

UNITED WAY OF WISE COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

UNITED WAY OF WISE COUNTY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Way of Wise County, Inc.
Wise County, Texas

We have audited the accompanying financial statements of the United Way of Wise County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows 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; 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 Organization'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 Organization'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.

Independent Auditor's Report
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Wise County, Inc. as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Siegmund, Gottlieb & Ekstrand, LLC

Siegmund, Gottlieb & Ekstrand, LLC
Certified Public Accountants
Decatur, Texas

January 9, 2020

UNITED WAY OF WISE COUNTY, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
Current assets		
Cash and cash equivalents	\$ 309,713	\$ 382,990
Short-term certificate of deposits	201,842	201,718
Pledges receivable - net of allowance	62,908	80,498
Total current assets	\$ 574,463	\$ 665,206

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 6,300	\$ 6,300
Net assets		
Unrestricted	340,672	365,088
Temporarily restricted	227,491	293,818
Total net assets	568,163	658,906
Total liabilities and net assets	\$ 574,463	\$ 665,206

The accompanying notes are an integral part of this statement.

UNITED WAY OF WISE COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unrestricted	Temporarily Restricted	Total
Public support and revenues			
Campaign results			
Gross annual campaign	\$ 90,714	\$ 233,991	\$ 324,705
Community special events, net	-	37,271	37,271
Less: uncollectible pledges	-	(9,391)	(9,391)
Less: donor designations	-	-	-
Net campaign contributions	<u>90,714</u>	<u>261,871</u>	<u>352,585</u>
Program fees: Health Fair	7,750	-	7,750
Special events			
Golf tournament	23,440	-	23,440
Kick off luncheon	6,750	-	6,750
Annual meeting	2,500	-	2,500
Total special events	<u>32,690</u>	<u>-</u>	<u>32,690</u>
Donated materials and services	8,349	-	8,349
Interest income	2,603	-	2,603
Net assets released from restrictions	328,198	(328,198)	-
	<u>339,150</u>	<u>(328,198)</u>	<u>10,952</u>
Total public support and revenues	470,304	(66,327)	403,977
Expenses			
Program services			
Gross distribution to agencies	417,240	-	417,240
Less: donor designations to agencies	-	-	-
Net allocations granted to agency programs	<u>417,240</u>	<u>-</u>	<u>417,240</u>
Other program expenses	19,759	-	19,759
Total program services	<u>436,999</u>	<u>-</u>	<u>436,999</u>
Supporting services			
Fundraising	35,543	-	35,543
Management and general	22,178	-	22,178
Total supporting services	<u>57,721</u>	<u>-</u>	<u>57,721</u>
Total expenses	<u>494,720</u>	<u>-</u>	<u>494,720</u>
Change in net assets	(24,416)	(66,327)	(90,743)
Net assets beginning of the year	365,088	293,818	658,906
Net assets end of the year	<u>\$ 340,672</u>	<u>\$ 227,491</u>	<u>\$ 568,163</u>

See accompanying notes to financial statements.

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

	Unrestricted	Temporarily Restricted	Total
Public support and revenues			
Campaign results			
Gross annual campaign	\$ 123,426	212,897	\$ 336,323
Community special events	-	88,868	88,868
Less: uncollectible pledges	-	(7,947)	(7,947)
Less: donor designations	-	-	-
Net campaign contributions, net	<u>123,426</u>	<u>293,818</u>	<u>417,244</u>
Program fees: Health Fair	7,125	-	7,125
Special events			
Golf tournament	22,070	-	22,070
Kick off luncheon	6,750	-	6,750
Annual meeting	2,500	-	2,500
Total special events	<u>31,320</u>	<u>-</u>	<u>31,320</u>
Donated materials and services	8,004	-	8,004
Interest income	2,661	-	2,661
Net assets released from restrictions	302,186	(302,186)	-
	<u>312,851</u>	<u>(302,186)</u>	<u>10,665</u>
Total public support and revenues	474,722	(8,368)	466,354
Expenses			
Program services			
Gross distribution to agencies	431,440	-	431,440
Less: donor designations to agencies	-	-	-
Net allocations granted to agency programs	<u>431,440</u>	<u>-</u>	<u>431,440</u>
Other program expenses	20,208	-	20,208
Total program services	<u>451,648</u>	<u>-</u>	<u>451,648</u>
Supporting services			
Fundraising	34,414	-	34,414
Management and general	22,004	-	22,004
Total supporting services	<u>56,418</u>	<u>-</u>	<u>56,418</u>
Total expenses	<u>508,066</u>	<u>-</u>	<u>508,066</u>
Change in net assets	(33,344)	(8,368)	(41,712)
Net assets beginning of the year	398,432	302,186	700,618
Net assets end of the year	<u>\$ 365,088</u>	<u>\$ 293,818</u>	<u>\$ 658,906</u>

See accompanying notes to financial statements.

