

**UNITED WAY - GALVESTON
COUNTY MAINLAND, INC.**

FINANCIAL STATEMENTS

**Years Ended December 31, 2018 and 2017
With Independent Auditors' Report**

**UNITED WAY - GALVESTON
COUNTY MAINLAND, INC.**

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way - Galveston County Mainland, Inc.
Texas City, Texas

We have audited the accompanying financial statements of United Way - Galveston County Mainland, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the years 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 ("GAAP"); 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 United Way - Galveston County Mainland, 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 GAAP.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Cash and Investments, Schedule of Promises to Give, Schedule of Allocations to Participating Agencies, Schedule of Grants Paid to Participating Agencies, and Schedule of Expenses – Budgeted and Actual are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the United Way - Galveston County Mainland, Inc.'s 2017 financial statements, and our report dated August 30, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whitley Penn LLP

August 9, 2019
Houston, Texas

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,068,079	\$ 1,205,433
Investments	882,827	881,782
Receivables:		
Unconditional promises to give, net	1,722,184	1,415,575
Total current assets	<u>3,673,090</u>	<u>3,502,790</u>
Property and equipment:		
Land	42,930	42,930
Buildings and improvements	447,842	564,853
Furniture and equipment	107,169	73,483
Vehicles	15,000	15,000
	<u>612,941</u>	<u>696,266</u>
Less: accumulated depreciation	<u>(121,352)</u>	<u>(173,859)</u>
Total property and equipment, net	491,589	522,407
Other Assets:		
Investments:		
Certificates of deposit	258,708	255,305
Prepaid items	21,276	21,276
Deposits	800	800
Total other assets	<u>280,784</u>	<u>277,381</u>
Total assets	<u><u>\$ 4,445,463</u></u>	<u><u>\$ 4,302,578</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 3,453	\$ 3,418
Allocations payable to participating agencies	1,553,026	1,486,604
Designations payable	132,874	231,725
Grants payable	34,917	25,000
Total current liabilities	<u>1,724,270</u>	<u>1,746,747</u>
Net assets:		
Without donor restrictions:		
Fixed assets	491,589	522,407
Board designated	350,000	350,000
Operating	(164,018)	73,394
Total without donor restrictions	<u>677,571</u>	<u>945,801</u>
With donor restrictions	<u>2,043,622</u>	<u>1,610,030</u>
Total net assets	<u>2,721,193</u>	<u>2,555,831</u>
Total liabilities and net assets	<u><u>\$ 4,445,463</u></u>	<u><u>\$ 4,302,578</u></u>

See accompanying notes to the financial statements.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2018 and Comparative Totals for 2017

	Without donor restrictions	With donor restrictions	Totals	
			2018	2017
Revenues, Gains, and Other Support				
Support:				
Gross campaign results (2018/2019)	\$ -	\$ 2,538,024	\$ 2,538,024	\$ -
Less: donor designations	-	(141,489)	(141,489)	-
Less: provisions for uncollectables	-	(81,372)	(81,372)	-
Net campaign revenues (2018/2019)	-	2,315,163	2,315,163	-
Gross campaign results (2017/2018)	2,253,639	(2,253,639)	-	2,253,639
Less: donor designations	(241,221)	241,221	-	(241,221)
Less: provisions for uncollectables	(130,847)	130,847	-	(130,847)
Net contributions received in prior year, released from restriction in current year	1,881,571	(1,881,571)	-	1,881,571
Total campaign results	1,881,571	433,592	2,315,163	1,881,571
Additional campaign contributions from				
Prior years	-	-	-	210,541
Other contributions	269,550	-	269,550	1,118,238
Service fees	1,482	-	1,482	2,108
Grants	6,100	-	6,100	6,000
Net unrealized gain (loss) on investments	(18,545)	-	(18,545)	13,055
Investment income	12,104	-	12,104	14,147
Other income	43,106	-	43,106	-
Total revenues, gains, and other support	2,195,368	433,592	2,628,960	3,245,660
Expenses				
Program services:				
Direct aid	1,946,018	-	1,946,018	3,080,999
Less: donor designations	(141,489)	-	(141,489)	(241,221)
Other program services	491,573	-	491,573	464,599
Total program services	2,296,102	-	2,296,102	3,304,377
Supporting services:				
Management and general	85,986	-	85,986	81,511
Fund raising	81,510	-	81,510	93,500
Total supporting services	167,496	-	167,496	175,011
Total expenses	2,463,598	-	2,463,598	3,479,388
Change in net assets	(268,230)	433,592	165,362	(233,728)
Net assets, beginning	945,801	1,610,030	2,555,831	2,789,559
Net assets, ending	\$ 677,571	\$ 2,043,622	\$ 2,721,193	\$ 2,555,831

