	\$ (54,077)
Reconciling adjustments:		
Depreciation	3,964	2,560
Decrease (increase) in campaign pledges receivable	374,385	70,304
Decrease (increase) in other current assets	(4,144)	(1,499)
Reinvested interest income on short-term CDs	(683)	(665)
Increase (decrease) in accounts payable and accrued expenses	7,491	(9,737)
Increase (decrease) in donor designations payable	<u>(12,819)</u>	<u>13,799</u>
Net cash provided (used) by operating activities	<u>315,332</u>	<u>20,685</u>
Cash flows from investing activities:		
Purchases of fixed assets	(17,496)	(4,894)
Cash flows from financing activities	<u>None</u>	<u>None</u>
Net increase (decrease) in cash and cash equivalents	297,836	15,791
Cash and cash equivalents, beginning of year	<u>1,271,193</u>	<u>1,255,402</u>
Cash and cash equivalents, end of year	<u>\$ 1,569,029</u>	<u>\$ 1,271,193</u>

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

UNITED WAY OF BRAZORIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Nature of Activities

United Way of Brazoria County (the Agency, UWBC) is a Texas non-profit corporation formed March 15, 1959. The Agency works to solve critical human services problems facing Brazoria County. In conjunction with hundreds of community partners, the Agency assesses community needs, develops strategic plans to address top priority issues, mobilizes partners and resources to address the plans, and measures and reports results to the community. It is governed by a volunteer Board of Directors drawn from throughout the county.

The Agency's primary functions are its annual fundraising campaign conducted each fall, and the allocation of grants to its member agencies. In addition, the Agency conducts various community service programs. These include its "Helpline" information and referral service, disaster recovery assistance, other emergency assistance to needy individuals, and county-wide needs assessment and planning.

B. Basis of Presentation

These financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less. This includes bank demand deposits and money market accounts.

D. Donor Designations

Donor designations are contributions that the donor specifically directs to a particular organization. Under generally accepted accounting principles, donor designations do not constitute campaign revenue or programs expense. The funds are held by UWBC in an agency capacity and are distributed to the intended organizations when collected, net of a service fee.

E. Fixed Assets and Depreciation

The Agency's fixed assets consist of computer hardware and software, and office furniture and equipment. Purchased fixed asset are recorded at cost. Gifts are recorded at estimated fair market value at the time they are received. Depreciation of fixed assets is provided using the straight-line method over their estimated useful lives: 5 years for computer hardware and software, and 5-to-7 years for office furniture and equipment.

F. Functional Expense Allocations

Expenses that can be directly attributed to a particular function are charged there. All other expenses are allocated based on the distribution of staff time.

UNITED WAY OF BRAZORIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Fundraising Expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

H. Income Tax Status

The Agency is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and is classified as a public charity.

Although exempt from federal income tax, the Agency is required to file an annual Form 990 information return with the Internal Revenue Service (IRS). The Agency's Form 990 returns have never been audited by the IRS. Those for the Agency's fiscal years 2011 through 2014 are subject to audit.

I. Investments

Investments are reported at their fair market values in the statement of financial position. Investment income consists of interest income, dividend income, and investment gains and losses.

J. Net Assets

Not-for-profit organizations are required by generally accepted accounting principles to classify net assets into three categories based on the existence or absence of donor-imposed restrictions:

- **Unrestricted** – those not subject to any donor-imposed restrictions.
- **Temporarily Restricted** – those subject to donor-imposed use or time restrictions that expire either when the contributions are used for their stipulated purposes or when the time restrictions expire.

Generally accepted accounting principles permit classifying temporarily restricted contributions received and expended during the same fiscal year as unrestricted. The Agency follows this practice.

- **Permanently Restricted** – those subject to donor-imposed restrictions that neither expire with the passage of time nor can be met and removed by actions of the Agency.

The Agency had no restricted assets during the years ended June 30, 2014 and 2013.

UNITED WAY OF BRAZORIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

K. Provision for Uncollectible Pledges

The provision for uncollectible pledges is computed based on a 3-year historical average of collections experience, adjusted by management estimates of current economic factors, applied to individual company campaigns, including donor designations.

L. Revenue from Pledges and Donations

Pledges and other donations are recognized as revenue when received or when the donor makes an unconditional promise to give to the Agency, whichever is earlier. Non-cash donations are recorded at their estimated fair market value at date of receipt.

M. Use of Estimates

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

N. Volunteer Services

A significant number of volunteers donate substantial amounts of time to the Agency's annual fundraising campaign, its funds allocation process, administrative oversight, and other programs. No amounts have been included in these financial statements for the value of volunteer services as there is no objective basis to value such assistance.

NOTE 2 – MAJOR DONOR

A large chemical company located in southern Brazoria County provides a significant portion of the pledges received in each annual campaign. In the two most recent campaigns, fall of 2013 and fall of 2012, the employee and corporate pledges from this company accounted for approximately 35% and 38%, respectively, of gross campaign pledges.

NOTE 3 – CASH, INVESTMENTS, AND CONCENTRATION OF CREDIT RISK

The Agency maintains its operating bank account with a bank that is insured by the Federal Deposit Insurance Corporation (FDIC). The balance in the account may at times exceed FDIC insurance limits.

The Agency's cash equivalents consist solely of money market mutual funds. These mutual funds invest only in short-term U. S. Treasury obligations and are insured by SIPC (the Securities Investors Protection Corporation).

Investments consist solely of bank certificates of deposit which are carried at cost plus accrued interest. These carrying values reasonably approximate fair market value.

UNITED WAY OF BRAZORIA COUNTY
Notes to the Financial Statements
For the Years Ended June 30, 2014 and 2013

NOTE 4 – RETIREMENT PLAN

The Agency maintains a 401(K) retirement plan for the benefit of its full-time employees. The plan covers all full-time employees over age 21 with more than one year of service.

Employees may contribute up to 15% of their eligible pay to the plan. For employee contributions up to 6% of their eligible pay, the Agency is obligated to make a 50% matching contribution. In addition, the Agency may voluntarily contribute up to 3% of the pay of each eligible employee. Employer contributions to this plan in the years ended June 30, 2014 and 2013 were \$14,365 and \$18,085, respectively.

NOTE 5 - OPERATING LEASES

The Agency rents its Angleton offices under a non-cancelable operating lease agreement. As of June 30, 2014, the minimum future annual lease payments due under this agreement are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	
2015	\$ 47,640
2016	48,237
2017	50,028
2018	50,649
2019	<u>39,384</u>
	<u>\$ 235,938</u>

Total rent expense for the years ending June 30, 2014 and 2013 were \$46,971 and \$45,478, respectively.

NOTE 6 – ALLOCATIONS AWARDED FOLLOWING YEAR END

In July 2014, the Agency awarded \$1,700,000 in allocation grants to its member agencies to support their operations during the period from July 1, 2014 through June 30, 2015.

NOTE 7 – SUBSEQUENT EVENTS THROUGH AUGUST 20, 2014

Management has evaluated events through August 20, 2014, the date on which the financial statements were available to be issued.