

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Mid & South Jefferson County, Inc.
Port Arthur, Texas

We have audited the accompanying financial statements of United Way of Mid & South Jefferson County, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017 and the related statement of activities and changes in net assets, cash flows and schedule of expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 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 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 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Mid & South Jefferson County, Inc. as of June 30, 2017 and the changes in its net assets and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Brammer Begnaud & Lattimore".

BRAMMER, BEGNAUD & LATTIMORE

May 15, 2018

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2017

ASSETS

	<u>2017</u>
Cash and cash equivalents	\$ 1,724,633.90
Contributions receivable - net (Note 2)	790,539.85
Accrued Interest Receivable	1,526.64
Prepaid Insurance	4,391.70
Prepaid Expenses	67,499.96
Property and improvements - net (Note 3)	<u>263,684.97</u>
TOTAL ASSETS	<u>\$ 2,852,277.02</u>

LIABILITIES

Accounts payable	\$ 20,508.18
Payroll taxes payable	11.86
Deferred Revenues	<u>4,518.81</u>
TOTAL LIABILITIES	<u>\$ 25,038.85</u>

NET ASSETS

Unrestricted net assets	<u>\$ 2,827,238.17</u>
TOTAL NET ASSETS	<u>\$ 2,827,238.17</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,852,277.02</u>

See accompanying notes to financial statements

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF ACTIVITIES AND
CHANGES IN NET ASSETS
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Donations	\$ 1,414,805.25	\$ 0.00	\$ 0.00	\$ 1,414,805.25
Fundraiser	74,091.31			74,091.31
Interest Income	4,708.40			4,708.40
Other Revenue	659.08			659.08
Grant Income	1,336.50			1,336.50
Net assets released from restrictions				
Other	0.00			0.00
	<u>1,495,600.54</u>	<u>0.00</u>	<u>0.00</u>	<u>1,495,600.54</u>
Total revenues, gains and other support	\$ 1,495,600.54	\$ 0.00	\$ 0.00	\$ 1,495,600.54
 Expenses and losses				
Program Services	\$ 1,182,772.82			\$ 1,182,772.82
Supporting Services	39,680.09			39,680.09
Fund Raising	67,461.64			67,461.64
	<u>1,289,914.55</u>	<u>0.00</u>	<u>0.00</u>	<u>1,289,914.55</u>
Total Expenses	\$ 1,289,914.55	\$ 0.00	\$ 0.00	\$ 1,289,914.55
 Change in Net Assets	 \$ 205,685.99	 \$ 0.00	 \$ 0.00	 \$ 205,685.99
Net Assets at Beginning of Year	<u>2,621,552.18</u>	<u>0.00</u>	<u>0.00</u>	<u>2,621,552.18</u>
Net Assets at End of Year	<u>\$ 2,827,238.17</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 2,827,238.17</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ 205,685.99
Adjustments to reconcile change in Net Assets (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	\$ 13,053.94
Decrease (Increase) in Operating Assets:	
Contributions receivable	(79,018.35)
Accrued interest receivable	(1,024.86)
Prepaid expenses	(483.87)
Deferred Expenses	3,051.10
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(3,622.58)
Accrued Liabilities	5.57
Deferred Revenues	(21,996.95)
Total Adjustments	\$ (90,036.00)
Net Cash Provided By (Used in) Operating Activities	<u>\$ 115,649.99</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of assets	(6,629.98)
Net Cash Provided By (Used In) Investing Activities	<u>\$ (6,629.98)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Cash Provided By (Used In) Financing Activities	<u>\$ 0.00</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 109,020.01
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,633,170.89</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 1,724,633.90</u>

