

UNITED WAY OF CALHOUN COUNTY

PORT LAVACA, TEXAS

Financial Statements

March 31, 2019 and 2018

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PORT LAVACA, TEXAS

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Table of Contents

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements	7-11



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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, 2019 and 2018 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, 2019 and 2018 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
July 9, 2019

FINANCIAL STATEMENTS

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Statements of Financial Position
March 31, 2019 and 2018

	2019	2018
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 280,612	\$ 276,948
Certificates of deposit	171,425	169,653
Unconditional promises to give	109,356	154,599
Interest receivable	386	386
Prepaid expenses	3,930	616
Total Current Assets	565,709	602,202
Fixed Assets		
Furniture and equipment	11,474	11,474
Less: accumulated depreciation	(9,298)	(8,662)
Total Fixed Assets	2,176	2,812
Total Assets	\$ 567,885	\$ 605,014
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 1,587	\$ 127
Agency allocation payable	272,000	255,375
Total Current Liabilities	273,587	255,502
Net Assets		
Without donor restrictions	264,853	272,467
With donor restrictions	29,445	77,045
Total Net Assets	294,298	349,512
Total Liabilities and Net Assets	\$ 567,885	\$ 605,014

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, 2019 and 2018**

	2019	2018
Changes in net assets without donor restrictions		
Contributions		
Gross campaign contributions	\$ 364,034	\$ 348,178
Less: Amounts raised on behalf of others	(2,819)	-
	361,215	348,178
Less: Provision for uncollectible pledges	(32,230)	(20,755)
Net campaign contributions	328,985	327,423
Sponsorship revenue	2,500	1,000
In-kind donations	7,200	7,200
Interest income	1,772	2,080
Other income	4,371	15,948
Total revenues without donor restrictions	344,828	353,651
Net assets released from restrictions		
Satisfaction of purpose restriction	60,329	75,000
Total revenues and other support without donor restrictions	405,157	428,651
Expenses		
Program services	358,381	350,505
Supporting services		
Management and general	36,625	32,692
Fundraising	20,583	16,332
Total expenses	415,589	399,529
(Decrease) increase in net assets without donor restrictions	(10,432)	29,122
Changes in net assets with donor restrictions		
Contributions	15,547	149,226
Net assets released from donor restrictions	(60,329)	(75,000)
(Decrease) increase in net assets with donor restrictions	(44,782)	74,226
(Decrease) Increase in total net assets	(55,214)	103,348
Beginning Net Assets	349,512	246,164
Ending Net Assets	\$ 294,298	\$ 349,512

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, 2019**

	Supporting Services			2019 Total Expenses
	Program Services	Management and General	Fundraising	
Agency allocations	\$ 333,329	\$ -	\$ -	\$ 333,329
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>\$ 36,625</u>	<u>\$ 20,583</u>	<u>\$ 415,589</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, 2018**

	Supporting Services			2018 Total Expenses
	Program Services	Management and General	Fundraising	
Agency allocations	\$ 328,050	\$ -	\$ -	\$ 328,050
Salaries and related expenses	17,688	12,751	10,694	41,133
Professional fees and contract services	-	9,700	-	9,700
Dues and subscriptions	1,690	1,690	1,690	5,070
Rent	-	4,800	-	4,800
Miscellaneous	1,007	1,606	1,007	3,620
Insurance	614	615	614	1,843
Telephone	556	556	557	1,669
Repairs and maintenance	-	313	580	893
Supplies	420	204	203	827
Depreciation	318	159	159	636
Internet	-	179	331	510
Advertising	96	-	382	478
Bank charges	-	106	105	211
Postage and shipping	66	13	10	89
Mileage	-	-	-	-
Conferences	-	-	-	-
	<u>\$ 350,505</u>	<u>\$ 32,692</u>	<u>\$ 16,332</u>	<u>\$ 399,529</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, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (55,214)	\$ 103,348
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	636	636
Decrease (increase) in operating assets		
Unconditional promises to give	45,243	(4,574)
Certificates of deposit	(1,772)	(1,991)
Prepaid expenses	(3,314)	(112)
Increase (decrease) in operating liabilities		
Accounts payable	1,460	43
Agency allotments payable	16,625	4,375
Net Cash Provided by Operating Activities	3,664	101,725
Cash Flows from Investing Activities		
Purchase of fixed assets	-	(1,350)
Net Cash Used in Investing Activities	-	(1,350)
Net Increase in Cash	3,664	100,375
Cash at Beginning of Year	276,948	176,573
Cash at End of Year	\$ 280,612	\$ 276,948

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, 2019 and 2018

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, 2019 and 2018

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 was \$636 for the years ended March 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018

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, 2019, the Organization's federal returns generally remain open for the last three years.

Reclassification of Prior Year

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

Adoption of Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting of not-for-profit entities. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. Expenses are also required to be presented by both nature and function. The new standard is effective for the Organization's year ending March 31, 2019 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective for the year ending March 31, 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, 2019 and 2018, the Organization's uninsured cash balances totaled \$33,410 and \$27,839, 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.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Promises to give, current		
2018-2019 Rangnow Campaign	\$ 127,412	\$ -
2017-2018 Birdwell Campaign	3,333	164,467
2016-2017 Nielsen Campaign	-	26,194
	<u>130,745</u>	<u>190,661</u>
Less: allowance for uncollectible promises	<u>(21,389)</u>	<u>(36,062)</u>
Net Pledges Receivable	<u>\$ 109,356</u>	<u>\$ 154,599</u>

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.

Note 5 **Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2019 and 2018 consisted entirely of funds held for hurricane relief.

Note 6 **Fair Value of Financial Instruments**

The fair values of all reported assets and liabilities which represent financial instruments approximate the carrying values of such amounts.

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

**Notes to Financial Statements, Continued
March 31, 2019 and 2018**

Note 7 Liquidity of Assets

The following reflects the Organization's financial assets as of March 31, 2019 and 2018, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

	2019	2018
Financial assets at year-end	\$ 561,779	\$ 601,586
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(29,445)	(77,045)
Financial assets available to meet cash needs for general expenditures within one year	\$ 532,334	\$ 524,541

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 8 Subsequent Events

The Organization has evaluated subsequent events through July 9, 2019, the date which the financial statements were available to be issued.

Note 9 Restatement of Prior Year

During 2019, it was discovered that there was an error in the net asset classifications for the year ending March 31, 2018. Therefore, this caused an overstatement in net assets without donor restrictions and an understatement in net assets with donor restrictions. The following summarizes the restatement of prior year net assets.

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at March 31, 2018, as previously reported	\$ 349,512	\$ -	\$ 349,512
Less: reclassification of unexpended funds designated for hurricane relief classified as unrestricted	(77,045)	77,045	-
Balance at March 31, 2018, as restated	\$ 272,467	\$ 77,045	\$ 349,512