

**UNITED WAY OF BEAUMONT AND
NORTH JEFFERSON COUNTY**

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITORS' REPORT**

June 30, 2014

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
 A PROFESSIONAL CORPORATION

November 21, 2014

INDEPENDENT AUDITORS' REPORT

Board of Trustees
 United Way of Beaumont and North Jefferson County
 Beaumont, Texas

We have audited the accompanying financial statements of United Way of Beaumont and North Jefferson County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, 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

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 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 of Beaumont and North Jefferson County as of June 30, 2014, 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.

Board of Trustees
United Way of Beaumont and North Jefferson County

Report on Summarized Comparative Information

We have previously audited the United Way of Beaumont and North Jefferson County's 2013 financial statements, and our report dated February 17, 2014, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to participating agencies is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



EDGAR, KIKER & CROSS, PC
Certified Public Accountants and Consultants

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UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENT OF FINANCIAL POSITION
June 30, 2014
(with comparative amount for June 30, 2013)

	ASSETS	
	2014	2013
CURRENT		
Cash and cash equivalents	\$ 682,051	\$ 956,766
Campaign receivables (net)	714,943	591,626
Investments	1,171,161	2,088,676
Prepaid expenses	7,989	17,786
Total Current Assets	2,576,144	3,654,854
PROPERTY AND EQUIPMENT		
Furniture and equipment	78,404	72,300
Accumulated depreciation	(53,511)	(59,603)
Total Property and Equipment	24,893	12,697
OTHER ASSETS		
Beneficial interest in endowments	2,744,400	2,315,300
Investments	2,339,058	1,046,378
Total Other Assets	5,083,458	3,361,678
Total Assets	\$ 7,684,495	\$ 7,029,229

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued expenses	\$ 32,810	\$ 39,724
Allocations and designated pledges payable	2,093,364	2,017,945
Total Current Liabilities	2,126,174	2,057,669
NET ASSETS		
Unrestricted:		
Board designated		
Operating reserves	1,050,889	1,050,889
Other	76,725	76,725
Undesignated	1,686,307	1,528,646
Total unrestricted net assets	2,813,921	2,656,260
Permanently restricted	2,744,400	2,315,300
Total Net Assets	5,558,321	4,971,560
Total Liabilities and Net Assets	\$ 7,684,495	\$ 7,029,229

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(with comparative amount for June 30, 2013)

	Unrestricted	Permanently Restricted	Total	
			2014	2013
SUPPORT, REVENUES, AND GAINS				
Gross campaign results	\$ 2,453,504	\$ -	\$ 2,453,504	\$ 2,613,884
Less amounts designated by donor for specific agencies	(568,362)	-	(568,362)	(634,388)
Less provision for uncollectible pledges	(27,683)	-	(27,683)	(110,742)
Net campaign pledges	1,857,459	-	1,857,459	1,868,754
Designations from other United Ways	46,847	-	46,847	37,242
Other	62,496	-	62,496	59,849
Total Contributions	1,966,802	-	1,966,802	1,965,845
Service fees	3,809	-	3,809	9,535
Investment income	15,503	-	15,503	21,205
Miscellaneous revenue	-	-	-	3
Change in value of beneficial interest in endowments	-	429,100	429,100	146,200
Total Revenues	1,986,114	429,100	2,415,214	2,142,788
EXPENSES AND LOSSES				
Agency Allocations				
Gross funds awarded	2,088,276	-	2,088,276	2,061,206
Less amounts designated by donor for specific agencies	(568,362)	-	(568,362)	(634,388)
Net funds awarded	1,519,914	-	1,519,914	1,426,818
Other grants awarded	-	-	-	20,000
Total funds awarded	1,519,914	-	1,519,914	1,446,818
Program services				
Fund distribution	89,001	-	89,001	97,929
Service support				
Fund raising	102,320	-	102,320	109,600
Management and general	90,142	-	90,142	99,340
United Way Worldwide dues	27,076	-	27,076	24,215
Total Expenses and Losses	1,828,453	-	1,828,453	1,777,902
Change in Net Assets	157,661	429,100	586,761	364,886
Net Assets - Beginning	2,656,260	2,315,300	4,971,560	4,606,674
Net Assets - Ending	\$ 2,813,921	\$ 2,744,400	\$ 5,558,321	\$ 4,971,560

