

VICTORIA COUNTY UNITED WAY, INC.

VICTORIA, TEXAS

Financial Statements

December 31, 2009 and 2008

VICTORIA COUNTY UNITED WAY, INC.
VICTORIA, TEXAS

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

BMC

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June 8, 2010

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 December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the year 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 December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year 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

Statements of Financial Position
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current Assets		
Cash	\$ 341,260	\$ 337,864
Prepaid expenses	3,105	2,006
Unconditional promises to give	424,760	468,703
Total Current Assets	<u>769,125</u>	<u>808,573</u>
Fixed Assets		
Furniture and equipment	6,234	6,234
Less: Accumulated depreciation	<u>(6,234)</u>	<u>(6,234)</u>
Total Assets Restricted in Building and Equipment	<u>-</u>	<u>-</u>
Other Assets		
Security deposits	<u>450</u>	<u>450</u>
Total Assets	<u>\$ 769,575</u>	<u>\$ 809,023</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 241	\$ 364
Due to affiliates	1,394	2,841
Deferred revenue	<u>20,000</u>	<u>-</u>
Total Current Liabilities	<u>21,635</u>	<u>3,205</u>
Net Assets		
Unrestricted	237,576	246,119
Temporarily restricted	<u>510,364</u>	<u>559,699</u>
Total Net Assets	<u>747,940</u>	<u>805,818</u>
Total Liabilities and Net Assets	<u>\$ 769,575</u>	<u>\$ 809,023</u>

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

VICTORIA COUNTY UNITED WAY, INC.
VICTORIA, TEXAS

Statements of Activities
Years Ended December 31, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support						
Contributions						
Campaign contributions	\$ 236,334	\$ 568,066	\$ 804,400	\$ 286,714	\$ 659,923	\$ 946,637
In-kind donations	106,360	-	106,360	132,002	-	132,002
Interest income	1,250	-	1,250	2,594	-	2,594
Other income	102	-	102	500	-	500
Net assets released from restriction						
Restrictions satisfied by lapse of time	559,700	(559,700)	-	467,921	(467,921)	-
Restrictions satisfied by expense allocation	57,701	(57,701)	-	100,224	(100,224)	-
Total revenue and other support	<u>961,447</u>	<u>(49,335)</u>	<u>912,112</u>	<u>989,955</u>	<u>91,778</u>	<u>1,081,733</u>
Expenses and Losses						
Program services						
Allocations to member agencies	628,833	-	628,833	650,136	-	650,136
Supporting services						
Management and general	139,444	-	139,444	155,951	-	155,951
Fund-raising	198,845	-	198,845	218,237	-	218,237
Membership development	2,868	-	2,868	2,463	-	2,463
Total expenses and losses	<u>969,990</u>	<u>-</u>	<u>969,990</u>	<u>1,026,787</u>	<u>-</u>	<u>1,026,787</u>
Change in Net Assets	(8,543)	(49,335)	(57,878)	(36,832)	91,778	54,946
Beginning Net Assets	<u>246,119</u>	<u>559,699</u>	<u>805,818</u>	<u>282,951</u>	<u>467,921</u>	<u>750,872</u>
Ending Net Assets	<u>\$ 237,576</u>	<u>\$ 510,364</u>	<u>\$ 747,940</u>	<u>\$ 246,119</u>	<u>\$ 559,699</u>	<u>\$ 805,818</u>

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

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

**Statement of Functional Expenses
Year Ended December 31, 2009**

	Program Services	Supporting Services			Total Expenses 2009
	Agency Allocations	Management and General	Fund- Raising	Member Development	
Agency Allocations	\$ 628,833	\$ -	\$ -	\$ -	\$ 628,833
Salaries and Wages	-	46,371	57,921	2,269	106,561
Employee Benefits	-	9,751	2,821	103	12,675
Payroll Taxes	-	3,078	3,937	143	7,158
Total Salaries and Related Expenses	-	59,200	64,679	2,515	126,394
Professional Fees and Contract Services	-	14,425	-	-	14,425
Telephone	-	1,166	2,166	-	3,332
Postage and Shipping	-	254	1,267	169	1,690
Rent	-	2,385	4,430	-	6,815
Repairs and Maintenance	-	570	1,058	-	1,628
Software Support	-	455	845	-	1,300
Office Supplies	-	4,114	7,640	-	11,754
Advertising	-	-	100,770	-	100,770
Program Expense	-	-	8,449	-	8,449
Bank Charges	-	165	165	-	330
Dues and Subscriptions	-	81	460	-	541
Insurance	-	2,003	859	-	2,862
Internet	-	510	948	-	1,458
Provision for uncollectible pledges	-	53,923	-	-	53,923
Miscellaneous	-	193	5,109	184	5,486
Total Expenses Before Depreciation	628,833	139,444	198,845	2,868	969,990
Depreciation	-	-	-	-	-
Total Functional Expenses	<u>\$ 628,833</u>	<u>\$ 139,444</u>	<u>\$ 198,845</u>	<u>\$ 2,868</u>	<u>\$ 969,990</u>

