

LUBBOCK AREA UNITED WAY, INC.

LUBBOCK, TEXAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2010

LUBBOCK AREA UNITED WAY, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lubbock Area United Way, Inc.
Lubbock, Texas

We have audited the accompanying statement of financial position of the Lubbock Area United Way, Inc. as of December 31, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 statements referred to above present fairly, in all material respects, the financial position of the Lubbock Area United Way, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

April 12, 2011

LUBBOCK AREA UNITED WAY, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	Current Funds	Endowment Fund	Custodian Fund SECC	Custodian Fund CFC	Totals December 31,	
					2010	2009
ASSETS						
Cash, Including \$980,874 in Interest-Bearing Accounts	\$ 1,077,800	\$ 9,280	\$ 204,691	\$ 15,587	\$ 1,307,358	\$ 998,939
Temporary Investments (CDs)	1,400,651				1,400,651	1,250,099
Investments	490,752	1,030,246			1,520,998	1,288,011
Pledges Receivable - Annual Campaign (Less Allowance for Uncollectibles of \$678,572)	3,255,022				3,255,022	3,438,172
Pledges Receivable - SECC/CFC Campaign (Less Allowance for Uncollectibles of \$63,196)			641,290	104,636	745,926	799,383
Interfund Other Receivable (Payable)	55,412	(10,138)	(32,775)	(12,499)		
Other Receivables	5,648	108,246			113,894	23,791
Prepaid Agency Designations	33,515				33,515	35,103
Other Prepaid Expenses	10,584		57,103	20,466	88,153	91,871
Total Current Assets	\$ 6,329,384	\$ 1,137,634	\$ 870,309	\$ 128,190	\$ 8,465,517	\$ 7,925,369
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$474,267	892,045				892,045	930,041
Total Assets	\$ 7,221,429	\$ 1,137,634	\$ 870,309	\$ 128,190	\$ 9,357,562	\$ 8,855,410
LIABILITIES						
Accounts Payable	\$ 34,607	\$ 47,598	\$ 40	\$ 5	\$ 82,250	\$ 91,321
Agency Allocations	3,553,076				3,553,076	3,545,243
Agency Designations - SECC/CFC Campaign			768,477	86,051	854,528	939,172
Due to Participating Federations/Agencies	6,501		101,792	42,134	150,427	126,841
Total Liabilities	\$ 3,594,184	\$ 47,598	\$ 870,309	\$ 128,190	\$ 4,640,281	\$ 4,702,577
NET ASSETS						
Unrestricted						
Designated by the Governing Board for:						
Capital Improvements	\$ 80,000	\$	\$	\$	\$ 80,000	\$ 80,000
Casa de Amistad	18,788				18,788	17,465
Board Initiatives	52,370				52,370	34,228
Other Commitments	2,491				2,491	59,610
Undesignated - Available for General Activities	1,338,850				1,338,850	1,112,984
Equity in Fixed Assets	892,045				892,045	930,041
Total Unrestricted Net Assets	\$ 2,384,544	\$ 0	\$ 0	\$ 0	\$ 2,384,544	\$ 2,234,328
Temporarily Restricted						
Restricted by Time or Donor for:						
Operating Budget	\$ 726,347	\$	\$	\$	\$ 726,347	\$ 796,370
Future Campaigns	436,685				436,685	610,330
Other Commitments	79,669				79,669	3,234
Total Temporarily Restricted Net Assets	\$ 1,242,701	\$ 0	\$ 0	\$ 0	\$ 1,242,701	\$ 1,409,934
Permanently Restricted						
Restricted by Time and Donor for:						
Endowment	\$ 0	\$ 1,090,036	\$ 0	\$ 0	\$ 1,090,036	\$ 508,571
Total Net Assets	\$ 3,627,245	\$ 1,090,036	\$ 0	\$ 0	\$ 4,717,281	\$ 4,152,833
Total Liabilities and Net Assets	\$ 7,221,429	\$ 1,137,634	\$ 870,309	\$ 128,190	\$ 9,357,562	\$ 8,855,410

