



# **Brammer, Begnaud & Lattimore**

**CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS**

3025 PLAZA CIRCLE  
TEL. 409.983.1669

PORT ARTHUR, TX 77642  
FAX. 409.983.5828 WWW.BBLCPA.COM

To the Board of Trustees  
United Way of South Jefferson County, Inc.  
Port Arthur, Texas

We have audited the accompanying statement of financial position of United Way of South Jefferson County, Inc. (a nonprofit organization) as of December 31, 2007 and 2006 and the related statement of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express 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 United Way of South Jefferson County, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America.

December 2, 2008

**UNITED WAY OF SOUTH JEFFERSON COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2007 and 2006**

**ASSETS**

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 1,206,909.03	\$ 1,011,507.87
Contributions receivable - net (Note 2)	1,090,720.97	818,218.17
Other Receivable	0.00	8,779.00
Accrued Interest Receivable	6,511.33	6,617.81
Prepaid Insurance	5,267.22	3,403.09
Property and improvements - net (Note 3)	<u>112,683.43</u>	<u>112,832.54</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,422,091.98</u></b>	<b><u>\$ 1,961,358.48</u></b>

**LIABILITIES**

Accounts payable	\$ 13,648.40	\$ 23,205.91
Payroll taxes payable	2,648.51	2,366.81
Pension payable	<u>1,081.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 17,377.91</u></b>	<b><u>\$ 25,572.72</u></b>

**NET ASSETS**

Unrestricted net assets	\$ 1,386,725.85	\$ 1,094,550.67
Temporarily restricted net assets	<u>1,017,988.22</u>	<u>841,235.09</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 2,404,714.07</u></b>	<b><u>\$ 1,935,785.76</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,422,091.98</u></b>	<b><u>\$ 1,961,358.48</u></b>

See accompanying notes to financial statements

**UNITED WAY OF SOUTH JEFFERSON COUNTY, INC.  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS**

**For the Years Ended December 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>UNRESTRICTED NET ASSETS</b>		
Public Support		
Contributions - net	\$ 339,845.24	\$ 123,399.55
Total Public Support	<u>\$ 339,845.24</u>	<u>\$ 123,399.55</u>
Revenues		
Rent Income	\$ 10,038.46	\$ 9,641.04
TWC Grant	0.00	5,000.00
Interest Income	37,695.32	31,259.08
Other Revenue	1,036.50	23.75
Gain (Loss) on Sale of Assets	0.00	<u>(1,499.96)</u>
Total Unrestricted Revenues	<u>\$ 48,770.28</u>	<u>\$ 44,423.91</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>\$ 388,615.52</u>	<u>\$ 167,823.46</u>
Net assets released from restrictions		
Expiration of time restrictions	<u>841,235.09</u>	<u>847,466.44</u>
<b>TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT</b>	<u>\$ 1,229,850.61</u>	<u>\$ 1,015,289.90</u>
<b>Expenses</b>		
Program Services		
Payments to agencies	\$ 717,693.84	\$ 598,223.50
Fund-raising	<u>9,490.99</u>	<u>10,553.33</u>
Total Program Services	<u>\$ 727,184.83</u>	<u>\$ 608,776.83</u>
Supporting Services:		
Salaries	\$ 101,339.57	\$ 93,789.08
Health and Life Insurance Benefits	3,424.63	18,083.77
Employee Retirement	13,012.00	11,103.44
Payroll Tax Expense	8,754.61	9,298.77
Accounting and Auditing Fees	9,990.00	10,300.00
Collection Fees	123.79	226.73
Office Supplies	921.58	4,898.34
Telephone Expense	4,096.21	3,422.80
Postage and Shipping	885.12	908.52
Utilities	11,901.34	11,417.88
Building and Grounds	9,698.43	16,468.36
Depreciation Expense	8,992.34	24,675.67
Equipment Maintenance	5,083.74	12,147.25

