

**VICTORIA COUNTY UNITED WAY, INC.**

**VICTORIA, TEXAS**

**Financial Statements**

**June 30, 2011**

VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS

Financial Statements  
June 30, 2011

---

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
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Supplemental Information	
Schedule of Agency Allocations	10

BUMGARDNER, MORRISON & COMPANY, L.L.P.

*BMC*

JOSEPH B. BUMGARDNER, CPA  
(1911-2002)  
JACK R. MORRISON, SR., CPA  
(1922-1997)

CERTIFIED PUBLIC ACCOUNTANTS

CHRISTOPHER E. KREJCI, CPA  
JEROME G. KOTZUR, CPA  
G. DENNIS SHAY, CPA, CFP®  
PAULA G. LESKE, CPA  
MICHAEL E. WENSKE, CPA

MEMBERS:  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
AICPA PRIVATE COMPANIES PRACTICE SECTION  
AICPA TAX DIVISION

October 5, 2011

JACK C. FITZGERALD, CPA  
JACK R. MORRISON, JR., CPA

Board of Directors  
Victoria County United Way, Inc.  
P.O. Box 2083  
Victoria, Texas 77902

Independent Auditors' Report

We have audited the accompanying statements of financial position of Victoria County United Way, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the eighteen months then ended. These financial statements are the responsibility of Victoria County United Way, Inc.'s management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victoria County United Way, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the eighteen months then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Victoria County United Way, Inc. taken as a whole. The schedule of agency allocations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bumgardner, Morrison + Company, LLP*

## **FINANCIAL STATEMENTS**

VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS

Statement of Financial Position  
June 30, 2011

---

**Assets**

Current Assets	
Cash	\$ 248,062
Prepaid expenses	5,197
Miscellaneous Receivables	2,019
Unconditional promises to give	353,967
Total Current Assets	<u>609,245</u>
Fixed Assets	
Furniture and equipment	8,546
Less: Accumulated depreciation	<u>(6,407)</u>
Total Assets Restricted in Building and Equipment	<u>2,139</u>
Other Assets	
Security deposits	<u>450</u>
Total Assets	<u>\$ 611,834</u>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable	\$ 2,200
Agency Allocation Payable	312,310
Total Current Liabilities	<u>314,510</u>
Net Assets	
Unrestricted	259,701
Temporarily restricted	37,623
Total Net Assets	<u>297,324</u>
Total Liabilities and Net Assets	<u>\$ 611,834</u>

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

**VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS**

**Statement of Activities  
Eighteen Month Period Ended June 30, 2011**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and Other Support			
Contributions			
Campaign contributions			
2009/2010 Campaign	\$ 244,834	\$ -	\$ 244,834
2010/2011 Campaign	861,170	-	861,170
2011/2012 Campaign	-	32,623	32,623
Total Campaign contributions	1,106,004	32,623	1,138,627
Grant Revenue	20,800	-	20,800
Sponsorship Revenue	-	5,000	5,000
In-kind donations	191,074	-	191,074
Interest income	1,383	-	1,383
Dividend income	116	-	116
Other income	2,376	-	2,376
Net assets released from restriction			
Restrictions satisfied by lapse of time (2009/2010 Campaign)	568,066	(568,066)	-
Restrictions satisfied by expense allocation	(57,702)	57,702	-
Total revenue and other support	1,832,117	(472,741)	1,359,376
Expenses			
Program services			
Allocations to member agencies	1,263,654	-	1,263,654
Supporting services			
Management and general	183,433	-	183,433
Fund-raising	362,905	-	362,905
Total expenses	1,809,992	-	1,809,992
Change in Net Assets	22,125	(472,741)	(450,616)
Beginning Net Assets	237,576	510,364	747,940
Ending Net Assets	\$ 259,701	\$ 37,623	\$ 297,324

