

GUADALUPE COUNTY UNITED WAY, INC.
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2017

GUADALUPE COUNTY UNITED WAY, INC.

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Independent Auditor's Report

The Board of Directors
Guadalupe County United Way

Report on the Financial Statements

I have audited the accompanying financial statements of Guadalupe County United Way, which comprise the statement of financial position as of December 31, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guadalupe County United Way, as of December 31, 2017, 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.

Linda Zenggen Garza, CPA

San Marcos, Texas
May 31, 2018

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	
ASSETS	
Cash and cash equivalents	\$ 268,215
Pledge receivables	221,850
Property and equipment, net accumulated depreciation	470
TOTAL ASSETS	<u>\$ 490,535</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Donor designations	14,569
TOTAL LIABILITIES	<u>14,569</u>
NET ASSETS	
Unrestricted	475,966
TOTAL NET ASSETS	<u>475,966</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 490,535</u>

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

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>
SUPPORT AND REVENUE	
Contributions-campaign drives	\$ 322,492
Interest income	590
TOTAL SUPPORT AND REVENUE	<u>323,082</u>
EXPENSES	
Program services	238,470
Supporting services	
Management and general	50,187
Fundraising	18,039
TOTAL EXPENSES	<u>306,696</u>
CHANGE IN NET ASSETS	16,386
NET ASSETS, BEGINNING OF YEAR	459,580
NET ASSETS, END OF YEAR	<u><u>\$ 475,966</u></u>

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

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total	
	Agency	Management		Supporting	
	Allocations	and General	Fundraising	Services	Total
Agency support	\$ 219,350	\$ -	\$ -	\$ -	\$ 219,350
Advertising	-	341	-	341	341
Board meeting expenses	-	112	-	112	112
Campaign expenses	-	-	5,567	5,567	5,567
Depreciation expense	-	470	-	470	470
Dues and subscriptions	-	2,856	-	2,856	2,856
Health insurance	-	3,362	-	3,362	3,362
Liability insurance	-	1,659	-	1,659	1,659
Office expenses	-	8,116	-	8,116	8,116
Payroll expenses	12,473	24,946	12,472	37,418	49,891
Postage	-	203	-	203	203
Professional fees	-	3,800	-	3,800	3,800
Program expenses	5,250	-	-	-	5,250
Rent	1,010	3,025	-	3,025	4,035
Telephone	387	1,161	-	1,161	1,548
Travel	-	136	-	136	136
	<u>\$ 238,470</u>	<u>\$ 50,187</u>	<u>\$ 18,039</u>	<u>\$ 68,226</u>	<u>\$ 306,696</u>

The accompanying notes are an integral of these financial statements.

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 16,386
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	470
Change in pledges	(4,423)
Change in liabilities	14,568
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>27,001</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,001
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>241,214</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 268,215</u></u>
Supplementary information	
Interest paid	\$ -
Income taxes paid	\$ -

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

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Guadalupe County United Way, Inc. (the organization) is a non-profit organization established for the purpose of appealing to the general public for charitable contributions. Funding is derived from individuals and business contributions received during community-wide fund drives. Contributions are allocated to local nonprofit agencies based on their annual applications to United Way. Allocations are limited to the success of United Way's fund drives.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance through the Board of Directors, oversight, business management, financial recordkeeping, budgeting and similar functions to ensure an adequate and effective organization.

Fundraising activities include publicizing and conducting campaign events and other activities involved with soliciting contributions from corporations, foundations, individuals and others.

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for profits. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES-CONTINUED

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restrictions is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreased in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, the organization includes cash deposits accounts and short-term investments with maturities of less than three months to be cash and cash equivalents. As of December 31, 2017, the organization's cash and cash equivalents totaled \$268,215.

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES-CONTINUED

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increase in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restriction. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts Received for Specific Beneficiaries

As required by ASC 958-605-25, when acting as an agent, the organization does not recognize gifts as revenues if the gifts are designated for specific beneficiaries unless the donor specifies variance power with the gift.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expenses as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES-CONTINUED

Tax Status

The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes. The tax year is still open to audit for both federal and state purposes.

Fair Value Measurements

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs that are unobservable for the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amount of cash and cash equivalents, pledges and other receivables, accounts payables and accrued expenses approximates fair market value due to the short-term maturities of these investments.

Property and Equipment

Property and equipment are valued at cost if purchased and at fair market value when donated. Depreciation is provided using the straight-line method over the estimated useful lives.

Donated Services

In accordance with ASC 958-605-25, donated services which either create or enhance nonfinancial assets or require specialized skills will be recognized as revenue in the reporting period received. The organization utilizes many donated services for its various fund drives and various programs; however, no services were recognized in these financial statements, as they did not meet the above criteria.

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE B - PLEDGE RECEIVABLES

The organization hosts an annual year end fund drive to support the following year's services. As of December 31, 2017, pledge receivables were \$221,850. Based on historical collections, management believes that all outstanding pledges are collectible in full therefore no allowance for uncollectible pledges has been provided.

NOTE C - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 31, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.