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit B

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2010	2009
REVENUE					
Public Support from Annual Campaign					
Current Year Campaign	\$	\$ 5,217,900	\$	\$ 5,217,900	\$ 5,371,270
Less: Lubbock Area Combined Federal Campaign					
Support for Organizations Other than the United Way of Lubbock		(86,006)		(86,006)	(84,409)
Lubbock Area State Employee Charitable Campaign					
Support for Organizations Other than the United Way		(774,792)		(774,792)	(819,438)
Provision for Uncollectible Pledges		(338,357)		(338,357)	(340,723)
Current Year Campaign Contributions Released for Regular Allocations	3,469,747	(3,469,747)			
CY Campaign Provision for Uncollectible Pledges Released for Regular Allocations	(257,018)	257,018			
	\$ 3,212,729	\$ 806,016	\$ 0	\$ 4,018,745	\$ 4,126,700
Restricted Campaign Revenue Released for Regular Allocations	173,645	(173,645)			
Net Current Year Annual Campaign	\$ 3,386,374	\$ 632,371	\$ 0	\$ 4,018,745	\$ 4,126,700
Net Assets Released from Restrictions					
Prior Year Campaign Contributions	863,572	(863,572)			
Less: Provision for Uncollectible Pledges	(63,968)	63,968			
Endowment Contributions and Expenses	59,685		(59,685)		
Additional Recovery for Prior Campaign Years	127,507			127,507	105,178
Additional Campaign Revenue from Prior Campaign	109,593			109,593	50,276
Net Campaign Revenue	\$ 4,482,763	\$ (167,233)	\$ (59,685)	\$ 4,255,845	\$ 4,282,154
Other Public Support and Revenue					
Endowment Contributions and Pledges	\$ 1,912	\$	\$ 594,831	\$ 596,743	\$ 34,048
Other Revenue, Net of Related Expense	36,208			36,208	48,524
Investment Income, Net of Related Expense	48,320		8,848	57,168	61,991
Rent Income	78,698			78,698	82,840
Total Other Public Support and Revenue	\$ 165,138	\$ 0	\$ 603,679	\$ 768,817	\$ 227,403
Total Revenue	\$ 4,647,901	\$ (167,233)	\$ 543,994	\$ 5,024,662	\$ 4,509,557
ALLOCATIONS, EXPENSES, AND LOSSES					
Allocations and Designations to Agencies	\$ 3,386,373	\$	\$	\$ 3,386,373	\$ 3,387,328
Special Initiatives	6,046			6,046	7,599
Other Giving	12,997			12,997	533
Endowment Expenses	43,224			43,224	17,686
Total Allocations	\$ 3,448,640	\$ 0	\$ 0	\$ 3,448,640	\$ 3,413,146
Functional Expenses					
Community Services	\$ 38,715	\$	\$	\$ 38,715	\$ 29,992
Community Impact	176,009			176,009	176,755
Supporting Services:					
Management and General	412,772			412,772	390,136
Fund Raising	411,591			411,591	426,357
Total Functional Expenses	\$ 1,039,087	\$ 0	\$ 0	\$ 1,039,087	\$ 1,023,240
Total Allocations and Expenses	\$ 4,487,727	\$ 0	\$ 0	\$ 4,487,727	\$ 4,436,386
Realized Gain (Loss) on Investments	\$	\$	\$ (1,064)	\$ (1,064)	\$ 1,938
Unrealized Gain (Loss) on Investments	\$ (9,958)	\$	\$ 38,535	\$ 28,577	\$ 39,634
INCREASE (DECREASE) IN NET ASSETS	\$ 150,216	\$ (167,233)	\$ 581,465	\$ 564,448	\$ 114,743
NET ASSETS - BEGINNING OF YEAR	2,234,328	1,409,934	508,571	4,152,833	4,038,090
NET ASSETS - ENDING OF YEAR	\$ 2,384,544	\$ 1,242,701	\$ 1,090,036	\$ 4,717,281	\$ 4,152,833