See accompanying notes to financial statements

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	Program Services	Supporting Services	Fundraising	Total
Payments to Agencies	\$ 965,861.54	\$ -	\$ -	\$ 965,861.54
Campaign	-	-	10,652.03	10,652.03
Salaries	131,462.35	10,334.72	10,555.78	152,352.85
Retirement	13,700.27	483.00	1,401.73	15,585.00
Payroll Taxes	7,042.63	2,904.27	1,928.41	11,875.31
Other Benefits	1,052.71	25.09	116.83	1,194.63
Accounting and Auditing	-	10,050.00	-	10,050.00
Office Supplies	490.46	572.20	572.20	1,634.86
Telephone Expense	1,731.99	748.97	2,200.10	4,681.06
Postage and Shipping	861.33	372.47	1,094.12	2,327.92
Utilities	1,466.31	634.08	1,862.61	3,963.00
Building and Grounds	1,726.24	746.48	2,192.79	4,665.51
Depreciation Expense	4,829.96	2,088.63	6,135.35	13,053.94
Equipment Maintenance	4,980.46	2,153.71	6,326.53	13,460.70
Reference Materials	-	-	2,065.01	2,065.01
Meetings and Conferences	109.56	1,533.89	547.82	2,191.27
Transportation	843.12	175.65	737.73	1,756.50
Organizational Dues	2,758.63	1,192.92	3,504.21	7,455.76
United Way of America	5,253.33	2,271.71	6,673.14	14,198.18
Insurance	3,345.58	1,446.74	4,249.80	9,042.12
Advertising	-	-	450.00	450.00
Credit Card Fees	-	-	1,471.67	1,471.67
VITA Expense	3,847.96	-	-	3,847.96
Fundraising Expenses	28,295.48	-	-	28,295.48
Miscellaneous Expenses	<u>3,112.91</u>	<u>1,945.56</u>	<u>2,723.78</u>	<u>7,782.25</u>
Total Expenses	<u>\$ 1,182,772.82</u>	<u>\$ 39,680.09</u>	<u>\$ 67,461.64</u>	<u>\$ 1,289,914.55</u>

See accompanying notes to financial statement

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. Summary of Significant Accounting Policies

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

United Way of Mid & 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 fiscal year. The allocation for year 2017 is based on the results of the fall 2016 campaign. In United Way’s annual fundraising process, public support promised but not received at June 30, 2017 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 Jefferson County for 2017.

Donor Directed and Restricted Gifts – Like most local United Ways, United Way of Mid & 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.

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 as unrestricted net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by donor or law.

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.

2. Contributions Receivable

Contributions receivable at June 30, 2017 include the following unconditional promises to give:

	<u>2017</u>
Total Gross Contributions Receivable	\$ 893,114.77
Less: Allowance for Uncollectible Contributions	<u>102,574.92</u>

Contributions Receivable – Net \$ 790,539.85

Net contributions receivable at June 30, 2017 is due according to the following schedule:

	<u>2017</u>
Less than one year	<u>\$ 790,589.85</u>
Total	<u>\$ 790,589.85</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 June 30, 2017 consist of the following:

	<u>2017</u>
Land	\$ 9,620.00
Building	340,039.79
Furniture, Fixtures and Equipment	<u>34,641.94</u>
Total	\$ 384,659.73
Less: Accumulated Depreciation	<u>120,616.76</u>
Property and Improvements – Net	<u>\$ 263,684.97</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 \$15,585.00 for 2017.

5. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. According, certain costs have been allocated among the programs and supporting services benefited.

6. United Way of Mid & South Jefferson County, Inc. supported the following agencies during 2017 with regular allocations and special grants:

Salvation Army	\$ 45,000.00
Rape & Suicide Crisis Center	26,135.00
Nutrition & Services for Seniors	136,000.00
United Board of Missions	44,000.00
Y.M.C.A.	119,500.28
Southeast Texas Hospice	20,518.60
Southeast Texas Council on Alcohol and Drug Abuse	52,399.76
Richard L. Shorkey Education and & Rehabilitation Center	38,830.50
Samaritan Counseling Center	66,666.00
Groves Senior Citizen Association	10,000.00
Family Services of Southeast Texas	34,435.87
Community Care-Prayer Outreach	52,215.40
Catholic Charities	74,807.18
Capland Center for Communication Disorders	109,771.97
Boy's Haven	22,121.75
Boys Scouts of America	33,273.06
Girl Scouts of America	12,000.00
Port Neches Senior Citizen Center	11,170.30
Willie Carter Outreach	22,642.97
Communities in Schools	<u>34,372.90</u>
Total	<u>\$ 965,861.54</u>

7. Subsequent Events

Management has evaluated subsequent events through May 15, 2018, the date which the financial statements were available to be issued.

In late August 2017, the Upper Texas Gulf Coast was hit with record flooding from Hurricane and Tropical Storm Harvey. The United Way office was severally damaged by flooding and was forced to relocate their office until repairs can be completed. They had flood and windstorm insurance which should cover the damage that they sustained. Most of the agencies that United Way supports sustained major damage from the flooding. Some of these agencies did not have insurance.

8. Litigation and Contingencies

There are no litigation or claims pending at this time.