

# VICTORIA COUNTY UNITED WAY, INC.

Financial Statements for the Year Ended June 30, 2017  
(with comparative totals for 2016)



**Bennoch & Tipton** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

# VICTORIA COUNTY UNITED WAY, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Victoria County United Way, Inc.  
Victoria, Texas

We have audited the accompanying financial statements of Victoria County United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the 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.

### **Auditors' 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. 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 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**

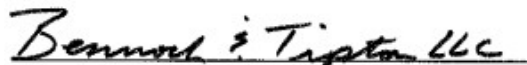
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victoria County United Way, Inc. as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Victoria County United Way, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency collections on page 14 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 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 respected in relation to the financial statements as a whole.



Bennoch & Tipton LLC  
Certified Public Accountants  
Houston, Texas

March 13, 2018

**VICTORIA COUNTY UNITED WAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
AS OF JUNE 30, 2017 (with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 452,185	\$ 387,932
Unconditional promises to give, net of allowance of \$68,000	255,522	261,320
Prepaid expenses	3,270	577
Property and equipment, net	178	327
Deposits	<u>450</u>	<u>450</u>
 TOTAL ASSETS	 <u>\$ 711,605</u>	 <u>\$ 650,606</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
Liabilities		
Agency allocation payable	\$ 615,000	\$ 615,000
Accounts payable	1,403	221
Accrued liabilities	<u>31</u>	<u>2,810</u>
Total Liabilities	<u>616,434</u>	<u>618,031</u>
Net Assets (Deficit)		
Unrestricted		
Board Designated	10,000	-
Undesignated	<u>17,402</u>	<u>(18,425)</u>
Total Unrestricted	27,402	(18,425)
 Temporarily restricted	 <u>67,769</u>	 <u>51,000</u>
Total Net Assets (Deficit)	<u>95,171</u>	<u>32,575</u>
 TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	 <u>\$ 711,605</u>	 <u>\$ 650,606</u>

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

**VICTORIA COUNTY UNITED WAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017 (with comparative totals for 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>Public Support and Revenues</b>				
Contributions				
Gross campaign contributions, including amounts raised for others				
2013/14 Campaign	\$ -	\$ -	\$ -	\$ 1,130
2014/15 Campaign	-	-	-	15,141
2015/16 Campaign	17,590	-	17,590	931,740
2016/17 Campaign	867,020	-	867,020	40,000
2017/18 Campaign	-	49,269	49,269	11,000
2018/19 Campaign	-	7,500	7,500	-
Less: Donor-designated gifts	<u>(50,758)</u>	<u>-</u>	<u>(50,758)</u>	<u>(86,969)</u>
Total Campaign Contributions	833,852	56,769	890,621	912,042
Less: Provision for uncollectible pledges	<u>(68,000)</u>	<u>-</u>	<u>(68,000)</u>	<u>(68,000)</u>
Net campaign contributions	765,852	56,769	822,621	844,042
Special fundraising events, net of direct benefit to donors of \$3,223	7,932	-	7,932	-
Sponsorship revenue	-	-	-	6,750
In-kind donations	3,710	-	3,710	7,750
Relief of Debt	7,500	-	7,500	-
Other income	<u>1,136</u>	<u>-</u>	<u>1,136</u>	<u>2,437</u>
Total Public Support and Revenues	<u>786,130</u>	<u>56,769</u>	<u>842,899</u>	<u>860,979</u>
Net assets released from temporary restrictions	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenues, and releases from temporary restrictions	<u>826,130</u>	<u>16,769</u>	<u>842,899</u>	<u>860,979</u>
<b>Expenses</b>				
Program services:				
Allocations to member agencies	615,000	-	615,000	615,000
Community investment	<u>53,536</u>	<u>-</u>	<u>53,536</u>	<u>57,665</u>
Total Program Expenses	<u>668,536</u>	<u>-</u>	<u>668,536</u>	<u>672,665</u>
Supporting Services:				
Management and general	60,769	-	60,769	71,477
Fundraising	50,998	-	50,998	65,894
Total Supporting Services	111,767	-	111,767	137,371
Total Expenses	780,303	-	<u>780,303</u>	<u>810,036</u>
<b>Change in Net Assets</b>	45,827	16,769	62,596	50,943
<b>Net Assets (Deficit), Beginning of Year</b>	<u>(18,425)</u>	<u>51,000</u>	<u>32,575</u>	<u>(18,368)</u>
<b>Net Assets, End of Year</b>	<u>\$ 27,402</u>	<u>\$ 67,769</u>	<u>\$ 95,171</u>	<u>\$ 32,575</u>

