

UNITED WAY OF CALHOUN COUNTY

PORT LAVACA, TEXAS

Financial Statements

March 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors, United Way of Calhoun County

We have audited the accompanying financial statements of United Way of Calhoun County (a nonprofit organization), which comprise the statements of financial position as of March 31, 2020 and 2019 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Calhoun County as of March 31, 2020 and 2019 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.

Bumgardner Morrison And Company, LLP
Bumgardner, Morrison & Company, LLP
Victoria, Texas
August 24, 2020

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Statements of Financial Position
March 31, 2020 and 2019

	2020	2019
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 303,846	\$ 280,612
Certificates of deposit	174,158	171,425
Unconditional promises to give, net	111,251	109,356
Interest receivable	386	386
Prepaid expenses	5,670	3,930
Total Current Assets	595,311	565,709
Fixed Assets		
Furniture and equipment	7,319	11,474
Less: accumulated depreciation	(5,756)	(9,298)
Total Fixed Assets	1,563	2,176
Total Assets	\$ 596,874	\$ 567,885
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 1,483	\$ 1,587
Agency allocation payable	265,000	272,000
Total Current Liabilities	266,483	273,587
Net Assets		
Without donor restrictions	324,922	264,853
With donor restrictions	5,469	29,445
Total Net Assets	330,391	294,298
Total Liabilities and Net Assets	\$ 596,874	\$ 567,885

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statements of Activities
Years Ended March 31, 2020 and 2019**

	2020	2019
Changes in net assets without donor restrictions		
Contributions		
Gross campaign contributions	386,783	364,034
Less: Amounts raised on behalf of others	-	(2,819)
Net campaign contributions	386,783	361,215
Sponsorship revenue	4,250	2,500
In-kind donations	7,200	7,200
Interest income	2,733	1,772
Other income	130	4,371
Total revenues without donor restrictions	401,096	377,058
Net assets released from restrictions		
Satisfaction of purpose restriction	38,271	60,329
Total revenues and other support without donor restrictions	439,367	437,387
Expenses		
Program services	321,735	358,381
Supporting services		
Management and general	35,525	68,855
Fundraising	22,038	20,583
Total expenses	379,298	447,819
	60,069	(10,432)
Changes in net assets with donor restrictions		
Contributions	14,295	15,547
Net assets released from donor restrictions	(38,271)	(60,329)
	(23,976)	(44,782)
(Decrease) Increase in total net assets	36,093	(55,214)
Beginning Net Assets	294,298	349,512
Ending Net Assets	\$ 330,391	\$ 294,298

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statement of Functional Expenses
Year Ended March 31, 2020**

	Program Services	Supporting Services		2020 Total Expenses
		Management and General	Fundraising	
Agency allocations	\$ 294,096	\$ -	\$ -	\$ 294,096
Salaries and related expenses	20,037	14,445	12,116	46,598
Professional fees and contract services	1,200	11,900	1,200	14,300
Dues and subscriptions	1,587	1,587	1,587	4,761
Rent	-	4,800	-	4,800
Miscellaneous	369	369	369	1,107
Insurance	676	676	676	2,028
Telephone	596	596	596	1,788
Repairs and maintenance	-	431	800	1,231
Supplies	436	148	2,871	3,455
Depreciation	307	153	153	613
Internet	-	234	434	668
Advertising	633	-	950	1,583
Bank charges	-	70	70	140
Postage and shipping	63	14	12	89
Mileage	1,735	102	204	2,041
Total functional expenses	<u>\$ 321,735</u>	<u>\$ 35,525</u>	<u>\$ 22,038</u>	<u>\$ 379,298</u>

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statement of Functional Expenses, Continued
Year Ended March 31, 2019**

	Program Services	Supporting Services		2019 Total Expenses
		Management and General	Fundraising	
Agency allocations	\$ 333,329	\$ -	\$ -	\$ 333,329
Bad debt expense	-	32,230	-	32,230
Salaries and related expenses	18,631	13,431	11,265	43,327
Professional fees and contract services	600	13,100	600	14,300
Dues and subscriptions	1,586	1,586	1,586	4,758
Rent	-	4,800	-	4,800
Miscellaneous	260	260	260	780
Insurance	752	752	752	2,256
Telephone	601	601	601	1,803
Repairs and maintenance	-	285	529	814
Supplies	1,072	577	2,048	3,697
Depreciation	318	159	159	636
Internet	-	193	359	552
Advertising	386	-	1,543	1,929
Bank charges	-	77	77	154
Postage and shipping	42	-	-	42
Mileage	515	515	515	1,545
Conferences	289	289	289	867
Total functional expenses	<u>\$ 358,381</u>	<u>\$ 68,855</u>	<u>\$ 20,583</u>	<u>\$ 447,819</u>

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statements of Cash Flows
Years Ended March 31, 2020 and 2019**

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 36,093	\$ (55,214)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	613	636
Decrease (increase) in operating assets		
Unconditional promises to give	(1,895)	45,243
Certificates of deposit	(2,733)	(1,772)
Prepaid expenses	(1,740)	(3,314)
Increase (decrease) in operating liabilities		
Accounts payable	(104)	1,460
Agency allotments payable	(7,000)	16,625
Net Cash Provided by Operating Activities	23,234	3,664
Net Increase in Cash	23,234	3,664
Cash at Beginning of Year	280,612	276,948
Cash at End of Year	\$ 303,846	\$ 280,612

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

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements
March 31, 2020 and 2019

Note 1 **Summary of Significant Accounting Policies**

Organization

The United Fund of Calhoun County was formed in October 1957 and was later renamed United Way of Calhoun County (the Organization) in December 1998. The purpose of the Organization is to bring together, in a united appeal, all possible campaigns of community accepted health, welfare, and recreational agencies, including local, state, and national service organizations.

