

**LUBBOCK AREA UNITED WAY, INC.**

**LUBBOCK, TEXAS**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**LUBBOCK AREA UNITED WAY, INC.**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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, 2009, 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, 2009, 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

March 22, 2010

LUBBOCK AREA UNITED WAY, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR 2008

	Current Funds	Endowment Fund	Custodian Fund SECC	Custodian Fund CFC	Totals December 31,	
					2009	2008
<b>ASSETS</b>						
Cash, Including \$980,874 in Interest-Bearing Accounts	\$ 765,672	\$ 7,591	\$ 203,675	\$ 22,001	\$ 998,939	\$ 995,691
Temporary Investments (CDs)	1,250,099				1,250,099	710,098
Investments	797,015	490,996			1,288,011	1,712,781
Pledges Receivable - Annual Campaign (Less Allowance for Uncollectibles of \$671,636)	3,438,172				3,438,172	3,194,302
Pledges Receivable - SECC/CFC Campaign (Less Allowance for Uncollectibles of \$48,445)			717,819	81,564	799,383	733,444
Interfund Other Receivable (Payable)	47,937	(3,516)	(33,586)	(10,835)		
Other Receivables	10,291	13,500			23,791	32,439
Prepaid Agency Designations	35,103				35,103	30,346
Other Prepaid Expenses	11,107		63,675	17,089	91,871	77,006
Total Current Assets	\$ 6,355,396	\$ 508,571	\$ 951,583	\$ 109,819	\$ 7,925,369	\$ 7,486,107
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$526,858	930,041				930,041	956,108
Total Assets	\$ 7,285,437	\$ 508,571	\$ 951,583	\$ 109,819	\$ 8,855,410	\$ 8,442,215
<b>LIABILITIES</b>						
Accounts Payable	\$ 89,643		\$ 1,678		\$ 91,321	\$ 53,703
Agency Allocations	3,545,243				3,545,243	3,329,854
Agency Designations - SECC/CFC Campaign			847,792	91,380	939,172	855,746
Due to Participating Federations/Agencies	6,289		102,113	18,439	126,841	154,822
Other Deferred Contributions						10,000
Total Liabilities	\$ 3,641,175	\$ 0	\$ 951,583	\$ 109,819	\$ 4,702,577	\$ 4,404,125
<b>NET ASSETS</b>						
Unrestricted						
Designated by the Governing Board for:						
Capital Improvements	\$ 80,000				\$ 80,000	\$ 50,000
Contingency Fund						50,000
Technology Improvements						30,000
Casa de Amistad	17,465				17,465	12,629
Board Initiatives	34,228				34,228	21,043
Other Commitments	59,610				59,610	
Undesignated - Available for General Activities	1,112,984				1,112,984	918,142
Equity in Fixed Assets	930,041				930,041	956,108
Total Unrestricted Net Assets	\$ 2,234,328	\$ 0	\$ 0	\$ 0	\$ 2,234,328	\$ 2,037,922
Temporarily Restricted						
Restricted by Time or Donor for:						
Operating Budget	\$ 796,370				\$ 796,370	\$ 788,440
Future Campaigns	610,330				610,330	670,562
Other Commitments	3,234				3,234	73,233
Total Temporarily Restricted Net Assets	\$ 1,409,934	\$ 0	\$ 0	\$ 0	\$ 1,409,934	\$ 1,532,235
Permanently Restricted						
Restricted by Time and Donor for:						
Endowment	\$ 0	\$ 508,571	\$ 0	\$ 0	\$ 508,571	\$ 467,933
Total Net Assets	\$ 3,644,262	\$ 508,571	\$ 0	\$ 0	\$ 4,152,833	\$ 4,038,090
Total Liabilities and Net Assets	\$ 7,285,437	\$ 508,571	\$ 951,583	\$ 109,819	\$ 8,855,410	\$ 8,442,215