See accompanying notes to the financial statements

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018	2017
Cash Flows from Operating Activities:		
Change in net assets	\$ 165,362	\$ (233,728)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	24,844	21,419
Net unrealized (gain) loss on investments	18,545	(13,055)
(Gain) loss on sale of property and equipment	(43,105)	143
(Increase) decrease in operating assets:		
Unconditional promises to give	(306,609)	307,100
Other receivables	-	1,000
Prepaid expenses	-	1,484
Increase (decrease) in operating liabilities:		
Accounts payable	35	921
Allocations payable to participating agencies	66,422	55,990
Designations payable	(98,851)	49,410
Grants payable	9,917	(50,150)
Total adjustments to reconcile change in net assets to net cash (used in) provided by operating activities	(328,802)	374,262
Net cash (used in) provided by operating activities	(163,440)	140,534
Cash Flows from Investing Activities:		
Sale (purchase) of investment	(22,993)	12,346
Purchase of property and equipment	(34,793)	(94,966)
Proceeds from sale of property and equipment	83,872	1,600
Net cash provided by (used in) operating activities	26,086	(81,020)
Cash Flows from Financing Activities:		
Payments on loan payable	-	(174,340)
Net cash used in financing activities	-	(174,340)
Net decrease in cash and cash equivalents	(137,354)	(114,826)
Beginning cash and cash equivalents	1,205,433	1,320,259
Ending cash and cash equivalents	\$ 1,068,079	\$ 1,205,433
Supplemental Data:		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

See accompanying notes to the financial statements

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018
(with comparative totals for December 31, 2017)

	Program Services			Supporting Services			Total Expenses	
	Direct Aid	Other Program Services	Total	Management and General	Fund Raising	Total	2018	2017
Operating Expenses Before Depreciation								
Salaries and related expenses:								
Salaries and wages	\$ -	\$ 234,115	\$ 234,115	\$ 41,173	\$ 27,932	\$ 69,105	\$ 303,220	\$ 295,590
Employee benefits	-	61,822	61,822	10,872	7,376	18,248	80,070	62,934
Payroll taxes	-	19,950	19,950	3,509	2,380	5,889	25,839	26,507
Total salaries and related expenses	-	315,887	315,887	55,554	37,688	93,242	409,129	385,031
Other expenses:								
Allocations and grants to participating agencies	1,946,018	-	1,946,018	-	-	-	1,946,018	3,080,999
Less: donor designations	(141,489)	-	(141,489)	-	-	-	(141,489)	(241,221)
Bank charges	-	3,613	3,613	626	357	983	4,596	5,226
Campaign expenses - advertising	-	-	-	-	10,586	10,586	10,586	19,806
Campaign expenses - general	-	-	-	-	15,858	15,858	15,858	21,603
Conferences, conventions, and meetings	-	10,285	10,285	1,782	1,017	2,799	13,084	15,857
Community awareness	-	31,710	31,710	5,493	3,136	8,629	40,339	21,873
Insurance	-	7,186	7,186	1,245	711	1,956	9,142	18,762
Membership dues	-	24,010	24,010	4,159	2,375	6,534	30,544	35,980
Miscellaneous expenses	-	28,178	28,178	4,881	2,787	7,668	35,846	8,006
Occupancy expenses - general	-	453	453	78	45	123	576	6,812
Occupancy expenses - utilities	-	8,286	8,286	1,435	820	2,255	10,541	10,144
Office supplies	-	10,315	10,315	1,787	1,020	2,807	13,122	21,123
Postage and shipping	-	181	181	31	18	49	230	669
Professional fees	-	16,043	16,043	2,779	1,587	4,366	20,409	25,198
Repairs and maintenance	-	9,896	9,896	1,714	979	2,693	12,589	15,698
Telephone	-	6,001	6,001	1,039	594	1,633	7,634	6,403
Total other expenses	1,804,529	156,157	1,960,686	27,049	41,890	68,939	2,029,625	3,072,938
Total expenses before depreciation	1,804,529	472,044	2,276,573	82,603	79,578	162,181	2,438,754	3,457,969
Depreciation	-	19,529	19,529	3,383	1,932	5,315	24,844	21,419
Total expenses	\$ 1,804,529	\$ 491,573	\$ 2,296,102	\$ 85,986	\$ 81,510	\$ 167,496	\$ 2,463,598	\$ 3,479,388