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
(with comparative amount for June 30, 2013)

	<u>Program Services</u>	<u>Service Support</u>		<u>Total</u>	
	Fund	Fund	Management		
	Distribution	Raising	& General	2014	2013
Salaries	\$ 42,787	\$ 42,787	\$ 42,788	\$ 128,362	\$ 143,668
Employee benefits	10,870	10,870	10,871	32,611	37,212
Payroll taxes	3,415	3,415	3,415	10,245	11,431
Total Personnel Expenses	57,072	57,072	57,074	171,218	192,311
Conferences and meetings	383	1,680	411	2,474	2,517
Contract services	330	330	330	990	951
Depreciation	1,704	1,704	1,704	5,112	4,164
Equipment rental and maintenance	3,630	3,630	3,632	10,892	14,397
Insurance	2,011	2,011	2,012	6,034	5,808
Miscellaneous	436	690	917	2,043	2,459
Occupancy	9,199	9,199	9,202	27,600	27,600
Postage and shipping	115	767	661	1,543	1,410
Printing	175	10,572	175	10,922	12,307
Professional fees	7,931	7,931	7,933	23,795	24,040
Supplies	754	1,472	829	3,055	3,736
Telephone	1,279	1,280	1,280	3,839	3,577
Travel and transportation	1,702	1,702	1,702	5,106	4,074
United Way of Texas dues	2,280	2,280	2,280	6,840	7,518
Total Functional Expenses	\$ 89,001	\$ 102,320	\$ 90,142	\$ 281,463	\$ 306,869

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(with comparative amount for June 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 586,761	\$ 364,886
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operation Activities		
Depreciation	5,112	4,164
(Gain) loss on securities	4,836	(196)
Change in value of beneficial		
interest in endowments	(429,100)	(146,200)
(Increase) Decrease in:		
Net Campaign Receivable	(123,317)	19,349
Prepaid Expenses	9,797	(4,134)
Increase (Decrease) in:		
Accounts Payable	(6,914)	(1,535)
Allocations and Designations Payable	75,419	94,164
Net Cash Provided by Operating Activities	122,594	330,498
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(2,265,000)	(1,271,000)
Proceeds from sales of investments	1,885,000	692,000
Purchases of equipment	(17,309)	(875)
Net Cash Used by Investing Activities	(397,309)	(579,875)
Net Increase (Decrease) in Cash and Cash Equivalents	(274,715)	(249,377)
Cash and Cash Equivalents - Beginning	956,766	1,206,143
Cash and Cash Equivalents - Ending	\$ 682,051	\$ 956,766

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENT JUNE 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:

Organization

United Way of Beaumont and North Jefferson County (“United Way”) is a nonprofit organization that serves as a federated fund raising agency for other nonprofit organizations in Jefferson County. Campaign contributions are solicited annually from individuals, companies and their employees. Funds are distributed to member agencies’ programs to provide services to individuals needing assistance.

United Way was originally incorporated on June 5, 1952 under the name United Appeals of Beaumont and North Jefferson County and the name was changed on August 6, 1979. United Way is governed by a volunteer board of trustees.

Mission Statement

To provide visionary leadership in uniting the community’s resources of donors, volunteers and organizations.

Basis of Accounting

The financial statements for United Way have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial Statement Presentation

United Way adopted the Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit-Organizations”. Under SFAS No. 117, United Way is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by United Way. Generally, the donors of these assets permit the United Way to use all or part of the income earned on any related investments for general or specific purposes

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these amounts.

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

United Way considers all demand deposits at financial institutions to be cash and cash equivalents.

Investments

Investments, which are reflected in the financial statements at fair market value, consist of certificates of deposit and government bonds. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets.

Furniture and Equipment

Furniture and equipment are recorded at cost if acquired, or fair market value if donated. Expenditures in excess of \$500 for furniture and equipment are capitalized. Depreciation is provided using the straight-line method over the useful lives (5-10 years) of the assets.

Functional Expenses

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

Revenue Recognition

Annual campaigns are conducted to raise support for allocation to participating agencies. Pledges are recorded as received and allowances are made for amounts estimated as uncollectible. Unless specifically restricted by the donor, all pledges are considered to be available for unrestricted use. Pledges designated by the donor for distribution to a specific agency are not recognized as revenue by United Way.