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. The net assets of the Organization are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all investments with original maturities of three months or less to be cash equivalents. However, such items that meet this definition but that are designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash equivalents for cash flow reporting purposes.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2020 and 2019

Note 1 **Summary of Significant Accounting Policies, Continued**

Property and Equipment

Property and equipment acquisitions are recorded at cost if purchased or the fair market value at the date of donation. If donors stipulate how long the assets must be used, then the donations are recorded as contributions with donor restrictions. In the absence of such stipulations, donations of property and equipment are recorded as contributions without donor restrictions. Property and equipment with cost or estimated value in excess of \$500 are capitalized. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Depreciation expense for the years ended March 31, 2020 and 2019 was \$613 and \$636, respectively.

Contributions

The Organization accounts for contributions in accordance with the guidance of ASC 958 such that contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions.

Donor Designations

Designated funds contributed by companies and its participating employees to the Organization during the years ended March 31, 2020 and 2019, were made payable to specified organizations, both member and non-member agencies. The allocation to member agencies is subject to the Organization's approval; however, this does not apply to non-member agencies. Therefore, the Organization's contributions on the financial statements are reduced by designations to non-member agencies.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as contributions with donor restrictions.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions.

Donated Facilities and Services

Donated facilities provided by the International Bank of Commerce are used by the Organization for its administrative activities and are recorded in the financial statements at the fair market value and shown as an expense. Donated services provided by Something More Media for social media services are recorded in the financial statements at the fair market value and shown as an expense.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2020 and 2019

Note 1 Summary of Significant Accounting Policies, Continued

Contributed Services

Donated services are recognized as contributions in accordance with the guidance of ASC 958 if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Although the Organization receives numerous hours of volunteer assistance during its annual pledge campaign, the nature of these services does not meet the criteria established in ASC 958 for recognition; therefore, the value of these services has not been recorded in the financial statements.

Income Taxes

The Organization is currently exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has not conducted unrelated business activities. Thus, there is no provision for income taxes in the accompanying financial statements. As of March 31, 2020, the Organization's federal returns generally remain open for the last three years.

Reclassification of Prior Year

Certain amounts in the 2019 financial statements were reclassified to conform to the 2020 presentation. The reclassifications had no effect on the increase in net assets for 2018.

Recent Financial Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 requires revenue to be recognized based on the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2019. The organization is evaluating the impact of the new standard on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The organization is evaluating the impact of the new standard on the financial statements.

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Notes to Financial Statements, Continued
March 31, 2020 and 2019**

Note 2 Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. As of January 1, 2013, the Federal Deposit Insurance Corporation (FDIC) insures all bank account balances up to \$250,000. The Organization maintains its cash deposits at one financial institution. At March 31, 2020 and 2019, the Organization's uninsured cash balances totaled \$55,561 and \$33,410, respectively. The Organization has not experienced any losses on its cash equivalents. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

The Organization has a dependence on activities in the regional area of Calhoun County, Texas; therefore, negative effects on the local economy could greatly impact its operations and support received.

Note 3 Promises to Give

Contributions are recognized at their fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within the campaign year are recorded at their net realizable value which approximates fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All unconditional promises to give at March 31, 2020 and 2019, are undesignated.

The Organization uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Unconditional promises to give at March 31, 2020 and 2019, were as follows:

	2020	2019
Promises to give, current		
2019-2020 Sizer Campaign	\$ 122,048	\$ -
2018-2019 Rangnow Campaign	7,992	127,412
2017-2018 Birdwell Campaign	-	3,333
Miscellaneous pledges receivable	2,600	-
	132,640	130,745
Less: allowance for uncollectible promises	(21,389)	(21,389)
Net Pledges Receivable	\$ 111,251	\$ 109,356

Note 4 Functional Allocation of Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited based on estimates of time and effort.

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Notes to Financial Statements, Continued
March 31, 2020 and 2019**

Note 5 **Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted as follows:

	2020	2019
Subject to expenditure for specified purpose:		
Hurricane Harvey relief	\$ 2,869	\$ 29,445
COVID-19 support	2,600	-
Total net assets with donor restrictions	\$ 5,469	\$ 29,445

Note 6 **Liquidity of Assets**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2020	2019
Financial assets at year-end		
Cash and cash equivalents	\$ 303,846	\$ 280,612
Certificates of deposit	174,158	171,425
Unconditional promises to give, net	111,251	109,356
Interest receivable	386	386
	\$ 589,641	\$ 561,779

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 7 **Subsequent Events**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the US, including Texas, have declared a state of emergency. COVID-19 could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could impact the Organization's financial results for 2020. Potential impacts to the Organization's business include disruptions or restrictions on its employees' ability to work and potential loss of future contributions and/or grants.

Subsequent events have been evaluated through August 24, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.