See accompanying notes to the financial statements

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018 and 2017

A. Organization, Nature of Activities

Organization

United Way - Galveston County Mainland, Inc., a nonprofit organization, was incorporated in the State of Texas in 1957. The Internal Revenue Service (“IRS”) has determined that the United Way - Galveston County Mainland, Inc. (the “Organization”) is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”) as an Organization described in Section 501(c)(3). Also, the Comptroller of Public Accounts of the State of Texas has determined that the Organization is qualified for exemption from state franchise tax.

Nature of Activities

The Organization is a nonprofit organization which raises and distributes funds to local non-profit organizations in Galveston County that provide family aid and services, healthcare, handicapped and special needs, youth character building, and senior citizen life enhancement support to those in need.

B. Summary of Significant Accounting Policies

A summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- Net assets with donor restrictions – net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a donor stipulation has been satisfied the net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

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 six months or less to be cash equivalents.

Investments

Investments consist of short and long term certificates of deposit which bear interest at rates ranging from .10% to .75%. These funds are subject to penalty if withdrawn prior to stated date of maturity.

Promises to Give

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

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.

Campaign Pledges and Designations

An annual fundraising campaign is conducted to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectable. Substantially all of the pledges receivables are from corporations and individuals.

Community-wide donations and pledges are recorded as donor restricted revenues in the campaign year and released into net assets without donor restriction as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by United Way but are reported as part of campaign results from which the amounts are then deducted to arrive at campaign revenue.

Donor designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (cost deductions for designated Funds)*.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Property and Equipment and Depreciation

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time. Property and equipment are depreciated using the straight-line method.

Purchased property and equipment are recorded at cost and depreciated over their useful life on a straight-line basis. The Organization capitalizes all property and equipment purchased in excess of \$1,000.

Prepaid Expenses

Prepaid expenses consist of amounts paid for insurance covering future periods and campaign supplies purchased during the year that will be used in future periods.

Contributed Services

The amount of contributed services received in 2018 and 2017 were not material and therefore have not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Contributions

Contributions received are recorded as support with or without restriction depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$10,586 in 2018 and \$19,806 in 2017.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Code, except on income derived from unrelated business activities. 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.

The Organization's federal Exempt Organization Business Tax Returns (Form 990) for 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they are filed.

Summary of Financial Information for 2017

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Estimates

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

Concentrations

Financial instruments that potentially subject the Organization to credit risk include cash balances at banks, which exceeded the related federal deposit insurance by \$94,367 in 2018 and \$226,023 in 2017. The Organization does not require its financial institution to pledge collateral for its deposits in excess of FDIC insured amounts. Financial instruments also include pledges receivable amounting to 1,722,184, 1,415,575 in 2018 and in 2017, which, by their nature, are not collateralized. The Organization derives a substantial amount of contributions from the employees of local oil and chemical companies. Any significant change in this industrial environment could materially affect the Organization's financial position (Note B).

Fair Values Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Fair Values Measurements – continued

The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization only has certificates of deposit which are valued at the principal plus accrued interest which approximates fair value. The Organization did not have any Level 2 or 3 assets or liabilities at December 31, 2018 or 2017.

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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Reclassifications

Certain amounts in 2017 have been reclassified to conform to the 2018 presentation.