Provision for uncollectible is computed based upon a historical average adjusted by management estimates of current economic factors, applied to gross campaign, including donor designations.

In accordance with the provisions of Statement on Financial Accounting Standards (SFAS) No. 116 *Accounting for Contribution Made and Contributions Received*, United Way has elected to report donor restricted contributions as unrestricted support when the restrictions are met in the reporting period in which the contribution is received.

Expenditures

All expenditures are recorded on the accrual basis.

Donated Materials and Services

United Way receives a significant amount of donated services from unpaid volunteers who assist in the organization's management and fundraising. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under SFAS No. 116 have not been satisfied.

Income Tax Status

United Way is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509 (a) of the code. United Way's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after the return was filed.

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Comparative Financial Statements

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 a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with United Way’s financial statements for the year ended June 30, 2013, from which the summarized information was derived.

NOTE 2 – CAMPAIGN RECEIVABLES:

Campaign receivables as of June 30, 2014 and 2013, consisted of:

	<u>2014</u>	<u>2013</u>
Pledges Receivable	\$ 952,786	\$ 888,016
Allowance for Uncollectibles	<u>(237,843)</u>	<u>(296,390)</u>
Net Campaign Receivables	<u>\$ 714,943</u>	<u>\$ 591,626</u>

All pledges are due within one year.

NOTE 3 – INVESTMENTS:

Investments are composed of the following:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	<u>\$ 3,511,000</u>	<u>\$ 3,510,219</u>	<u>\$ 3,131,000</u>	<u>\$ 3,135,054</u>
Total	<u>\$ 3,511,000</u>	<u>\$ 3,510,219</u>	<u>\$ 3,131,000</u>	<u>\$ 3,135,054</u>

Investment returns for the years ended June 30, 2014 and 2013 were composed of the following:

	<u>2014</u>	<u>2013</u>
Investment income		
Interest and dividend income	\$ 19,044	\$ 21,009
Gains and (losses)		
Unrealized	<u>(4,836)</u>	<u>196</u>
Total investment returns	<u>\$ 14,208</u>	<u>\$ 21,205</u>

NOTE 4 – BENEFICIAL INTEREST IN ENDOWMENTS:

Various donors have established endowed funds for the benefit of United Way with a non-profit community foundation which distributes an amount based on the value of the endowment as of December 31st and a distribution rate approved on an annual basis. The present value of the future benefits to be received is calculated based on the average annual distribution received during the previous ten years at a discount rate based on the yield of US Treasury obligations. The present value is limited to the fair market value of the endowed fund, when applicable. The fair market value of the endowed fund is valued using level 1 inputs, which are based on an unadjusted quoted price within active markets.

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 5 – RESULTS OF ANNUAL CAMPAIGNS:

Pledges received and allowance for uncollectible pledges for the years ended June 30, 2014 and 2013, are as follows:

	<u>Undesignated</u>	<u>Donor Designated to Specific Agencies</u>	<u>Total</u>
<i>Year ended June 30, 2014</i>			
Pledges Received			
2011 Campaign	\$ 4,454	\$ -	\$ 4,454
2012 Campaign	99,964	-	99,964
2013 Campaign	<u>1,780,724</u>	<u>568,362</u>	<u>2,349,086</u>
Total Pledges	1,885,142	568,362	2,453,504
Allowance for Uncollectibles			
2012 Campaign	112,559	-	112,559
2013 Campaign	<u>(140,242)</u>	<u>-</u>	<u>(140,242)</u>
Net Pledges	<u>\$ 1,857,459</u>	<u>\$ 568,362</u>	<u>\$ 2,425,821</u>
<i>Year ended June 30, 2013</i>			
Pledges Received			
2010 Campaign	\$ 1,305	\$ -	\$ 1,305
2011 Campaign	92,371	-	92,371
2012 Campaign	<u>1,885,820</u>	<u>634,388</u>	<u>2,520,208</u>
Total Pledges	1,979,496	634,388	2,613,884
Allowance for Uncollectibles			
2011 Campaign	87,923		87,923
2012 Campaign	<u>(198,665)</u>		<u>(198,665)</u>
Net Pledges	<u>\$ 1,868,754</u>	<u>\$ 634,388</u>	<u>\$ 2,503,142</u>

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are composed of United Way's interest in various endowments established under the auspices of a local community foundation. The terms of the endowments as established by the donors generally provide that the income from the endowment is to be applied to the annual campaign.