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

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

**Statement of Functional Expenses
Year Ended December 31, 2008**

	Program Services	Supporting Services			Total Expenses 2008
	Agency Allocations	Management and General	Fund- Raising	Member Development	
Agency Allocations	\$ 650,136	\$ -	\$ -	\$ -	\$ 650,136
Salaries and Wages	-	44,650	56,672	2,112	103,434
Employee Benefits	-	4,812	3,182	119	8,113
Payroll Taxes	-	3,416	4,335	162	7,913
Total Salaries and Related Expenses	-	52,878	64,189	2,393	119,460
Professional Fees and Contract Services	-	15,325	-	-	15,325
Telephone	-	1,249	2,317	-	3,566
Postage and Shipping	-	51	254	34	339
Rent	-	2,375	4,410	-	6,785
Repairs and Maintenance	-	179	333	-	512
Software Support	-	455	845	-	1,300
Office Supplies	-	1,307	2,426	-	3,733
Advertising	-	-	131,763	-	131,763
Program Expense	-	-	9,394	-	9,394
Bank Charges	-	26	25	-	51
Dues and Subscriptions	-	59	334	-	393
Insurance	-	2,162	927	-	3,089
Internet	-	139	257	-	396
Provision for uncollectible pledges	-	79,601	-	-	79,601
Miscellaneous	-	145	763	36	944
Total Expenses Before Depreciation	650,136	155,951	218,237	2,463	1,026,787
Depreciation	-	-	-	-	-
Total Functional Expenses	<u>\$ 650,136</u>	<u>\$ 155,951</u>	<u>\$ 218,237</u>	<u>\$ 2,463</u>	<u>\$ 1,026,787</u>

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

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

**Statements of Cash Flows
Years Ended December 31, 2009 and 2008**

	2009	2008
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (59,047)	\$ 54,946
Adjustment to reconcile change in net assets to net cash provided by operating activities depreciation	-	-
(Increase) decrease in operating assets		
Unconditional promises to give	73,943	(113,513)
Prepaid expenses	70	(338)
Accounts receivable	-	6,481
Allowance for doubtful pledges	(30,000)	18,000
Increase (decrease) in operating liabilities		
Accounts payable	(1,570)	(2,064)
Deferred revenue	20,000	-
Net Cash Provided (Used) by Operating Activities	3,396	(36,488)
Net Increase (decrease) in Cash	3,396	(36,488)
Cash at Beginning of Year	337,864	374,352
Cash at End of Year	\$ 341,260	\$ 337,864

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

VICTORIA COUNTY UNITED WAY, INC.
VICTORIA, TEXAS

Notes to Financial Statements
December 31, 2009 and 2008

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 years ended December 31, 2009 and 2008, 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
December 31, 2009 and 2008

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 fiscal period \$106,360 of donated services and supplies are reported by the Organization. Of this amount, approximately \$97,500 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 was no depreciation expense for the years ended December 31, 2009 and 2008.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$100,770 and \$131,763 for the years ended December 31, 2009 and 2008, respectively.

VICTORIA COUNTY UNITED WAY, INC.
VICTORIA, TEXAS

Notes to Financial Statements, Continued
December 31, 2009 and 2008

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.

Payments to Affiliates

The Organization is required to make payments to the state and national United Way organizations. These payments are computed as a percentage of pledges for the current year campaign. Payments to these affiliates totaled \$10,071 and \$9,454 for the years ended December 31, 2009 and 2008, respectively. The amount reported as campaign contributions has been reduced to reflect these payments.

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 December 31, 2009, the organization's uninsured cash balances were approximately \$49,000. At December 31, 2008, the Organization 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 December 31, 2009 and 2008 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 years ending December 31, 2009 and 2008, management recorded doubtful pledge expense in the amount of \$53,923 and \$79,601, respectively to reflect its estimate of uncollectible pledges.

Unconditional promises to give at December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Promises to give, current	\$ 558,760	\$ 632,703
Less allowance for uncollectible promises	<u>(134,000)</u>	<u>(164,000)</u>
Net Pledges Receivable	<u>\$ 424,760</u>	<u>\$ 468,703</u>

VICTORIA COUNTY UNITED WAY, INC.
VICTORIA, TEXAS

Notes to Financial Statements, Continued
December 31, 2009 and 2008

Note 4 Temporarily Restricted Net Assets

At December 31, 2009 and 2008 temporarily restricted net assets totaled \$510,364 and \$559,699, respectively. 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 \$5,130 and \$5,808 for the years ending December 31, 2009 and 2008, 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 received \$245,718 in pledges for the 2009 Campaign in the first part of 2010. This brings the total pledged for this campaign to \$820,819.

SUPPLEMENTAL INFORMATION

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

**Schedule of Agency Allocations
For the Year Ended December 31, 2009 and 2008**

Agency	2009	2008
American Red Cross, Crossroads Chapter	\$ 30,000	\$ 47,500
Billy T. Cattan Recovery Outreach	30,000	30,000
Boy Scouts, South Texas Council	15,000	21,000
Boys and Girls Club	55,000	55,000
Children's Discovery Museum	-	10,000
Communities in Schools	25,000	24,500
Community Action	11,000	21,522
Crossroads Youth & Family Services	27,500	26,364
Food Bank of the Golden Crescent	20,000	19,000
Girl Scouts of Greater South Texas	9,000	16,750
Golden Crescent CASA	32,000	23,000
Hope of South Texas	38,000	33,000
Mid-Coast Family Services	47,000	45,000
Perpetual Help Home	47,833	40,000
STARS	40,000	45,000
Tender Loving Care	50,000	45,000
Victoria Adult Literacy Council	18,000	18,000
Victoria Christian Assistance Ministry	35,000	32,000
Victoria College Adult Education	-	11,000
Victoria County Senior Citizens Association	63,000	55,000
Victoria Independent School District Education Foundation	2,500	-
YMCA	33,000	31,500
	<u>33,000</u>	<u>31,500</u>
Total Agency Allocations	<u>\$ 628,833</u>	<u>\$ 650,136</u>