New Accounting Pronouncement

During the year ended December 31, 2018, the Organization adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

C. Unconditional Promises to Give

Unconditional promises to give consist of pledges to be used to fund the subsequent years operating budgets including allocations to participating agencies. The promises are due within one year as follows:

	<u>2018</u>	<u>2017</u>
Pledges Receivable	\$ 1,815,480	\$ 1,561,918
Allowance for Uncollectible	<u>(93,296)</u>	<u>(146,343)</u>
Net	<u>\$ 1,722,184</u>	<u>\$ 1,415,575</u>

D. Allowance for Uncollectible Promises to Give

The allowance for uncollectible pledges reflected on the financial statements is an estimate based upon historical data and amounted to \$93,296 in 2018 and \$146,343 in 2017. It is at least reasonably possible that a change in the estimate could occur in the near term.

Bad debt expense, which is offset against current year contribution revenue, amounted to \$81,372 in 2018 and \$131,513 in 2017. The decrease in bad debt is a result of both a decrease in uncollectible promises to give from prior year and an increase in the allowance for uncollectible promises to give during the year.

E. Property and Equipment and Depreciation

Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets. At December 31, 2018 and 2017, the costs of such assets were as follows:

	<u>Balance 1/1/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/18</u>
Land	\$ 42,930	\$ -	\$ -	\$ 42,930
Buildings and improvements	564,853	1,107	(118,118)	447,842
Furniture, fixtures and equipment	73,483	33,686	-	107,169
Vehicles	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total cost	696,266	34,793	(118,118)	612,941
Less accumulated depreciation	<u>(173,859)</u>	<u>(24,844)</u>	<u>77,351</u>	<u>(121,352)</u>
	<u>\$ 522,407</u>	<u>\$ 9,949</u>	<u>\$ (40,767)</u>	<u>\$ 491,589</u>

Depreciation expense totaled \$24,844 for the year ended December 31, 2018 and \$21,419 for the year ended December 31, 2017.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

F. Designated Net Assets without Donor Restriction

In 1986 and 1987, the Organization designated \$450,000 of its net assets for use on the mainland of Galveston County with approval by the Board of Directors. In 2005, the Organization designated an additional \$25,000 of its net assets for use in case of natural disasters on the mainland of Galveston County, with approval of the Board of Directors, bringing the total Board Designated net assets to \$475,000. In 2015, the Board of Directors reduced this allocation to \$350,000 and is reflected for both years.

G. Net Assets with Donor Restrictions

The restrictions on net assets at the end of 2018 and 2017 relate to promises to give for the subsequent years' allocations to participating agencies and its operating budget and amounted to \$2,043,622 in 2018 and \$1,610,030 in 2017.

H. Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are not accrued in the accompanying statements because the amount is not considered to be significant.

I. Deferred Compensation Plan (Section 403 (B))

All full-time employees with at least one year of service may elect to participate in the Organization's Deferred Compensation Plan. The plan's retirement benefit is funded through tax-deferred contributions made by the participating employee and made on behalf of the employee by the Organization. Each participating employee must contribute a minimum of 2%, and may contribute up to 9% of their annual salary. The Organization contributes 9% on behalf of each participating employee. The employee is immediately vested in all contributions to the plan. Upon separation from service, employees may elect to receive all tax-deferred contributions, plus interest earned, in either a lump sum cash payment or in monthly distributions. Contributions made by the Organization on behalf of employees amounted to \$32,263 in 2018 and \$25,897 in 2017.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

J. Campaign Expenses – General and Advertising

Campaign expenses - General are made up of the following:

	<u>2018</u>	<u>2017</u>
Catering	\$ 1,078	\$ 4,353
Campaign supplies and promotional items	15,858	21,603
Other campaign expenses	<u>9,508</u>	<u>15,453</u>
Total	<u>\$ 26,444</u>	<u>\$ 41,409</u>

K. Administrative Fees

The Organization charges a 15% service fee to non-member agencies that receive designated pledges from donors as part of the annual campaign. These service fees amounted to \$1,482 in 2018 and \$2,108 in 2017.

L. Functional Allocation of Expenses

The costs of providing the programs and activities 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.

M. Commitments and Contingencies

Leases

During the year ended December 31, 2014, the Organization entered into an operating lease for office equipment. The lease requires monthly lease payments of \$337 for a term of sixty months and is non-cancelable.