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit C

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009**

	Totals	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 564,448	\$ 114,743
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities		
Depreciation	57,966	59,150
Unrealized (Gain) Loss	(28,577)	(39,634)
Changes in Assets and Liabilities		
Accounts Receivable	(90,103)	8,648
Prepaid Expenses	5,306	(19,622)
Pledges Receivable	236,607	(309,809)
Accounts Payable	(9,071)	37,618
Agency Allocations Payable	(72,854)	298,815
Due to Participating Federations/Agencies	19,629	(27,981)
Deferred Credit		(10,000)
Net Cash Provided by Operating Activities	<u>\$ 683,351</u>	<u>\$ 111,928</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	\$ (204,410)	\$ 464,404
Purchase of Equipment	<u>(19,970)</u>	<u>(33,083)</u>
Net Cash Provided By (Used in) Investing Activities	<u>\$ (224,380)</u>	<u>\$ 431,321</u>
NET INCREASE IN CASH	\$ 458,971	\$ 543,249
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>2,249,038</u>	<u>1,705,789</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u><u>\$ 2,708,009</u></u>	<u><u>\$ 2,249,038</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ <u>0</u>	\$ <u>0</u>
Income Taxes	\$ <u>0</u>	\$ <u>0</u>

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit D

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH COMPARATIVE TOTALS FOR 2009

	Community Services				Community Impact	Management and General	Fund Raising	Totals December 31,	
	Community Status Report	Emergency Food and Shelter	Casa de Amistad	Total				2010	2009
Salaries	\$ 4,352	\$ 1,724	\$	\$ 6,076	\$ 120,970	\$ 155,635	\$ 265,734	\$ 548,415	\$ 549,439
Employee Benefits, Taxes, and Fees	1,208	479		1,687	33,574	43,195	73,752	152,208	155,087
Total Salaries and Related Expenses	\$ 5,560	\$ 2,203	\$ 0	\$ 7,763	\$ 154,544	\$ 198,830	\$ 339,486	\$ 700,623	\$ 704,526
Professional Fees				0		16,522	250	16,772	13,998
Insurance				0	1,818	18,007		19,825	12,252
Supplies				0	264	5,555	6,479	12,298	13,925
Telephone	583		1,189	1,772	718	2,951	4,268	9,709	8,392
Postage and Shipping	76			76	1,079	5,796	5,543	12,494	10,258
Occupancy Expense			20,342	20,342		36,784		57,126	45,697
Maintenance and Rental of Equipment				0	819	24,742	4,220	29,781	19,496
Printing and Publications	167			167	1,059	1,830	10,515	13,571	24,219
Travel	8			8	239	825	3,224	4,296	3,590
Conferences and Meetings				0	1,338	141	2,845	4,324	7,080
Software Maintenance				0	1,984	4,238	8,170	14,392	15,280
Membership Dues				0		63,538	2,952	66,490	62,078
Awards				0		119	1,829	1,948	5,338
Property Taxes				0		12,955		12,955	13,006
Other				0		2,755	1,762	4,517	4,955
Total Before Depreciation	\$ 6,394	\$ 2,203	\$ 21,531	\$ 30,128	\$ 163,862	\$ 395,588	\$ 391,543	\$ 981,121	\$ 964,090
Depreciation Expense			8,587	8,587	12,147	17,184	20,048	57,966	59,150
Total Expenses	\$ 6,394	\$ 2,203	\$ 30,118	\$ 38,715	\$ 176,009	\$ 412,772	\$ 411,591	\$ 1,039,087	\$ 1,023,240

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Lubbock Area United Way, Inc. (the Organization) is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization analyzes local needs, brings together resources to address priority issues, and invests in programs that will bring about long-term changes in the community.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, and accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Under Generally Accepted Accounting Principles in the United States of America, the Organization 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.

Unrestricted net assets represent revenues and expenses no longer restricted by the donor in which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its by-laws.

Temporarily restricted net assets represent resources currently available for use or receivable from the donor, but expendable only for those operating purposes specified by the grantor or based on a budget.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments.

Expense Allocation

Functional expenses have been allocated between Community Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

Fund Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. The assets, liabilities, and net assets are reported in self-balancing fund groups.