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit B

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**  
**WITH COMPARATIVE TOTALS FOR 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2009	2008
<b>REVENUE</b>					
Public Support from Annual Campaign					
Current Year Campaign	\$	\$ 5,371,270	\$	\$ 5,371,270	\$ 4,994,308
Less: Lubbock Area Combined Federal Campaign					
Support for Organizations Other than the					
United Way of Lubbock		(84,409)		(84,409)	(71,545)
Lubbock Area State Employee Charitable Campaign					
Support for Organizations Other than the United Way		(819,438)		(819,438)	(707,329)
Provision for Uncollectible Pledges		(340,723)		(340,723)	(327,663)
Current Year Campaign Contributions Released					
for Regular Allocations	3,593,264	(3,593,264)			
CY Campaign Provision for Uncollectible Pledges					
Released for Regular Allocations	(266,168)	266,168			
	\$ 3,327,096	\$ 799,604	\$ 0	\$ 4,126,700	\$ 3,887,771
Restricted Campaign Revenue Released for Regular					
Allocations	60,232	(60,232)			
Net Current Year Annual Campaign	\$ 3,387,328	\$ 739,372	\$ 0	\$ 4,126,700	\$ 3,887,771
Net Assets Released from Restrictions					
Prior Year Campaign Contributions	930,607	(930,607)			
Less: Provision for Uncollectible Pledges	(68,934)	68,934			
Additional Recovery for Prior Campaign Years	105,178			105,178	222,927
Additional Campaign Revenue from Prior Campaign	50,276			50,276	26,255
Net Campaign Revenue	\$ 4,404,455	\$ (122,301)	\$ 0	\$ 4,282,154	\$ 4,136,953
Other Public Support and Revenue					
Endowment Contributions and Pledges	\$ 20,438	\$	\$ 13,610	\$ 34,048	\$ 32,862
Other Revenue, Net of Related Expense	48,524			48,524	50,527
Investment Income	52,377		12,760	65,137	75,374
Rent Income	82,840			82,840	109,665
Total Other Public Support and Revenue	\$ 204,179	\$ 0	\$ 26,370	\$ 230,549	\$ 268,428
Total Revenue	\$ 4,608,634	\$ (122,301)	\$ 26,370	\$ 4,512,703	\$ 4,405,381
<b>ALLOCATIONS, EXPENSES, AND LOSSES</b>					
Allocations and Designations to Agencies	\$ 3,387,328	\$	\$	\$ 3,387,328	\$ 3,257,064
Special Initiatives	7,599			7,599	7,686
Other Giving	533			533	15,500
Planned Giving - Endowment			17,686	17,686	24,794
Management Fees - Endowment			3,146	3,146	3,397
Total Allocations	\$ 3,395,460	\$ 0	\$ 20,832	\$ 3,416,292	\$ 3,308,441
Functional Expenses					
Community Services	\$ 29,992	\$	\$	\$ 29,992	\$ 33,147
Community Impact	176,755			176,755	160,850
Supporting Services:					
Management and General	390,136			390,136	386,638
Fund Raising	426,357			426,357	416,069
Total Functional Expenses	\$ 1,023,240	\$ 0	\$ 0	\$ 1,023,240	\$ 996,704
Total Allocations and Expenses	\$ 4,418,700	\$ 0	\$ 20,832	\$ 4,439,532	\$ 4,305,145
Realized Gain (Loss) on Investments	\$	\$	\$ 1,938	\$ 1,938	\$ (20,750)
Unrealized Gain (Loss) on Investments	\$ 6,472	\$	\$ 33,162	\$ 39,634	\$ (37,903)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ 196,406	\$ (122,301)	\$ 40,638	\$ 114,743	\$ 41,583
<b>NET ASSETS - BEGINNING OF YEAR</b>	2,037,922	1,532,235	467,933	4,038,090	3,996,507
<b>NET ASSETS - ENDING OF YEAR</b>	\$ 2,234,328	\$ 1,409,934	\$ 508,571	\$ 4,152,833	\$ 4,038,090

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit C

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
WITH COMPARATIVE TOTALS FOR 2008**