At December 31, 2018, the aggregate minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 3,033

Rental expenses amounted to \$3,710 in 2018 and \$4,048 in 2017.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

N. Liquidity and Availability of Resources

The Organization has \$1,629,468 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$1,068,079, unconditional promises to give of \$1,722,184, and investments of \$882,827 which mature within one year of the financial statement date. These amounts are reduced by net assets with donor restrictions of \$2,043,622 which are subject to the restrictions specified by the donor and make them unavailable for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

O. Subsequent Events

Management has evaluated all subsequent events and transactions for potential recognition or disclosure through August 9, 2019, the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

SCHEDULE OF CASH AND INVESTMENTS

	December 31,	
	2018	2017
	<u> </u>	<u> </u>
Cash in Banks and Savings and Loan Associations		
Amoco Federal Credit Union, Texas City, Texas	\$ 12,225	\$ 2,950
Amoco Federal Credit Union, Texas City, Texas - Harvey Fund	73,316	37,447
Regions Bank, Texas City, Texas	81,279	86,634
TDECU, Texas City, Texas	251,602	249,981
Texas First Bank, Texas City, Texas	2,405	3,674
Moody National Bank, Texas City, Texas	149,789	311,243
Mainland Bank, Texas City, Texas	12,004	11,642
BBVA Compass Bank, Texas City, Texas	249,350	266,720
Amegy Bank of Texas, Texas City, Texas	235,924	235,001
Petty cash	185	141
Total cash in banks and savings and loan associations	<u>1,068,079</u>	<u>1,205,433</u>
 Investments		
Investments - short-term:		
Bank of America, Texas City, Texas	214,849	214,784
Moody National Bank of Texas, Texas City, Texas	100,028	100,028
Amoco Federal Credit Union, Texas City, Texas	227,265	227,265
Prosperity Bank, Hitchcock, Texas	130,672	129,697
Mainland Bank, Texas City, Texas	100,001	100,001
Merrill Lynch, Galveston, Texas	110,012	110,007
Total investments - short-term	<u>882,827</u>	<u>881,782</u>
 Investments - long-term:		
Texas First Bank, Texas City, Texas	258,708	255,305
Total investments - long-term	<u>258,708</u>	<u>255,305</u>
 Total investments	<u>1,141,535</u>	<u>1,137,087</u>
 Total cash and investments in banks	<u><u>\$ 2,209,614</u></u>	<u><u>\$ 2,342,520</u></u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

SCHEDULE OF PROMISES TO GIVE

For the Year Ended December 31, 2018
(with comparative totals for December 31, 2017)

	December 31,	
	2018	2017
Promises to Give		
Promises to give for 2018 allocation year	\$ 117,108	\$ 62,733
Promises to give for 2019 allocation year	1,698,372	1,499,185
Total promises to give	<u>1,815,480</u>	<u>1,561,918</u>
Less: Estimated Uncollectible Promises to Give		
Estimated uncollectible promises to give for 2017 allocation year	-	(146,343)
Estimated uncollectible promises to give for 2018 allocation year	<u>(93,296)</u>	<u>-</u>
Total estimated uncollectible promises to give	<u>(93,296)</u>	<u>(146,343)</u>
Net promises to give	<u>\$ 1,722,184</u>	<u>\$ 1,415,575</u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