Contributions

The annual campaign is conducted in the fall of the year to raise support for payment of allocations to participating agencies in the subsequent year. Pledges are considered unconditional promises. These pledges, less an allowance for uncollectible accounts, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The restriction on the pledges received is a time restriction since the pledges received in the fall of the year are for the expenses and the allocations to be paid in the following year. As a result, the pledges are recorded as temporarily restricted when received. The 2011 allocations will be awarded subsequent to year end, but relate directly to the 2010 campaign. Therefore, these allocations are recognized as a liability and expense in 2010. Accordingly, to match revenue with these allocations, a portion of the fall of 2010 campaign has been released from temporarily restricted to unrestricted. The remainder of the fall of 2010 campaign is to be released as unrestricted in 2011.

Allocations

The allocations consist of amounts allocated by the Organization and amounts designated to specific agencies by the donors. The donor choice program went into effect for the fall 2004 campaign.

The allocations that the Organization awarded in 2010 will be paid in 2011. Once the allocation is unconditionally made, the expense has been incurred. These allocations are recognized as a payable and are recorded as regular allocations in the unrestricted column of the statement of activities.

Endowment Fund

During the year ended December 31, 1996, the Organization adopted a Planned Giving and Endowment Program and related policy. Pledges are recorded when made by the donor if it is considered an unconditional promise. The pledges are solicited for the purpose of creating a principal balance to fund the endowment. These pledges are considered to be permanently restricted. The earnings on the principal balance are distributed based on any restrictions imposed by the donor. If the donor has not imposed restrictions, the pledge is considered to be unrestricted. The assets of the Planned Giving and Endowment Fund are maintained by the Organization in various financial instruments, including money market accounts, mutual funds, government securities, and other investments as authorized by the Board of Directors. These funds are separate from the endowment maintained by the Lubbock Area Foundation as disclosed in Note 7.

Fair Value Investments

Effective January 1, 2009, the Organization adopted a newly issued generally accepted financial accounting standard which provides a framework for measuring fair value under GAAP. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

These levels, defined by the valuation techniques are described below:

Level 1 – Inputs include quoted prices in active markets for identical assets.

Level 2 – Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 – Inputs are subjective and generally based on the entity's own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

See Note 7 below for a detail of Endowment Investments and their fair value.

The Organization's management has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the fund, (2) The purposes of the Organization and the donor-restricted endowment fund, (3) General economic conditions, (4) The possible effect of inflation and deflation, (5) The expected total return from income and the appreciation of investments, (6) Other resources of the Organization, and (7) The investment policies of the Organization.

Uncertain Tax Positions

On January 1, 2009, the Organization adopted the "uncertain tax positions" provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Organization is its filing status as a tax exempt entity. The Organization determined that it is more likely than not that their tax positions would be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority.

Capital Expenditures

Capital expenditures and depreciation for land, buildings, and equipment are recorded in the current fund and are reflected as equity in fixed assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and temporary cash investments to be cash and cash equivalents.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Comparative Totals

The financial information for the year ended December 31, 2009, is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

Reclassifications

Certain reclassifications have been made to the 2009 financial statement balances to conform to the 2010 presentation.

Use of Estimates in the Preparation of Financial Statements

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

2. Pledges and Other Receivables

The pledges receivable – annual campaign is net of an allowance for uncollectibles of \$678,572, which is considered to be adequate to cover future uncollected pledges.

Pledges receivable by annual campaign and the associated allowances for uncollectibles are as follows:

	Total Campaign Income	Pledges Receivable	Allowance for Uncollectibles	Net Pledges Receivable
2009 Campaigns	\$ 5,371,270	\$ 516,164	\$ 340,215	\$ 175,949
2010 Campaigns	<u>5,217,900</u>	<u>3,417,430</u>	<u>338,357</u>	<u>3,079,073</u>
	<u>\$ 10,589,170</u>	<u>\$ 3,933,594</u>	<u>\$ 678,572</u>	<u>\$ 3,255,022</u>