	Totals	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 114,743	\$ 41,583
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities		
Depreciation	59,150	55,528
Unrealized (Gain) Loss	(39,634)	37,903
Changes in Assets and Liabilities		
Accounts Receivable	8,648	8,637
Prepaid Expenses	(19,622)	(171)
Pledges Receivable	(309,809)	(31,359)
Accounts Payable	37,618	8,353
Agency Allocations Payable	298,815	144,200
Due to Participating Federations/Agencies	(27,981)	23,183
Deferred Credit	(10,000)	5,000
Net Cash Provided by Operating Activities	<u>\$ 111,928</u>	<u>\$ 292,857</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	\$ 464,404	\$ (1,195,163)
Purchase of Equipment	<u>(33,083)</u>	<u>(84,779)</u>
Net Cash Provided By (Used in) Investing Activities	<u>\$ 431,321</u>	<u>\$ (1,279,942)</u>
NET INCREASE (DECREASE) IN CASH	\$ 543,249	\$ (987,085)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>1,705,789</u>	<u>2,692,874</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u><u>\$ 2,249,038</u></u>	<u><u>\$ 1,705,789</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, 2009  
WITH COMPARATIVE TOTALS FOR 2008

	Community Services				Community Impact	Management and General	Fund Raising	Totals	
	Community Status Report	Emergency Food and Shelter	Casa de Amistad	Total				December 31,	
								2009	2008
Salaries	\$ 4,360	\$ 1,727	\$	\$ 6,087	\$ 121,197	\$ 155,925	\$ 266,230	\$ 549,439	\$ 505,516
Employee Benefits, Taxes, and Fees	1,231	488		1,719	34,209	44,012	75,147	155,087	157,581
Total Salaries and Related Expenses	\$ 5,591	\$ 2,215	\$ 0	\$ 7,806	\$ 155,406	\$ 199,937	\$ 341,377	\$ 704,526	\$ 663,097
Professional Fees				0		13,998		13,998	20,341
Insurance				0		12,252		12,252	10,616
Supplies				0	322	5,219	8,384	13,925	12,837
Telephone	490		481	971	603	3,058	3,760	8,392	7,223
Postage and Shipping	158			158	1,040	3,574	5,486	10,258	9,518
Occupancy Expense			12,123	12,123		33,574		45,697	53,359
Maintenance and Rental of Equipment				0	812	14,548	4,136	19,496	19,409
Printing and Publications	126			126	1,462	1,601	21,030	24,219	25,598
Travel				0	347	703	2,540	3,590	4,140
Conferences and Meetings				0	2,486	1,709	2,885	7,080	8,078
Software Maintenance				0	1,893	5,288	8,099	15,280	16,525
Membership Dues				0		59,725	2,353	62,078	57,680
Awards				0		1,492	3,846	5,338	5,256
Property Taxes				0		13,006		13,006	18,427
Other				0		2,933	2,022	4,955	9,072
Total Before Depreciation	\$ 6,365	\$ 2,215	\$ 12,604	\$ 21,184	\$ 164,371	\$ 372,617	\$ 405,918	\$ 964,090	\$ 941,176
Depreciation Expense			8,808	8,808	12,384	17,519	20,439	59,150	55,528
Total Expenses	\$ 6,365	\$ 2,215	\$ 21,412	\$ 29,992	\$ 176,755	\$ 390,136	\$ 426,357	\$ 1,023,240	\$ 996,704

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 2009 allocations will be awarded subsequent to year end, but relate directly to the 2008 campaign. Therefore, these allocations are recognized as a liability and expense in 2008. Accordingly, to match revenue with these allocations, a portion of the fall of 2008 campaign has been released from temporarily restricted to unrestricted. The remainder of the fall of 2008 campaign is to be released as unrestricted in 2009.

**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 2009 will be paid in 2010. 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, 2008, 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 2008 financial statement balances to conform to the 2009 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 \$671,636, 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
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
2008 Campaigns	\$ 4,994,308	\$ 404,928	\$ 330,913	\$ 74,015
2009 Campaigns	<u>5,371,270</u>	<u>3,704,880</u>	<u>340,723</u>	<u>3,364,157</u>
	<u>\$ 10,365,578</u>	<u>\$ 4,109,808</u>	<u>\$ 671,636</u>	<u>\$ 3,438,172</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 \$33,083 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, 2009, was \$59,150.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

