

GUADALUPE COUNTY UNITED WAY, INC.
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2019

GUADALUPE COUNTY UNITED WAY, INC.

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Independent Auditor's Report

To the Board of Directors of
Guadalupe County United Way

I have audited the accompanying financial statements of Guadalupe County United Way, (not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, 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, 2019, 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.

Linda Lenzner Gargaf, CPA

San Marcos, Texas

May 26, 2020

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS	
ASSETS	
Cash and cash equivalents	\$ 271,775
Pledge receivables	367,754
TOTAL ASSETS	<u>\$ 639,529</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll liabilities	1,461
TOTAL CURRENT LIABILITIES	<u>1,461</u>
NET ASSETS	
Without donor restrictions	638,068
TOTAL NET ASSETS	<u>638,068</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 639,529</u>

The accompanying notes are an integral part of this financial statement.

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>
REVENUE AND SUPPORT	
Contributions-campaign drives	\$ 427,026
Interest income	2,862
Other income	459
TOTAL REVENUE AND SUPPORT	<u>430,347</u>
EXPENSES	
Program services	260,750
Supporting services	
Management and general	49,092
Fundraising	19,362
TOTAL EXPENSES	<u>329,204</u>
CHANGE IN NET ASSETS	101,143
NET ASSETS, BEGINNING OF YEAR	536,925
NET ASSETS, END OF YEAR	<u><u>\$ 638,068</u></u>

The accompanying notes are an integral part of this financial statement.

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		Total	
	Agency	Management		Supporting	
	Allocations	and General	Fundraising	Services	Total
Agency support	\$ 244,560	\$ -	\$ -	\$ -	\$ 244,560
Advertising	-	442	-	442	442
Board meeting expenses	-	433	-	433	433
Campaign expenses	-	-	5,440	5,440	5,440
Dues and subscriptions	-	2,408	-	2,408	2,408
Health insurance	-	3,115	-	3,115	3,115
Liability insurance	-	1,738	-	1,738	1,738
Office expenses	-	3,895	-	3,895	3,895
Payroll expenses	13,922	27,844	13,922	41,766	55,688
Postage	-	366	-	366	366
Professional fees	-	3,900	-	3,900	3,900
Rent	2,268	2,269	-	2,269	4,537
Supplies	-	1,774	-	1,774	1,774
Telephone	-	908	-	908	908
	<u>\$ 260,750</u>	<u>\$ 49,092</u>	<u>\$ 19,362</u>	<u>\$ 68,454</u>	<u>\$ 329,204</u>

The accompanying notes are an integral part of this financial statement.

GUADALUPE COUNTY UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 101,143
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Change in pledges	(137,254)
Change in liabilities	1,461
NET CASH USED BY OPERATING ACTIVITIES	<u>(34,650)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,650)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	306,425
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 271,775</u></u>

The accompanying notes are an integral part of this financial statement.

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

Basis of presentation

The financial statements of Guadalupe County United Way have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the organization to report information regarding its financial position and activities to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Guadalupe County United Way's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donors' restrictions are temporary in nature; those restrictions will be met by actions of Guadalupe County United Way's or by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

For purposes of the statements of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. As of December 31, 2019, the organization's cash and cash equivalents totaled \$271,775

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:

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

The organization's current assets and liabilities are presented in the statement of financial position are Level 1. The organization has no Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Revenue Recognition

The organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, contributions with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Accounting for Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Revenue and support

The organization receives the majority of its revenues from local businesses, agencies and individuals through its annual campaign drives.

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Expense Recognition and Allocation

The costs of providing the services and other activities of the organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses and rental expenses.

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.

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.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. As of December 31, 2019 the organization reported property and equipment of \$1,409 is fully depreciated.

New Accounting Pronouncement

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2020. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with lease terms of more than twelve months. Management is evaluating the effect, if any, of this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In 2016, FASB issued ASU 2016-14, Not-for-Profit Entities-*Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification. Guadalupe County United Way has adjusted the presentation of these statements accordingly.

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Recently Adopted Accounting Pronouncements-continued

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities will determine whether to account for a transfer of assets as an exchange transaction or a contribution.

The organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the organization's financial reporting.

NOTE B - PLEDGE RECEIVABLES

The organization hosts an annual year campaign drive to raise support for participating agencies in the subsequent fiscal year. Unconditional promises to give are recorded at fair value if expected to be collected in one year. Receivables from contributions are recorded as revenue when the pledge is received. As of December 31, 2019, outstanding pledge receivables were \$367,754. Based on historical collections, management believes that all outstanding pledges are collectible in full; therefore, no allowances for uncollectible pledges have been provided.

NOTE C - LEASES

Guadalupe County United Way leases a two room office space for which the administrative office is located in downtown Seguin, Texas. Lease terms are on a month-to-month basis. Total monthly cost of the office space lease was \$4,537 for the year ended December 31, 2019.

NOTE D - CONCENTRATION AND CREDIT RISK

Guadalupe County United Way maintains its cash and cash equivalents in one bank. As of December 31, 2019, the organization's cash deposits exceeded the current insured amount of \$250,000 under the Federal Deposit Insurance Corporation (FDIC). The organization has not experienced, nor does it anticipate, any losses with respect to the accounts.

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the organization's financial assets as of the financial position date, reduced by amounts not available for general use due to donor-stipulated restrictions.

	2019
Cash and cash equivalents	\$ 271,775
Pledges	367,754
Total financial assets	639,529
Donor restrictions	-
Financial assets available to meet cash needs for expenditures within one year	\$ 639,529

GUADALUPE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES-
CONTINUED

The organization's primary sources of cash flows during the year from donor pledges identified in preceding year during its annual campaign drive. These revenue sources provide a consistent inflow of cash throughout the year.

NOTE F - SUBSEQUENT EVENTS

The organization has evaluated subsequent events through May 26, 2020, which is the date the financial statements were available to be issued.

Subsequent to year end, in March 2020, the United States experienced a pandemic event-COVID-19. As a result, Federal and local government agencies set social distancing and operation restrictions. These restrictions had no impact of the organization's daily operations. The Federal government provided the CARES Act and Paycheck Protection Program (PPP). On April 24, 2020, the organization received \$9,300 from the PPP.