3. Fixed Assets and Depreciation

Fixed assets with a two-year life or more are recorded at cost. Donated assets are valued at their fair market value at the date of the gift. Fixed assets purchased during the year for \$19,970 were capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis at annual rates of three percent for buildings and 10% to 25% for other equipment. Depreciation expense for the year ended December 31, 2010, was \$57,966.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

The cost and accumulated depreciation as of December 31, 2010, are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land - Casa De Amistad	\$ 20,000	\$
Building - Casa De Amistad	207,322	135,512
Land - 1655 Main	177,592	
Building - 1655 Main	731,391	240,246
Land - Parking Lot - 1655 Main	48,907	
Paving - Parking Lot - 1655 Main	8,255	8,255
Land - Parking Lot - 2201 19th Street	56,352	
Paving - Parking Lot - 2201 19th Street	6,158	5,337
Office Furniture and Equipment	106,701	81,325
Camera and Projection Equipment	3,635	3,592
	<u>\$ 1,366,313</u>	<u>\$ 474,267</u>

4. Board Designated Funds

The Casa De Amistad designated fund includes the operation of the Casa De Amistad office building. The donor of the property stipulated that the property continue to be used for the benefit of the Organization's related agencies. Any revenues generated by the property are designated to be used to cover future expenses of the fund. The net assets of the fund are \$18,788 at year end.

5. Custodian Fund – CFC

The Organization conducts the Lubbock Area Combined Federal Campaign (CFC). The net assets do not belong to the Organization and are reflected as due to CFC participating federations/agencies on the statement of financial position. The Lubbock Area United Way, Inc. participates as a federation as defined by 5 CFR 950.301(e)(2) and honors designations made to each member organization.

6. Custodian Fund – SECC

The State Employees Charitable Campaign (SECC), a program initiated by the State of Texas in 1994, is conducted by the Organization in the Lubbock area. The net assets do not belong to the Organization and are reflected as due to participating federations/agencies on the statement of financial position.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

7. Endowment Funds

The Organization's Endowment Funds consist of long term investments in corporate bonds and mutual funds held by Plains Capital Bank (PCB) and other funds held by Lubbock Area Foundation (LAF).

Values in these Endowment funds and accumulated unrealized gains or losses are shown below:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
PCB Endowment Fund Agency	\$ 359,716	\$ 390,354	\$ 30,638
CH Endowment Fund	490,987	490,500	(487)
LAF Endowment Fund	49,137	49,137	0
LAF Agency Fund	80,858	80,858	0
Cash Surrender Value of Life Insurance	19,397	19,397	0
	<u>\$ 1,000,095</u>	<u>\$ 1,030,246</u>	<u>\$ 30,151</u>

The Lubbock Area Foundation does not provide cost information on its statements. Therefore, the cost above is shown as the same as the market value. The Life Insurance Policies held by the Endowment fund are recorded at their Cash Surrender Value which approximates market value.

All of the above investments are considered Level 2 investments as defined in Note 1. The value of all of these endowments less the amounts appropriated to the general funds of the Organization are presented as permanently restricted. The amount contributed to the general fund during the year amounted to \$18,373. All net investment activity is shown as activity in permanently restricted net assets because a set percentage is used to transfer amounts to unrestricted net assets annually regardless of the amount of investment income earned.

Changes in Endowment Fund Net Assets for the fiscal year ended December 31, 2010:

	<u>Permanently Restricted</u>
Endowment Net Assets, Beginning of Year	\$ 508,571
Investment Return	
Contributions	594,831
Investment Income	13,425
Management Fees	(4,577)
Net Appreciation (Realized and Unrealized)	<u>37,471</u>
Total Investment Return (Loss)	<u>641,150</u>
Appropriation of Endowment Assets for Expenditure	<u>(59,685)</u>
Endowment Net Assets, End of Year	<u>\$ 1,090,036</u>

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

8. Maintained Endowment Funds – Lubbock Area Foundation

Three separate endowment funds have been set up at the Lubbock Area Foundation (United Way Donors Fund, Nancy and Rufus Grisham Endowment, and United Way Donor's Challenge Fund). These assets are reflected on the records of the Lubbock Area Foundation and not included in the Statement of Financial Position for Lubbock Area United Way, Inc. The earnings on these funds are to be distributed based on any restrictions of the donors.