UNITED WAY OF WISE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services		Total Expenses
	Allocations and Distributions	Assistance Network	Health Fair	General and Administrative	Fundraising	
Gross distribution to agencies	\$ 417,240	\$ -	\$ -	\$ -	\$ -	\$ 417,240
Less donor designations to agencies	-	-	-	-	-	-
Net distributions to agency programs	417,240	-	-	-	-	417,240
Professional fees	2,640	3,520	1,760	14,220	10,560	32,700
Facilities, equipment and other rental	-	-	2,267	100	3,757	6,124
Donated facilities	-	-	-	4,200	-	4,200
Information technology	1,263	-	-	1,262	-	2,525
Licenses and permits	-	3,570	-	-	-	3,570
Advertising	-	-	1,738	-	6,511	8,249
Processing fees	-	-	-	-	1,426	1,426
Food and beverages	-	-	1,802	-	4,557	6,359
Printing and copying	-	-	-	103	1,533	1,636
Meetings	-	297	-	-	-	297
Dues and subscriptions	-	-	-	-	4,582	4,582
Insurance	-	-	-	1,728	-	1,728
Other fundraising expense	-	-	-	-	256	256
Other miscellaneous	60	-	-	90	19	169
Supplies	-	-	842	475	2,342	3,659
	3,963	7,387	8,409	22,178	35,543	77,480
Total functional expenses	\$ 421,203	\$ 7,387	\$ 8,409	\$ 22,178	\$ 35,543	\$ 494,720

The accompanying notes are an integral part of this statement

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

	Program Services			Supporting Services		Total Expenses
	Allocations and Distributions	Assistance Network	Health Fair	General and Administrative	Fundraising	
Gross distribution to agencies	\$ 431,440	\$ -	\$ -	\$ -	\$ -	\$ 431,440
Less donor designations to agencies	-	-	-	-	-	-
Net distributions to agency programs	431,440	-	-	-	-	431,440
Professional fees	2,640	3,520	1,760	14,220	10,560	32,700
Facilities, equipment and other rental	-	-	2,398	-	3,488	5,886
Donated facilities	-	-	-	3,600	-	3,600
Information technology	-	1,021	-	1,021	-	2,042
Licenses and permits	-	4,165	-	-	385	4,550
Advertising	-	-	1,240	-	5,611	6,851
Processing fees	-	-	-	-	1,001	1,001
Food and beverages	-	-	1,366	-	4,394	5,760
Printing and copying	-	-	-	242	1,605	1,847
Meetings	-	-	-	123	-	123
Dues and subscriptions	-	-	-	-	4,535	4,535
Insurance	-	-	-	1,728	-	1,728
Other miscellaneous	60	-	-	230	21	311
Supplies	-	1,067	971	840	2,814	5,692
	2,700	9,773	7,735	22,004	34,414	76,626
Total functional expenses	\$ 434,140	\$ 9,773	\$ 7,735	\$ 22,004	\$ 34,414	\$ 508,066

The accompanying notes are an integral part of this statement

UNITED WAY OF WISE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from campaign contributions	\$ 378,400	\$ 438,214
Cash received from program fees: Health Fair	7,750	7,125
Cash received from special events	32,690	31,320
Cash paid for agency programs and support services	<u>(494,720)</u>	<u>(501,946)</u>
Net cash (used) provided by operating activities	(75,880)	(25,287)
Cash flows from investing activities		
Cash received from interest income	<u>2,603</u>	<u>2,661</u>
Net increase in cash	(73,277)	(22,626)
Cash and cash equivalents, beginning of year	<u>382,990</u>	<u>405,616</u>
Cash and cash equivalents, end of year	<u><u>\$ 309,713</u></u>	<u><u>\$ 382,990</u></u>

See accompanying notes to financial statements.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 – Nature of Activities

United Way of Wise County, Inc. (the Organization), a Texas nonprofit corporation founded in 1995, is a voluntary health and welfare organization governed by a volunteer Board of Directors (the “Board”). Its mission is to improve the lives of the residents of Wise County, Texas by mobilizing the caring power of the community. The Organization conducts annual fund-raising campaigns to solicit contributions for distribution to nonprofit agencies within Wise County. The Organization delivers important health and human services through the following programs:

- Allocations and Distributions Distributes funds to Board approved nonprofit partner agencies.

