

UNITED WAY OF WEST ELLIS COUNTY, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2018

UNITED WAY OF WEST ELLIS COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Executive Director of
of United Way of West Ellis County, Inc.

We have audited the accompanying financial statements of United Way of West Ellis County, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's 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 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.

Board of Directors and Executive Director of
United Way of West Ellis County, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of West Ellis County, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies on page 12 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 records used to prepare the financial statements or to the financial statements themselves, 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 respects in relation to the financial statements as a whole.

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Waxahachie, Texas
August 2, 2019

UNITED WAY OF WEST ELLIS COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 240,322
Investments	10,099
Unconditional promises to give - net of allowance for uncollectible promises of \$10,202	296,893
Security deposit	350
Total current assets	547,664

Property and equipment:

Equipment	5,849
Less accumulated depreciation	(97)
Net property and equipment	5,752

TOTAL ASSETS	\$ 553,416
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LIABILITIES:

Current liabilities:

Accounts payable	\$ 1,418
Payroll liabilities payable	540
Allocations payable	320,000
Total current liabilities	321,958

TOTAL LIABILITIES	321,958
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NET ASSETS

Without donor restrictions	228,460
With donor restrictions - contributions for specific projects	2,998
TOTAL NET ASSETS	231,458

TOTAL LIABILITIES AND NET ASSETS	\$ 553,416
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The accompanying notes are an integral part of these financial statements.

UNITED WAY OF WEST ELLIS COUNTY, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 505,540	\$ 127	\$ 505,667
Investment return	(196)	-	(196)
Interest income	2,432	-	2,432
Net assets released from restrictions	35,000	(35,000)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	542,776	(34,873)	507,903
EXPENSES			
Program Services	371,680	-	371,680
Supporting Services:			
Management and general	96,514	-	96,514
Fundraising	67,155	-	67,155
TOTAL EXPENSES	535,349	-	535,349
CHANGE IN NET ASSETS	7,427	(34,873)	(27,446)
NET ASSETS AT BEGINNING OF YEAR	221,033	37,871	258,904
NET ASSETS AT END OF YEAR	\$ 228,460	\$ 2,998	\$ 231,458

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

UNITED WAY OF WEST ELLIS COUNTY, TEXAS INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
EXPENSES				
Allocation to agencies	\$ 355,787	\$ -	\$ -	\$ 355,787
Salaries and wages	9,840	19,680	19,680	49,200
Other salaries and wages	-	10,065	-	10,065
Payroll taxes	1,004	2,009	2,009	5,022
Accounting	-	5,368	-	5,368
Advertising and promotion	-	8,842	35,366	44,208
Office	340	680	680	1,700
Occupancy	1,850	3,700	3,700	9,250
Travel	871	1,743	1,743	4,357
Insurance	429	858	858	2,145
Dues and memberships	1,375	2,750	2,750	6,875
Cell phone	165	330	330	825
Depreciation	19	39	39	97
Bad debt	-	40,450	-	40,450
TOTAL EXPENSES	\$ 371,680	\$ 96,514	\$ 67,155	\$ 535,349

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

UNITED WAY OF WEST ELLIS COUNTY, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (27,446)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Unrealized (gain) loss on investment	715
Depreciation	97
Contributed property and equipment	(4,999)
(Increase) decrease in operating assets:	
Net unconditional promises to give	(16,596)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	1,183
Allocations payable	(1,225)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(48,271)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(850)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>(850)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,121)
BEGINNING CASH AND CASH EQUIVALENTS	<u>289,443</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 240,322</u></u>

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

UNITED WAY OF WEST ELLIS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of West Ellis County, Inc. (the "Organization"), a Texas nonprofit corporation, is a voluntary health and welfare organization that conducts annual campaigns to raise funds to support the activities of participating agencies benefitting individuals and families within West Ellis County.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are on the basis of estimates of time and effort devoted to each function.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents includes demand deposits, cash on hand and certificates of deposit maturing within one year.

Investment Valuation and Income Recognition

Investments are composed of mutual funds investing in equity securities and are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment at cost; the acquisition value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the useful lives of the asset ranging from 3 to 5 years. Routine repairs and maintenance are expenses as incurred.

Allocations Payable

The Organization's allocation year is from January 1 through December 31. Allocations payable represent amounts promised by the Board of Directors to be distributed over the next year and are accrued in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-605, "Not-for-Profit Entities - Revenue Recognition."