NOTE 7 – ALLOCATIONS AND DESIGNATED PLEDGES PAYABLE:

Unconditional allocations authorized but unpaid and estimated net collectible designated pledges at year end are reported as liabilities in accordance with SFAS No 116, *Accounting for Contributions Received and Contributions Made*. The allocations and designated pledges payable at June 30, 2014 and 2013, are to be disbursed by United Way within one year, thus no discount has been calculated.

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 8 – RETIREMENT PLAN:

United Way maintains a defined contribution retirement plan covering substantially all employees. Contributions to the plan are discretionary but may not exceed 15% of compensation. Contributions to the plan totaled \$12,473 and \$14,473 for the years ending June 30, 2014 and 2013, respectively.

NOTE 9 – LEASE OBLIGATIONS:

On August 1, 2011, United Way entered into a three year lease for office space. The lease calls for monthly rental payments of \$2,300. Rent expense under this lease was \$27,600 per year for the years ended June 30, 2014 and 2013,

NOTE 10 – CONCENTRATION OF CREDIT RISK:

As of June 30, 2014, and 2013, United Way had funds on deposit with brokerage firm in excess of SIPC insurance coverage by approximately \$31,000 and \$112,000, respectively.

Campaign pledges received from one corporation and its employees provided approximately 60% and 52%, respectively of the total pledges for the years ended June 30, 2014 and 2013. Pledges receivable from this corporation and its employees as of June 30, 2014 and 2013 were approximately \$470,000 and \$400,000, respectively.

NOTE 11 – COST DEDUCTIONS:

United Way has committed to and was in compliance with the Cost Deduction Requirements for Membership Requirement M, as established by United Way Worldwide. The standard establishes uniform rules for deducting resource development and organizational administration expenses from donor pledges.

NOTE 12 – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 21, 2014, the date on which the financial statements were available to be issued.

ADDITIONAL INFORMATION

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
SCHEDULE OF ALLOCATIONS TO PARTICIPATING AGENCIES
FOR THE YEAR ENDED JUNE 30, 2014
(with comparative amounts for June 30, 2013)

	United Way	Donor Designated	Total	
			2014	2013
American Red Cross	\$ 215,160	\$ 66,840	\$ 282,000	\$ 262,000
Anayat House	3,603	8,997	12,600	12,000
The ARC of Greater Beaumont	13,078	11,922	25,000	25,000
Boys' Haven of America, Inc.	-	46,348	46,348	59,620
Capland Center	13,767	3,233	17,000	17,000
Catholic Charities	-	46,798	46,798	35,000
Communities in Schools	41,074	7,926	49,000	49,000
Family Services of Southeast Texas, Inc.	150,806	41,694	192,500	192,500
The Hughen Center	-	37,260	37,260	43,396
Southeast Texas Council on Alcohol and Drug Abuse	209,253	2,897	212,150	215,000
Nutrition and Services for Seniors	141,779	45,221	187,000	170,000
Rape and Suicide Crisis Center of Southeast Texas, Inc.	60,153	9,847	70,000	70,000
Salvation Army	296,911	33,089	330,000	330,000
Samaritan Counseling Center of Southeast Texas	8,565	3,435	12,000	13,300
San Jacinto Girl Scouts	56,852	3,148	60,000	60,000
Shorkey Education & Rehabilitation Center of Southeast Texas	117,299	28,951	146,250	146,250
Southeast Texas Food Bank	93,457	44,043	137,500	125,000
Southeast Texas Hospice, Inc.	-	32,243	32,243	35,352
Three Rivers Council, Boy Scouts of America	98,157	26,843	125,000	125,000
	<u>1,519,914</u>	<u>500,735</u>	<u>2,020,649</u>	<u>1,985,418</u>
Designated to other United Ways, their member agencies and other non-profit organizations	-	67,627	67,627	75,788
Other grants	-	-	-	20,000
	<u>\$ 1,519,914</u>	<u>\$ 568,362</u>	<u>\$ 2,088,276</u>	<u>\$ 2,081,206</u>

See independent auditors' report