- Assistance Network Provides a real-time communication network coalition to connect care providers, charities, churches and emergency assistance providers.

- Health Fair Promotes a healthier community through public awareness and education.

The Organization’s funding comes from various sources, the most significant being from local businesses.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and all short-term investments with maturity dates of less than three months. The organization places its cash with high quality financial institutions. Cash balances, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Most pledges are receivable within one year. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectability of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge-offs and recoveries, previous collection history and scrutiny of individual accounts. The Organization uses the allowance method to determine uncollectible pledges receivable.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years December 31, 2018 and 2017, the Organization did not conduct unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provisions for income taxes are included in the financial statements. 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 files a Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before December 31, 2016.

Contributions

In the absence of donor restrictions, contributions, pledges and grants are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge or grant is received. Restricted assets received and released from restriction within the same reporting period are recorded as unrestricted assets.

The Organization conducts an annual fund raising campaign in the current year for the following fiscal year's operations. The related contributions and pledges are treated as temporarily restricted net assets in the current year and are transferred to unrestricted net assets in the year following the campaign when the time restriction expires. These funds will be used to pay for agency allocations and the Organization's programs and supporting services.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

The most recent fund raising campaign is treated as restricted at December 31, 2018 and became unrestricted at January 1, 2019 to support operations throughout the fiscal year ending December 31, 2019.

Donor Designations

Annual campaign gifts in which the United Way agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide membership requirements, these designations are presented as part of gross campaign results and gross agency distributions on the statements of activities, but are then deducted to arrive at United Way's actual revenue and expense under accounting principles generally accepted in the United States of America (US GAAP).

Unrestricted Net Assets

Contributions received from third parties that are not restricted as to use or for which the donor imposed restrictions have been fulfilled are reported as unrestricted net assets in the accompanying financial statements.

Temporarily Restricted

Contributions received from third parties with donor stipulations that limit the use of the donated assets, including specific or implied time restrictions inherent in pledges to give cash or other assets in the future, are reported as temporarily restricted net assets in the accompanying financial statements. When the applicable restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished (including accrual of the related obligation), temporarily restricted net assets are reclassified to unrestricted net assets.

All of the restrictions on net assets at December 31, 2018 and 2017 are related to contribution pledges that are applicable to the Organization's annual campaign for the subsequent year's allocations.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Donated Materials and Services

Donated materials and use of facilities are recorded at fair market value as of the date of donation. Donated services are reported when the services create or enhance non-financial assets. Donated services require specialized skill and are provided by individual s possessing those skills. Donated services that meet the requirements for recognition under US GAAP are recorded as both revenues and expenses in the accompanying statement of activities, at amounts determined by management to be reasonable for obtaining such services.

The Organization received donated office space, web site maintenance services, signage, meeting room rental, and prize donations from local vendors during the years ended December 31, 2018 and 2017, with estimated fair market values of \$8,349 and \$8,004, respectively. The amounts are functionally allocated on the Statement of Activities.

In addition, a number of volunteers have donated significant amounts of their time to the Organization's programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services. The Organization estimates that volunteers contributed approximately 819 and 819 hours for the years ended December 31, 2018 and 2017, respectively.

Concentrations

In the current year, a significant amount of contributions and pledges receivable were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization's market is concentrated in the North Texas, geographical area.

Uses of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimate is the allowance for uncollectable pledges. The allowance for uncollectable pledges was \$18,500 and \$25,000 for the years ended December 31, 2018 and 2017, respectively.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program services or supporting services in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, many expenses relate to more than one function and must be allocated among the program and supporting services benefited.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, with the intended purpose of improving financial reporting by not-for-profit entities. The Organization is currently evaluating the impact that the adoption of ASU 2016-14 will have on the financial statements and related disclosures.

Note 3 - Advertising

The Organization expenses advertising cost as incurred. Advertising cost were \$6,785 and \$5,487 for the years ended December 31, 2018 and 2017, respectively.

Note 4 – Commitments to Agency Programs

An estimate was made of allocations expected to be paid to agency programs for the period beginning January 1, 2019 through December 31, 2019, which is conditional upon the results of campaign collections. These conditional pledges total approximately \$413,000 and have not been accrued in the statements of financial position because a firm commitment has not been made.

Note 5 – Subsequent Events

Evaluation of subsequent events through January 9, 2020, the date which the financial statements were available to be issued.