The cost and accumulated depreciation as of December 31, 2009, are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land - Casa De Amistad	\$ 20,000	\$
Building - Casa De Amistad	207,322	126,926
Land - 1655 Main	177,592	
Building - 1655 Main	714,726	204,477
Land - Parking Lot - 1655 Main	48,907	
Paving - Parking Lot - 1655 Main	8,255	4,721
Land - Parking Lot - 2201 19th Street	56,352	
Paving - Parking Lot - 2201 19th Street	6,158	8,255
Office Furniture and Equipment	209,713	174,719
Camera and Projection Equipment	7,874	7,760
	<u>\$ 1,456,899</u>	<u>\$ 526,858</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 \$17,465 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 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 Loss</u>
PCB Endowment Fund Agency	\$ 373,592	\$ 372,586	\$ (1,006)
LAF Endowment Fund*	44,758	44,758	0
LAF Agency Fund*	<u>73,652</u>	<u>73,652</u>	<u>0</u>
	<u>\$ 492,002</u>	<u>\$ 490,996</u>	<u>\$ (1,006)</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.

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 \$17,686. 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, 2009:

	<u>Permanently Restricted</u>
Endowment Net Assets, Beginning of Year	\$ 467,933
Investment Return	
Contributions	13,610
Investment Income	12,760
Management Fees	(3,146)
Net Appreciation (Realized and Unrealized)	<u>35,100</u>
Total Investment Return (Loss)	<u>58,324</u>
Appropriation of Endowment Assets for Expenditure	<u>(17,686)</u>
Endowment Net Assets, End of Year	<u>\$ 508,571</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. 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, 2009 are \$128,645. The Organization received distributions of earnings amounting to \$2,752 during 2009.

**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 \$41,025 and \$51,223 in 2009 and 2008, 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, 2009, the principal balance available for future campaigns is \$610,330.

**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 March 22, 2010, the date which the financial statements were available for issue.

**ACCOMPANYING INFORMATION**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**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

March 22, 2010

LUBBOCK AREA UNITED WAY, INC.

Schedule I

**SCHEDULE OF AGENCY ALLOCATIONS AND BOARD DESIGNATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Balance of 08/09 Board and Donor Designations 1/1/2009	Payments Net of Agency Refunds	Adjustments and Over- Expenditures	Allocations/ Designations Carried Over	Original 09/10 Allocations/ Designations	Adjustments or Payments	Balance of 09/10 Board and Donor Designations 12/31/2009
<u>Agency Allocations</u>							
American Red Cross	\$ 196,962	\$ 195,658	\$	\$ 1,304	\$ 186,432	\$	\$ 187,736
Big Brothers/Big Sisters	123,644	121,109		2,535	119,281		121,816
Boy Scouts of America	143,886	137,208		6,678	141,705		148,383
Lubbock Boys and Girls Club	207,512	203,416		4,096	219,030		223,126
CASA of Lubbock	94,058	87,433		6,625	100,926		107,551
Catholic Family Services	141,779	135,813		5,966	147,985		153,951
Children's Advocacy Center	87,536	84,767		2,769	89,106		91,875
Communities in Schools	70,921	70,524		397	75,009		75,406
Early Learning Centers	411,265	407,135		4,130	412,178		416,308
Family Counseling Services	131,573	130,488		1,085	136,007		137,092
Girl Scouts	138,678	136,608		2,070	132,351		134,421
Goodwill Industries					50,079		50,079
Guadalupe - Parkway Neighborhood Centers	179,224	177,378		1,846	174,907		176,753
Legal Aid Society	133,149	131,408		1,741	140,869		142,610
Lubbock Area Coalition for Literacy	133,780	133,135		645	131,895		132,540
Lubbock Children Health Clinic	186,629	184,392		2,237	178,613		180,850
Lutheran Social Services	122,648	122,276		372	74,755		75,127
Lubbock United Neighborhood Association	28,416	7,392	(21,024)	296			296
Parenting Cottage	71,255	69,406		1,849	82,537		84,386
Rape Crisis Center	75,552	73,226		2,326	130,890		133,216
Salvation Army	168,461	166,954		1,507	166,842		168,349
Volunteer Center	139,500	138,968		532	140,911		141,443
Volunteer Center - Youth Division	15,500	15,500			17,350		17,350
Women's Protective Services	152,088	144,245		7,843	163,895		171,738
Young Women's Christian Association	191,338	185,983		5,355	191,125		196,480
Total Agency Allocations	\$ 3,345,354	\$ 3,260,422	\$ (21,024)	\$ 64,204	\$ 3,404,678	\$ 0	\$ 3,468,882
<u>Board Designations</u>							
Capital Improvements	\$ 50,000	\$	\$	\$ 50,000	\$ 30,000	\$	\$ 80,000
Contingency Fund	50,000			50,000		50,000	0
Technology Improvements	30,000			30,000	(30,000)		0
Board Initiatives	21,043			21,043	28,470	15,285	34,228
Other Commitments					59,610		59,610
	\$ 151,043	\$ 0	\$ 0	\$ 151,043	\$ 88,080	\$ 65,285	\$ 173,838