UNITED WAY OF WEST ELLIS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

The Organization received contributed equipment during the year ended December 31, 2018, with a fair value on the dates of donation of \$4,999.

In addition, a number of volunteers have donated significant time and effort to the United Way's fundraising campaign. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Unconditional promises to give are recorded at their net realizable value at the time the promises are received. All unconditional promises to give are receivable in less than one year. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Use of Estimates

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

UNITED WAY OF WEST ELLIS COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted net asset class has been renamed net assets with donor restrictions.

NOTE 2 – INVESTMENTS

The Organization's investments are reported at their fair value at December 31, 2018. The fair value of the investments is based on quoted prices in active markets. The fair value of the investments totaled \$10,099 at December 31, 2018. All investments are classified as unrestricted.

The following schedule summarizes investment return in the statement of activities for the year then ended:

	2018
Dividend income	\$ 519
Net realized and unrealized gains (losses)	(715)
Total investment return	<u>\$ (196)</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2018 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Long-term investments		
Templeton Global Income Fund	<u>\$ 10,099</u>	<u>\$ 10,099</u>

UNITED WAY OF WEST ELLIS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

The organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended December 31, 2018.

Investments are reported at fair value based on quoted market prices in active markets (all Level 1 measurements).

NOTE 4 – LEASE COMMITMENT

On August 1, 2018, the Organization entered into a lease for office space with an unrelated party. The lease is for three years unless terminated per the terms in the lease agreement. Rent expense for the year ended December 31, 2018 was \$9,250.

The minimum future lease payments under the operating lease at December 31, 2018 are as follows:

<u>Year Ending</u>	<u>Amount</u>
2019	\$ 9,600
2020	9,725
2021	5,775
Total	<u>\$ 25,100</u>

NOTE 5 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 2, 2019, the date which the financial statements were issued, and noted no events that require disclosure.

SUPPLEMENTARY INFORMATION

UNITED WAY OF WEST ELLIS COUNTY, INC.
SCHEDULE OF ALLOCATIONS TO AGENCIES
Year Ended December 31, 2018

Agency	Total Allocations	Unpaid Allocations
Campaign Allocations:		
American Red Cross	\$ 10,000	\$ 10,000
Believing Restoration is Attainable	5,000	5,000
Boys & Girls Club	21,000	21,000
Boy Scouts of America	4,000	4,000
CASA of Ellis County	5,000	5,000
Common Ground Ministries	7,500	7,500
Daniel's Den	25,000	25,000
Ellis County 4 H	8,000	8,000
Family Abuse Center	8,000	8,000
Girl Scouts of Northeast Texas	1,000	1,000
Manna House Midlothian	35,000	35,000
Meals on Wheels	40,000	40,000
Mentors Care	10,000	10,000
Midlothian Senior Citizens	17,000	17,000
Milford Senior Citizens	7,000	7,000
Paws for Reflection Ranch	12,000	12,000
Reach Council	3,000	3,000
Salvation Army Waxahachie	18,000	18,000
The Gingerbread House	25,000	25,000
Waxahachie CARE	35,000	35,000
Waxahachie Senior Citizens	10,000	10,000
YMCA of Waxahachie	13,500	13,500
	<u>\$ 320,000</u>	<u>\$ 320,000</u>

UNITED WAY OF WEST ELLIS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

ASSETS

Cash and cash equivalents	\$ 240,322	\$ 289,443
Investments	10,099	10,814
Unconditional promises to give - net of allowance for uncollectible promises of \$30,812 for 2014 and \$50,024 for 2013	296,893	280,297
Security deposit	350	350
TOTAL ASSETS	<u>\$ 547,664</u>	<u>\$ 580,904</u>

LIABILITIES:

Accounts payable	\$ 1,418	\$ -
Payroll liabilities payable	\$ 540	\$ 775
Allocations payable	320,000	321,225
TOTAL LIABILITIES	<u>321,958</u>	<u>322,000</u>

NET ASSETS

Temporarily restricted - contributions for specific projects	#REF!	#REF!
Unrestricted	#REF!	#REF!
TOTAL NET ASSETS	<u>#REF!</u>	<u>#REF!</u>

TOTAL LIABILITIES AND NET ASSETS

<u>#REF!</u>	<u>#REF!</u>
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See notes to financial statements.