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

**VICTORIA COUNTY UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017 (with comparative totals for 2016)**

	Program		Supporting Services		2017 Total	2016 Total
	Agency Allocations	Community Investment	Management & General	Fundraising		
Agency allocations	<u>\$ 615,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,000</u>	<u>\$ 615,000</u>
Salaries and wages	-	37,711	27,186	22,801	87,698	89,149
Employee benefits	-	-	-	-	-	3,331
Payroll taxes	-	<u>2,958</u>	<u>2,133</u>	<u>1,789</u>	<u>6,880</u>	<u>7,232</u>
Total salaries and related expenses	-	<u>40,669</u>	<u>29,319</u>	<u>24,590</u>	<u>94,578</u>	<u>99,712</u>
Professional fees	-	-	14,350	-	14,350	14,700
Telephone	-	-	-	-	-	1,218
Postage and shipping	-	174	169	169	512	1,370
Rent	-	3,615	3,615	3,100	10,330	9,858
Repairs and maintenance	-	-	427	793	1,220	2,057
Software support	-	-	490	910	1,400	1,400
Office supplies	-	1,514	1,470	1,470	4,454	3,737
Advertising	-	-	900	-	900	7,818
Program expense	-	-	-	12,441	12,441	23,638
Bank charges	-	-	593	593	1,186	824
Dues and subscriptions	-	4,289	4,162	4,162	12,613	18,864
Insurance	-	1,157	1,123	1,123	3,403	2,824
Internet	-	-	42	78	120	199
Utilities	-	-	2,540	-	2,540	2,321
Miscellaneous	-	2,043	1,532	1,532	5,107	4,348
Depreciation	-	<u>75</u>	<u>37</u>	<u>37</u>	<u>149</u>	<u>148</u>
<b>TOTAL EXPENSES</b>	<u><b>\$ 615,000</b></u>	<u><b>\$ 53,536</b></u>	<u><b>\$ 60,769</b></u>	<u><b>\$ 50,998</b></u>	<u><b>\$ 780,303</b></u>	<u><b>\$ 810,036</b></u>

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

**VICTORIA COUNTY UNITED WAY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017 (with comparative totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	<u>\$ 62,596</u>	<u>\$ 50,943</u>
Adjustments to reconcile change in net assets activities to net cash from operating:		
Depreciation	149	148
Change in operating assets and liabilities:		
Restricted cash	-	20,511
Unconditional promises to give, net	5,798	15,991
Prepaid expenses	(2,693)	683
Accounts payable	1,182	221
Grants payable	-	(43,600)
Accrued expenses	(2,779)	2,800
Due to Victoria Alliance	<u>-</u>	<u>(20,511)</u>
Change in Cash from Operating Activities	<u>64,253</u>	<u>27,186</u>
<b>Net Change in Cash and Cash Equivalents</b>	64,253	27,186
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>387,932</u>	<u>360,746</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 452,185</u>	<u>\$ 387,932</u>

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



**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business** – Victoria County United Way, Inc. (the Organization) was formed in October 1946 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 financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation** – The Organization’s financial statements are presented in accordance with Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 958-205-45-4, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-45-4, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.

Temporarily restricted net assets – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – These are resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon be used by the Organization.

In addition, the Organization is required by FASB ASC 958-205-45-4 to present a statement of cash flows.

**Revenue Recognition** – Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time. Program income and other income are recognized when received.

**Contributions and Promises to Give** – In accordance with FASB ASC 958-605-45-3, *Accounting for Contributions Received and Contributions Made*, contributions received are

**VICTORIA COUNTY UNITED WAY, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017 (with comparative totals for 2016)

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recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give cash or other assets are not recognized as revenues until received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions were recognized. All other donor-restricted contributions would be reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible grants and promises to give receivable. The allowance is based on management's analysis of specific promises made. For the years ended June 30, 2017 and 2016, management recorded an allowance for doubtful accounts in the amounts of \$68,000 and \$68,000, respectively, to reflect its estimate of uncollectible pledges.

**Contributed Services** – The Organization recognizes contributed services at their fair value if the services provide value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors, as established by FASB ASC 958-605-25-26. Contributed services and supplies amounted to \$3,710 and \$7,750 for the years ended June 30, 2017 and 2016, respectively.

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 FASB ASC 958-605-25-26 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.

**Donor Designations** – Designated funds contributed by companies and its participating employees to the Organization during the years ended June 30, 2017 and 2016, were made payable to specified organizations, both member and non-member agencies; therefore, the Organization's contributions on the financial statements are reduced by these designations.