LUBBOCK AREA UNITED WAY, INC.

Schedule II

COMPARISON OF ACTUAL REVENUE AND EXPENSES WITH OPERATING BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2009

	2008 Actual	2009 Actual	2009 Budget	2009 Budget Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Loaned Executive Revenue	\$ 23,594	\$ 27,090	\$ 25,000	\$ 2,090
Meal Sponsorship Revenue	20,500	29,500	23,000	6,500
Kickoff Revenue	9,975	9,880	10,000	(120)
Annual Meeting Revenue	7,550	7,700	8,500	(800)
Community Status Report Partnership	30,000	17,000	12,000	5,000
Donor Choice Processing Fees	30,955	35,915	35,215	700
Interest Income	32,004	36,991	25,600	11,391
Other Income	10,000	1,252		1,252
<b>Total Operating Revenues</b>	<b>\$ 164,578</b>	<b>\$ 165,328</b>	<b>\$ 139,315</b>	<b>\$ 26,013</b>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 663,097	\$ 704,526	\$ 716,729	\$ 12,203
Campaign Expenses	61,723	74,130	71,000	(3,130)
Marketing and Communication	13,614	13,147	14,525	1,378
Meetings and Conferences	18,490	17,363	21,500	4,137
Professional Services	64,033	41,918	45,925	4,007
Utility Expenses	6,863	7,492	7,700	208
Office Operations	39,612	41,667	40,100	(1,567)
Financial Expenses	8,654	11,104	9,535	(1,569)
<b>Total Operating Expenses</b>	<b>\$ 876,086</b>	<b>\$ 911,347</b>	<b>\$ 927,014</b>	<b>\$ 15,667</b>
<b>Total Operating Budget</b>	<b>\$ (711,508)</b>	<b>\$ (746,019)</b>	<b>\$ (787,699)</b>	<b>\$ 41,680</b>

LUBBOCK AREA UNITED WAY, INC.

Schedule III

OPERATING FUND  
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUES

Total Other Public Support and Revenue - Exhibit B	\$ <u>230,549</u>
Unbudgeted Revenues:	
Endowment Contributions and Pledges	(34,048)
Building Rental Income	(82,840)
Investment Income Other Than General Fund	(28,146)
Other Building Fund Revenue	(2,419)
Expenses Shown Net of Other Revenue on Exhibit B:	
Meal Sponsorship Expense	31,892
Loaned Executives Expense	24,798
Annual Meeting Expense	6,955
Kickoff Expenses	9,086
Community Status Report	<u>9,501</u>
Total Revenues - Schedule II	\$ <u><u>165,328</u></u>

EXPENSES

Total Functional Expenses - Exhibit B	\$ <u>1,023,240</u>
Unbudgeted Expenses:	
Building Expenses	(63,433)
Depreciation Expense	(59,150)
Casa Expenses	(12,604)
United Way Dues	(58,938)
Expenses Shown Net of Other Revenue on Exhibit B:	
Meal Sponsorship Expense	31,892
Loaned Executives Expense	24,798
Annual Meeting Expense	6,955
Kickoff Expenses	9,086
Community Status Report	<u>9,501</u>
Total Expenses - Schedule II	\$ <u><u>911,347</u></u>