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

**VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS**

**Statement of Functional Expenses  
Eighteen Month Period Ended June 30, 2011**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
	<b>Agency Allocations</b>	<b>Management and General</b>	<b>Fund- Raising</b>	<b>1/1/10 to 6/30/11</b>
Agency Allocations	\$ 1,263,654	\$ -	\$ -	\$ 1,263,654
Salaries and Wages	-	71,203	96,176	167,379
Employee Benefits	-	23,208	5,778	28,986
Payroll Taxes	-	5,843	7,141	12,984
Total Salaries and Related Expenses	-	100,254	109,095	209,349
Professional Fees and Contract Services	-	18,000	-	18,000
Telephone	-	1,687	3,134	4,821
Postage and Shipping	-	408	1,227	1,635
Rent	-	3,976	7,384	11,360
Repairs and Maintenance	-	1,080	2,005	3,085
Software Support	-	531	986	1,517
Office Supplies	-	6,865	12,750	19,615
Advertising	-	-	178,908	178,908
Program Expense	-	-	15,508	15,508
Bank Charges	-	574	574	1,148
Dues and Subscriptions	-	2,653	15,033	17,686
Insurance	-	3,050	1,307	4,357
Internet	-	230	428	658
Provision for uncollectible pledges	-	42,229	-	42,229
Miscellaneous	-	1,835	14,454	16,289
Total Expenses Before Depreciation	1,263,654	183,372	362,793	1,809,819
Depreciation	-	61	112	173
Total Functional Expenses	\$ 1,263,654	\$ 183,433	\$ 362,905	\$ 1,809,992

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

**VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS**

**Statement of Cash Flows  
Eighteen Month Period Ended June 30, 2011**

---

Cash Flows from Operating Activities	
Increase (decrease) in net assets	\$ (450,616)
Adjustment to reconcile change in net assets to net cash provided by operating activities depreciation	173
(Increase) decrease in operating assets	
Unconditional promises to give	128,793
Prepaid expenses	(2,092)
Accounts receivable	(2,019)
Allowance for doubtful pledges	(58,000)
Increase (decrease) in operating liabilities	
Accounts payable	565
Agency Allotments Payable	312,310
Deferred revenue	(20,000)
Net Cash Provided (Used) by Operating Activities	<u>(90,886)</u>
Cash Flows from Investing Activities	
Purchase of fixed assets	<u>(2,312)</u>
Net Cash Used by Investing Activities	<u>(2,312)</u>
Net Increase (decrease) in Cash	(93,198)
Cash at Beginning of Year	<u>341,260</u>
Cash at End of Year	<u><u>\$ 248,062</u></u>

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



VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS

Notes to Financial Statements  
June 30, 2011

---

**Note 1** Summary of Significant Accounting Policies

Organization

Victoria County United Way, Inc. (the "Organization") was formed in October 1956 and incorporated on August 27, 1975. 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

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.

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.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the FASB in SFAS No. 116, *Accounting for Contributions Received and Contribution Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor-imposed restrictions.

Donor Designations

For the eighteen months ended June 30, 2011, the Organization did not receive any campaign revenue designated for specific member agencies or nonmember agencies.

VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS

Notes to Financial Statements, Continued  
June 30, 2011

---

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

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 temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities as net assets released from restrictions.

If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Contributed Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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. During the current eighteen month period \$191,074 of donated services and supplies are reported by the Organization. Of this amount, approximately \$175,770 was received in the form of television advertisement.

The Organization also receives numerous hours of volunteer assistance during its annual pledge campaign. However, because the nature of these services does not meet the criteria established in SFAS No. 116 for recognition, the value of these services has not been recorded in the financial statements.

Donated Materials

Donated materials received by the Organization for use in its programs or supporting services are recorded in the financial statements at the fair market value on the date of donation and shown as an expense in the year used.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at the approximate fair value at the date of donation. If donors stipulate how long the assets must be used, then the contributions are recorded as temporarily restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Property and equipment with cost or estimated value in excess of \$250 are capitalized. Property and equipment are depreciated using the straight-line method over their estimated useful lives. There depreciation expense for the eighteen months ended June 30, 2011 was \$173.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$178,908 for the eighteen months ended June 30, 2011.

VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS

Notes to Financial Statements, Continued  
June 30, 2011

---

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

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.

**Note 2 Concentrations of Credit Risk**

The Organization maintains cash balances at two financial institutions located in Victoria, Texas. Accounts at each of the financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2011, the Organization's had no uninsured cash balances at the financial institutions. The Organization has not experienced any losses in such accounts that were the result of balances in excess of insured limits.

**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 one 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. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. All unconditional promises to give at June 30, 2011 are undesignated and due within one year.

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. For the eighteen months ending June 30, 2011, management recorded doubtful pledge expense in the amount of \$42,229 to reflect its estimate of uncollectible pledges.

Unconditional promises to give at June 30, 2011 were as follows:

Promises to give, current	\$ 429,967
Less allowance for uncollectible promises	(76,000)
Net Pledges Receivable	<u>\$ 353,967</u>

VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS

Notes to Financial Statements, Continued  
June 30, 2011

---

**Note 4** Temporarily Restricted Net Assets

At June 30, 2011 temporarily restricted net assets totaled \$37,623. This amount consists of campaign revenues pledged for use during the upcoming fiscal year.

**Note 5** Employee Benefits

The Organization makes contributions equal to six (6) percent of employees' salaries to individual Simplified Employee Pension ("SEP") plans established for their benefit. SEP contributions made by the Organization during the current fiscal period totaled \$10,506 for the eighteen months ending June 30, 2011, respectively.

**Note 6** Functional Allocation of Expenses

The costs of providing the various programs, fund-raising, 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 fund-raising activities benefited.

**Note 7** Subsequent Events

The Organization has evaluated subsequent events through October 5, 2011, the date which the financial statements were available to be issued.

**Note 8** Fiscal Year Change

Effective January 1, 2010, the Organization elected to change their fiscal year end from December 31 to June 30. Therefore, the financial statements reflect the eighteen month period from January 1, 2010 to June 30, 2011.

**SUPPLEMENTAL INFORMATION**

**VICTORIA COUNTY UNITED WAY, INC.  
VICTORIA, TEXAS**

**Schedule of Agency Allocations  
For the Eighteen Month Period Ended June 30, 2011**

Agency	2010	2011	Total
<u>Cash Agency Allocations:</u>			
American Red Cross, Crossroads Chapter	\$ 30,000	\$ 30,000	\$ 60,000
Billy T. Cattan Recovery Outreach	30,000	31,800	61,800
Boy Scouts, South Texas Council	12,000	10,600	22,600
Boys and Girls Club	59,000	62,500	121,500
Communities in Schools	25,000	26,000	51,000
Crossroads Youth & Family Services	25,000	-	25,000
Food Bank of the Golden Crescent	18,000	18,000	36,000
Girl Scouts of Greater South Texas	9,000	11,000	20,000
Golden Crescent CASA	32,000	32,000	64,000
Gulf Bend Center	-	25,000	25,000
Habitat for Humanity, Victoria	-	17,650	17,650
Hope of South Texas	40,000	40,000	80,000
Mid-Coast Family Services	53,260	56,456	109,716
Perpetual Help Home	48,900	48,414	97,314
STARS	40,000	40,000	80,000
Tender Loving Care	52,000	-	52,000
Victoria Adult Literacy Council	18,000	19,100	37,100
Victoria Christian Assistance Ministry	39,174	45,000	84,174
Victoria Senior Citizens	63,000	65,000	128,000
Victoria Independent School District Education Foundation	2,500	2,500	5,000
YMCA	32,000	33,000	65,000
Total Cash Agency Allocations	628,834	614,020	1,242,854
<u>Computer Equipment Agency Allocations:</u>			
Boys and Girls Club	2,600	-	2,600
Communities in Schools	7,800	-	7,800
Mid-Coast Family Services	2,600	-	2,600
Victoria Independent School District Education Foundation	7,800	-	7,800
Total Computer Equipment Agency Allocations	20,800	-	20,800
Total Agency Allocations	\$ 649,634	\$ 614,020	\$ 1,263,654