The principal and accumulated earnings of these funds at December 31, 2010 are \$138,758. The Organization received distributions of earnings amounting to \$1,912 during 2010.

9. Retirement Benefits

The Organization provides retirement benefits to its employees through a defined contribution plan provided by Mutual of America. The cost of the plan to the Organization was \$39,598 and \$41,025 in 2010 and 2009, respectively, and is funded by the Organization through monthly contributions. Employees 21 years of age and with six months' service are eligible.

10. Donated Services

Due to the nature of the Organization's operations, a substantial number of volunteers provide significant amounts of time for the program services and fund-raising campaigns for the Organization. These volunteer services are not of the nature of services required to be recorded and reflected in the financial statements.

11. Restricted Campaign Revenue

During the year ended December 31, 2007 the Organization received a large gift from an anonymous donor. This gift was not intended to all be used in the current year campaign. The donor designated this contribution to be applied to future campaigns at the discretion of the Board of Directors. These funds are invested in certificates of deposit at Wells Fargo Bank. Annual earnings from the investment are available, at the Board's discretion, to be used for the Organizations' strategic initiatives. As of December 31, 2010, the principal balance available for future campaigns is \$436,685.

12. Concentrations of Credit Risk

Pledges receivable are due from contributors concentrated in Lubbock, Texas, and the immediate surrounding area.

The Organization maintains cash and short-term investments in several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year the balance in these accounts exceeded the insured limits.

13. Subsequent Events

The Organization's management has evaluated subsequent events through April 12, 2011, the date which the financial statements were available for issue.

ACCOMPANYING INFORMATION

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

**INDEPENDENT AUDITORS' REPORT ON
ACCOMPANYING INFORMATION**

Board of Directors
Lubbock Area United Way, Inc.
Lubbock, Texas

Our audit of the basic financial statements presented in the preceding section of this report was made for the purpose of forming an opinion on such financial statements taken as a whole. The accompanying information shown on Schedules I, II, and III are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

April 12, 2011

LUBBOCK AREA UNITED WAY, INC.

Schedule I

**SCHEDULE OF AGENCY ALLOCATIONS AND BOARD DESIGNATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance of 09/10 Board and Donor Designations 1/1/2010	Payments Net of Agency Refunds	Adjustments and Over- Expenditures	Allocations/ Designations Carried Over	Original 10/11 Allocations/ Designations	Adjustments or Payments	Balance of 10/11 Board and Donor Designations 12/31/2010
<u>Agency Allocations</u>							
American Red Cross	\$ 187,736	\$ 181,460	\$	\$ 6,276	\$ 190,959	\$	\$ 197,235
Big Brothers/Big Sisters	121,816	117,987		3,829	116,509		120,338
Boy Scouts of America	148,383	143,698		4,685	142,552		147,237
Lubbock Boys and Girls Club	223,126	215,817		7,309	222,393		229,702
CASA of Lubbock	107,551	104,088		3,463	105,374		108,837
Catholic Family Services	153,951	149,256		4,695	142,840		147,535
Children's Advocacy Center	91,875	88,546		3,329	101,301		104,630
Communities in Schools	75,406	79,842	10,400	5,964	76,005		81,969
Early Learning Centers	416,308	402,823		13,485	410,230		423,715
Family Counseling Services	137,092	132,741		4,351	132,380		136,731
Girl Scouts	134,421	130,204		4,217	128,320		132,537
Goodwill Industries	50,079	48,390		1,689	51,383		53,072
Guadalupe - Parkway Neighborhood Centers	176,753	171,017		5,736	174,538		180,274
Legal Aid Society	142,610	138,037		4,573	139,146		143,719
Lubbock Area Coalition for Literacy	132,540	128,271		4,269	129,876		134,145
Lubbock Children Health Clinic	180,850	175,035		5,815	176,928		182,743
Lutheran Social Services	75,127	72,688		2,439	74,204		76,643
Lubbock United Neighborhood Association	296	296		0			0
Parenting Cottage	84,386	98,113	24,800	11,073	85,361		96,434
Rape Crisis Center	133,216	129,031		4,185	127,342		131,527
Salvation Army	168,349	162,804		5,545	168,718		174,263
Volunteer Center	141,443	136,871		4,572	139,114		143,686
Volunteer Center - Youth Division	17,350	16,780		570	17,350		17,920
Women's Protective Services	171,738	166,673		5,065	154,120		159,185
Young Women's Christian Association	196,480	190,260		6,220	189,261		195,481
Total Agency Allocations	\$ 3,468,882	\$ 3,380,728	\$ 35,200	\$ 123,354	\$ 3,396,204	\$ 0	\$ 3,519,558
<u>Board Designations</u>							
Capital Improvements	\$ 80,000	\$	\$	\$ 80,000	\$	\$	\$ 80,000
Board Initiatives	34,228		14,317	48,545	3,825		52,370
Other Commitments	59,610	59,610		0	2,491		2,491
	\$ 173,838	\$ 59,610	\$ 14,317	\$ 128,545	\$ 6,316	\$ 0	\$ 134,861