**Cash and Cash Equivalents** – The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

**VICTORIA COUNTY UNITED WAY, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
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**Property and Equipment** – The Organization capitalizes all expenditures for property and equipment in excess of \$250. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Property and equipment items are depreciated using the straight-line method based on their estimated useful lives ranging from 5 to 7 years. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the asset are capitalized.

**Advertising Cost** – Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2017 and 2016 was \$900 and \$7,818, respectively.

**Income Taxes** – The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“Code”) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**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 certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

**Fair Value of Financial Instruments** – ASC 820, *Fair Value Measurements and Disclosures* (formerly SFAS 157), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

**VICTORIA COUNTY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 (with comparative totals for 2016)**

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The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets include cash and cash equivalents with a fair value of \$452,185 and \$387,932 as of June 30, 2017 and 2016, respectively.
- Level 2 - Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are to maximize the use of observable inputs and minimize the use of unobservable inputs.

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Unconditional promises to give	\$ 360,208	\$ 403,375
Less: donor designations	(36,686)	(74,055)
Less: allowance for uncollectible promises	(68,000)	<u>(68,000)</u>
Unconditional promises to give, net	\$ 255,522	<u>\$ 261,320</u>

**VICTORIA COUNTY UNITED WAY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 (with comparative totals for 2016)**

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**NOTE 3 – PROPERTY AND EQUIPMENT**

As of June 30, 2017 and 2016, property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 9,596	\$ 9,596
Less: Accumulated depreciation	<u>(9,418)</u>	<u>(9,269)</u>
Property and equipment, net	<u>\$ 178</u>	<u>\$ 327</u>

Depreciation expense charged to operations for the years ended June 30, 2017 and 2016 was \$149 and \$148, respectively.

**NOTE 4 – LEASE COMMITMENTS**

The Organization entered into a thirty-six (36) month non-cancellable operating lease beginning September 1, 2015 for office space requiring monthly payments of \$800 and expiring August 31, 2018. Total rent expense charged to operations was \$10,330 and \$9,858 for the years ended June 30, 2017 and 2016, respectively. Future minimum lease payments under the lease are as follows:

<u>Year ending June 30,</u>	
2018	\$ 9,600
2019	1,600
2020	-
2021	-
2022	-
Thereafter	<u>-</u>
Total	\$ 11,200

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets totaled \$67,769 and \$51,000 at June 30, 2017 and 2016, respectively. These amounts consist of campaign revenues pledged for use during future fiscal years.

**NOTE 6 – CONCENTRATION OF CREDIT RISKS**

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains its cash balances in two financial institutions. As of June 30, 2017 and 2016, deposits in excess of federally insured limits amounted to \$61,258 and \$0, respectively.

**NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of The United Way of Texas (a State organization) and The United Way Worldwide (a National organization). The Organization pays annual affiliation fees to both the State and National United Way organizations. They in turn provide the Organization with educational opportunities, membership and other supporting services. The Organization paid affiliation fees of \$12,553 and \$18,580 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 28, 2018; the date financial statements were available to be issued. No change to the financial statements for the year ended June 30, 2017 is deemed necessary as a result of this evaluation.

## **SUPPLEMENTAL INFORMATION**

**VICTORIA COUNTY UNITED WAY, INC.**  
**SCHEDULE OF AGENCY ALLOCATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2017 (with comparative totals for 2016)**

Agency	2017	2016
Cash Agency Allocations:		
Billy T. Cattan Recovery Outreach	\$ 30,000	\$ 31,000
CASA	28,000	30,800
Hope of South Texas	18,000	18,400
Mid Coast Family Services	90,000	85,100
STARS	33,000	35,000
Community Action Agency of Victoria, Texas	12,000	12,700
American Red Cross	15,000	20,000
Gulf Bend Center	19,000	10,000
Food Bank of the Golden Crescent	22,000	20,000
Habitat for Humanity, Victoria	28,000	28,200
Perpetual Help Home	39,000	40,000
Victoria Christian Assistance Ministry	44,000	47,000
Victoria Senior Citizens	72,000	67,700
Boys and Girls Club - Victoria	62,500	65,100
Boys and Girls Club - DeWitt County	24,000	15,000
Communities in Schools	24,000	29,000
Victoria Adult Literacy Council	26,500	27,000
YMCA	28,000	33,000
	<u>28,000</u>	<u>33,000</u>
 Total Cash Agency Allocations	 <u>\$ 615,000</u>	 <u>\$ 615,000</u>