See accompanying notes to financial statements

**UNITED WAY OF SOUTH JEFFERSON COUNTY, INC.  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS**

**For the Years Ended December 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Reference Materials	1,358.00	1,348.00
Meetings	1,859.84	2,817.42
Conferences	1,182.11	3,485.86
Organizational Dues	3,971.49	6,201.50
United Way of America	11,195.79	4,749.21
Insurance	8,394.95	10,448.26
Workmans Compensation Insurance	541.57	702.32
Directors and Officers Liability Insurance	1,395.35	1,149.43
Advertising	500.00	1,560.73
Miscellaneous Expense	1,868.14	565.51
Unreimbursed Hurricane Damage	0.00	15,935.00
	<u>                    </u>	<u>                    </u>
Total Supporting Services	\$ 210,490.60	\$ 265,703.85
<b>TOTAL EXPENSES</b>	<u>\$ 937,675.43</u>	<u>\$ 874,480.68</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	\$ 292,175.18	\$ 140,809.22
<b>UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,094,550.67</u>	<u>953,741.45</u>
<b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<u>\$ 1,386,725.85</u>	<u>\$ 1,094,550.67</u>
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions - net	\$ 1,017,988.22	\$ 804,993.14
Net assets released from restrictions	<u>841,235.09</u>	<u>847,466.44</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	\$ 176,753.13	\$ (42,473.30)
<b>TEMPORARILY NET ASSETS BEGINNING OF YEAR</b>	<u>841,235.09</u>	<u>883,708.39</u>
<b>TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR</b>	<u>\$ 1,017,988.22</u>	<u>\$ 841,235.09</u>

See accompanying notes to financial statements

**UNITED WAY OF SOUTH JEFFERSON COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 468,928.31	\$ 98,335.92
Adjustments to reconcile change in Net Assets (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	\$ 8,992.34	\$ 24,675.67
Losses (Gains) on sales of Assets	0.00	1,499.96
Decrease (Increase) in Operating Assets:		
Contributions receivable	(272,502.80)	89,729.81
Other receivables	8,779.00	(8,779.00)
Accrued interest receivable	106.48	(3,392.78)
Prepaid expenses	(1,864.13)	2,810.59
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,557.51)	2,380.67
Bank Overdraft	0.00	(11,718.91)
Accrued Liabilities	1,362.70	1,315.11
Total Adjustments	<u>\$ (264,683.92)</u>	<u>\$ 98,521.12</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>\$ 204,244.39</u>	<u>\$ 196,857.04</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of assets	<u>(8,843.23)</u>	<u>0.00</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>\$ (8,843.23)</u>	<u>\$ 0.00</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 195,401.16</u>	<u>\$ 196,857.04</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>1,011,507.87</u>	<u>814,650.83</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>\$ 1,206,909.03</u></u>	<u><u>\$ 1,011,507.87</u></u>

See accompanying notes to financial statements

UNITED WAY OF SOUTH JEFFERSON COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006

1. Summary of Significant Accounting Policies

United Way of South Jefferson County is a local organization supported primarily by local businesses and individuals.

United Way of South Jefferson County is organized under the laws of the State of Texas and has received an exemption from the Internal Revenue Service from federal income taxes under Section 501(a), as an entity described in Section 501 (c)(3) of the Internal Revenue Code of 1996, as amended. No provision for income taxes is provided in these financial statements.

Public Support – Annual fundraising is conducted in the fall to raise money for allocations to agencies in the subsequent calendar year. The allocation for year 2007 and 2006 are based on the results of the fall 2006 and 2005 campaign. In United Way's annual fundraising process, public support promised but not received at December 31, 2007 and 2006, less an estimate for uncollectible amounts, is recorded as pledges receivable. Pledges receivable are considered due and collectible within one year.