SCHEDULE OF ALLOCATIONS TO PARTICIPATING AGENCIES

**For the Year Ended December 31, 2018
(with comparative totals for December 31, 2017)**

	December 31,	
	2018	2017
Local Agencies		
ARC of the Gulf Coast - Galv Co	\$ 20,000	\$ 16,538
City of Texas City Senior Program	34,000	34,000
Hitchcock Family Welfare	78,000	72,000
Interfaith Caring Ministries	51,500	49,500
M. I. Lewis Social Service Center	174,000	164,800
NAMI Gulf Coast	45,000	38,380
Santa Fe Family Service	60,000	54,000
Special Friends	15,500	15,500
Teen Health Center	80,000	77,219
Total local agencies	<u>558,000</u>	<u>521,937</u>
Area-Wide Agencies		
ADA Women's Center	60,000	55,550
Advocacy Center of Children of GC	19,900	16,800
American Red Cross	35,500	35,500
Big Brothers - Big Sisters	58,000	56,100
Boy Scouts of America	40,000	70,840
Brazos Place	15,000	27,493
CASA of Galveston County	35,000	25,000
Catholic Charities	120,000	160,000
Children's Center	75,500	71,295
Connect Transit	-	37,485
DePelchin Children's Center	25,000	-
Family Services Center	160,000	120,000
Galveston County Food Bank	110,000	105,417
Girl Scouts of San Jacinto	42,500	40,500
Gulf Coast Center	37,500	-
Hospice Care Team	-	51,538
Independence Village	35,000	31,500
Lone Star Legal Aid	30,500	25,515
Mainland Childrens Partnership	17,000	-
Perry Family YMCA	-	10,000
Resource Crisis Center	60,000	55,000
Salvation Army	101,500	92,400
St. Christopher's Church	-	8,000
Sunshine Center	50,000	50,000
Total area-wide agencies	<u>1,127,900</u>	<u>1,145,933</u>
Total allocations to participating agencies	1,685,900	1,667,870
Allocations, Special Allocations, and Grants		
Special allocations to other United Ways and/or programs	53,335	26,126
Designated Grants	-	19,583
Disaster Recovery Grant - Harvey	190,636	1,290,335
Grants from Funds Available for Distribution	40,000	40,000
Total allocations, special allocations, and grants	283,971	1,376,044
Increase (decrease) in budgeted allocations	<u>(23,853)</u>	<u>37,085</u>
Total allocations to participating agencies	<u>\$ 1,946,018</u>	<u>\$ 3,080,999</u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

SCHEDULE OF GRANTS PAID TO PARTICIPATING AGENCIES

**For the Year Ended December 31, 2018
(with comparative totals for December 31, 2017)**

	December 31,	
	2018	2017
Operating Grants		
Assistance League of Bay Area	\$ -	\$ 15,000
Depelchin Children's Center of League City	-	25,000
Hospice Care Team	25,000	-
Interfaith Ministries/Meals on Wheels	15,000	-
Total operating grants	<u>40,000</u>	<u>40,000</u>
Total grants to participating agencies	<u>\$ 40,000</u>	<u>\$ 40,000</u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

SCHEDULE OF EXPENSES - BUDGETED AND ACTUAL

**For the Year Ended December 31, 2018
(with comparative totals for December 31, 2017)**

	2018			2017
	Budget	Actual	(Over) / Under	
Expenses (Excluding Allocations and Grants)				
Salaries and wages	\$ 280,834	\$ 303,220	\$ (22,386)	\$ 295,590
Employee benefits	63,000	80,070	(17,070)	62,934
Payroll taxes	21,500	25,839	(4,339)	26,507
Bank charges	3,000	4,596	(1,596)	5,226
Campaign expenses - advertising	12,000	10,586	1,414	19,806
Campaign expenses - general	25,000	15,858	9,142	21,603
Conferences, conventions, and meetings	15,000	13,084	1,916	15,857
Community awareness	13,000	40,339	(27,339)	21,873
Insurance	12,350	9,142	3,208	18,762
Membership dues/affiliated organizations	34,000	30,544	3,456	35,980
Web and application server	8,700	35,846	(27,146)	8,006
Occupancy expenses	17,000	576	16,424	6,812
Occupancy expenses - utilities	8,000	10,541	(2,541)	10,144
Office supplies	9,500	13,122	(3,622)	21,123
Postage and shipping	1,000	230	770	669
Professional fees	16,950	20,409	(3,459)	25,198
Repairs and maintenance	5,500	12,589	(7,089)	15,698
Telephone	3,000	7,634	(4,634)	6,403
Purchase equipment	2,000	-	2,000	-
Depreciation and amortization	23,000	24,844	(1,844)	21,419
Total expenses (excluding allocations and grants)	\$ 574,334	\$ 659,069	\$ (84,735)	\$ 639,610

Recapitulation of total expenses as reported on the Statement of Activities for the year ended December 31, 2018 and 2017.

	2018	2017
Total expenses (excluding allocations and grants)	\$ 659,069	\$ 639,610
Allocations and grants to participating agencies	1,946,018	3,080,999
Less: donor designations	(141,489)	(241,221)
Total expenses	\$ 2,463,598	\$ 3,479,388