LUBBOCK AREA UNITED WAY, INC.

Schedule II

COMPARISON OF ACTUAL REVENUES AND EXPENSES WITH OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2010

	2009 Actual	2010 Actual	2010 Budget	2010 Budget Variance Favorable (Unfavorable)
OPERATING REVENUES				
Loaned Executive Revenue	\$ 27,090	\$ 26,718	\$ 25,000	\$ 1,718
Meal Sponsorship Revenue	29,500	21,497	23,000	(1,503)
Kickoff Revenue	9,880	9,270	10,000	(730)
Annual Meeting Revenue	7,700	8,905	8,500	405
Community Status Report Partnership	17,000	8,000	12,000	(4,000)
Donor Choice Processing Fees	35,915	37,610	39,906	(2,296)
Interest Income	36,991	34,908	26,706	8,202
Other Income	1,252	4,259		4,259
Total Operating Revenues	\$ 165,328	\$ 151,167	\$ 145,112	\$ 6,055
OPERATING EXPENSES				
Payroll and Benefits	\$ 704,526	\$ 710,695	\$ 731,882	\$ 21,187
Campaign Expenses	74,130	64,821	68,000	3,179
Marketing and Communication	13,147	15,203	15,250	47
Meetings and Conferences	17,363	12,705	21,000	8,295
Professional Services	41,918	43,628	45,250	1,622
Utility Expenses	7,492	8,020	7,700	(320)
Office Operations	41,667	45,055	41,100	(3,955)
Financial Expenses	11,104	7,525	11,300	3,775
Other Expenses		3,540		(3,540)
Total Operating Expenses	\$ 911,347	\$ 911,192	\$ 941,482	\$ 30,290
Total Operating Budget	\$ (746,019)	\$ (760,025)	\$ (796,370)	\$ 36,345

LUBBOCK AREA UNITED WAY, INC.

Schedule III

OPERATING FUND
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

REVENUES

Total Other Public Support and Revenue - Exhibit B	\$ <u>768,817</u>
Unbudgeted Revenues:	
Endowment Contributions and Pledges	(596,743)
Building Rental Income	(78,698)
Investment Income Other Than General Fund	(22,261)
Other Income	(1,912)
Expenses Shown Net of Other Revenue on Exhibit B	<u>81,964</u>
Total Revenues - Schedule II	\$ <u><u>151,167</u></u>

EXPENSES

Total Functional Expenses - Exhibit B	\$ <u>1,039,087</u>
Unbudgeted Expenses:	
Building Expenses	(67,518)
Depreciation Expense	(57,966)
Casa Expenses	(21,531)
United Way Dues	(62,844)
Expenses Shown Net of Other Revenue on Exhibit B	<u>81,964</u>
Total Expenses - Schedule II	\$ <u><u>911,192</u></u>