Net Uncollectible Pledges – The majority of pledges are made to the campaign through payroll deduction. If contributors change jobs and fail to reassign their pledges through their new employers, these pledges are not collected. Uncollectible pledges are reduced by any recovery of pledges previously written off.

Allocation to Agencies – All allocations are authorized by the volunteer board of trustees after consideration by volunteers serving on the budget and allocations committee. The United Way supports 20 health and human service programs in South Jefferson County for 2007 and 2006.

Donor Directed and Restricted Gifts – Like most local United Ways, United Way of South Jefferson County gives donors the option of designating their gifts to other United Ways across the country.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

### Cash and Cash Equivalents

The organization considers cash and cash equivalents to include cash and certificates of deposit. The organization has maintained balances with various banks in excess of federally-insured limits. At December 31, 2006, \$43,231.52 was not insured.

### Contributions

All promises to give (contributions) are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class.

### Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Net Assets

Net assets are classified into two categories: unrestricted and temporarily restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by donor or law. Temporarily restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted when the time restrictions expire, at which time they are reported in the statement of activities as net assets released from restrictions.

### Donated Services

No amounts have been reflected in the financial statements for donated services. The organization generally pays for services requiring specific expertise. However many individuals volunteer their time and perform a variety of tasks that assist the organization with specific campaign solicitations and committee assignments. The organization receives more than 2,400 volunteer hours in 2007 and 2006.

2. Contributions Receivable

Contributions receivable at December 31, 2007 and 2006 include the following unconditional promises to give:

	<u>2007</u>	<u>2006</u>
Unrestricted contributions receivable	\$ 221,111.37	\$ 157,874.37
Contributions restricted – time restrictions	<u>1,092,676.88</u>	<u>874,169.61</u>
Total Gross Contributions Receivable	\$1,313,788.25	\$ 1,032,043.98
Less: Allowance for Uncollectible Contributions	<u>223,067.28</u>	<u>213,825.81</u>
Contributions Receivable – Net	<u>\$1,090,720.97</u>	<u>\$ 818,218.17</u>

Gross contributions receivable at December 31, 2007 and 2006 are due according to the following schedule:

	<u>2007</u>	<u>2006</u>
Less than one year	\$ 979,381.39	\$ 764,397.82
One to five years	<u>111,339.58</u>	<u>53,820.35</u>
Total	<u>\$1,090,720.97</u>	<u>\$ 818,218.17</u>

3. Property and Improvement

The organization records all purchases of long-lived, tangible property and equipment at cost. Property and improvements are depreciated over their estimated useful lives by the straight-line method. Donated assets are recorded at their market value at the date of the gift. Property and improvements at December 31, 2007 and 2006 consist of the following:

UNITED WAY OF SOUTH JEFFERSON COUNTY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 AND 2006

Page 4

	<u>2007</u>	<u>2006</u>
Land	\$ 58,000.00	\$ 58,000.00
Building	345,919.97	344,835.74
Furniture, Fixtures and Equipment	<u>146,561.50</u>	<u>138,802.50</u>
Total	\$ 550,481.47	\$ 541,638.24
Less: Accumulated Depreciation	<u>437,798.04</u>	<u>428,805.70</u>
Property and Improvements – Net	<u>\$ 112,683.43</u>	<u>\$ 112,832.54</u>

4. Retirement Plan

All current employees of the organization participate in a defined contribution retirement plan. The plan requires contributions of 12% of eligible employees' salaries. The organization made retirement plan contributions of \$13,012.00 for 2007 and \$11,103.44 for 2006.

5. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Current Year Campaign benefiting next year	\$ 1,017,988.22	\$ 804,988.14
Hurricane Rita and Katrina Relief	<u>.00</u>	<u>36,246.95</u>
Totals	<u>\$ 1,017,988.22</u>	<u>\$ 841,235.09</u>

5. Subsequent Events

In 2008, the Board decided to purchase land and build a new executive office building at a cost of approximately \$335,000. When completed, it is anticipated that the old building will be sold.