

**LUBBOCK AREA UNITED WAY, INC.**

**LUBBOCK, TEXAS**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH COMPARATIVE TOTALS FOR 2017**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**LUBBOCK AREA UNITED WAY, INC.**

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**LUBBOCK AREA UNITED WAY, INC.**  
**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**WITH COMPARATIVE TOTALS FOR 2017**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

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

We have audited the accompanying financial statements of Lubbock Area United Way, Inc., which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses 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 audits. We conducted our audits 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 Lubbock Area United Way, Inc. as of December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Lubbock Area United Way, Inc.'s 2017 financial statements, and our report dated April 17, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

### *Accompanying Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of Lubbock Area United Way, Inc. taken as a whole. The accompanying Comparison of Actual Revenues and Expenses with Operating Budget, and Reconciliation of Budget Comparison to Financial Statements are presented for purposes of additional analysis and are 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.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

April 17, 2019

## LUBBOCK AREA UNITED WAY, INC.

Exhibit A

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**  
**WITH COMPARATIVE TOTALS FOR 2017**

	Current Funds	Endowment Fund	Custodian Fund SECC	Totals December 31,	
				2018	2017
<b>ASSETS</b>					
Cash	\$ 1,286,244	\$ 15,995	\$ 238,913	\$ 1,541,152	\$ 1,689,080
Temporary Investments (CDs)	1,760,135			1,760,135	1,760,135
Investments		2,992,418		2,992,418	3,208,574
Pledges Receivable - Annual Campaign (Less Allowance for Uncollectibles of \$528,331)	4,081,699			4,081,699	3,839,215
Pledges Receivable - SECC Campaign (Less Allowance for Uncollectibles of \$63,887)			676,122	676,122	708,923
Interfund Other Receivable (Payable)	58,998	13	(59,011)		
Other Receivables	26,641			26,641	21,648
Other Prepaid Expenses	9,688		82,022	91,710	84,349
Total Current Assets	\$ 7,223,405	\$ 3,008,426	\$ 938,046	\$ 11,169,877	\$ 11,311,924
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$893,220	675,344			675,344	696,567
Total Assets	\$ 7,898,749	\$ 3,008,426	\$ 938,046	\$ 11,845,221	\$ 12,008,491
<b>LIABILITIES</b>					
Accounts Payable	\$ 12,240		\$ 3,427	\$ 15,667	\$ 10,003
Donor Designations Payable	697,424			697,424	746,277
Agency Designations Payable - SECC Campaign			816,921	816,921	842,129
Due to Participating Federations/Agencies	49,817		117,698	167,515	237,140
Deferred Compensation	81,742			81,742	67,135
Total Liabilities	\$ 841,223	\$ 0	\$ 938,046	\$ 1,779,269	\$ 1,902,684
<b>NET ASSETS</b>					
Net Assets without Donor Restrictions					
Designated by the Governing Board for:					
Capital Improvements	\$ 80,000			\$ 80,000	\$ 80,000
Casa de Amistad	7,229			7,229	9,976
Board Initiatives	53,223			53,223	53,223
Undesignated - Available for General Activities	1,851,910			1,851,910	1,773,654
Net Investment in Fixed Assets	675,344			675,344	696,567
Total Net Assets without Donor Restrictions	\$ 2,667,706	\$ 0	\$ 0	\$ 2,667,706	\$ 2,613,420
Net Assets with Donor Restrictions					
Restricted by Time or Donor for:					
Operating Budget	\$ 775,667			\$ 775,667	\$ 850,582
Future Campaigns	86,685			86,685	86,685
Agency Allocations	3,527,468			3,527,468	3,332,602
Endowment		3,008,426		3,008,426	3,222,518
Total Net Assets with Donor Restrictions	\$ 4,389,820	\$ 3,008,426	\$ 0	\$ 7,398,246	\$ 7,492,387
Total Net Assets	\$ 7,057,526	\$ 3,008,426	\$ 0	\$ 10,065,952	\$ 10,105,807
Total Liabilities and Net Assets	\$ 7,898,749	\$ 3,008,426	\$ 938,046	\$ 11,845,221	\$ 12,008,491

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit B

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**WITH COMPARATIVE TOTALS FOR 2017**

	Without Donor Restrictions	With Donor Restrictions	Totals December 31,	
			2018	2017
<b>REVENUE</b>				
Public Support from Annual Campaign				
Current Year Campaign	\$	\$ 6,012,332	\$ 6,012,332	\$ 5,956,389
Less: Greater West Texas State Employee Charitable Campaign Support for Other Organizations		(869,989)	(869,989)	(957,978)
Donor Designations		(530,136)	(530,136)	(579,851)
Provision for Uncollectible Pledges		(309,072)	(309,072)	(317,575)
Net Current Year Annual Campaign	\$	\$ 4,303,135	\$ 4,303,135	\$ 4,100,985
Net Assets Released from Restrictions				
Prior Year Campaign Contributions	4,402,443	(4,402,443)		
Less: Provision for Uncollectible Pledges	(219,259)	219,259		
Allowance Recovery for Prior Campaign Year	188,816		188,816	110,387
Additional Campaign Revenue from Prior Campaigns	107,762		107,762	108,923
Net Campaign Revenue	\$ 4,479,762	\$ 119,951	\$ 4,599,713	\$ 4,320,295
Other Public Support and Revenue				
Contributions and Endowment Pledges	\$	\$ 9,793	\$ 9,793	\$ 60,875
Other Revenue, Net of Related Expense	76,695		76,695	83,688
Loss on Disposal of Assets	(449)		(449)	
Investment Income (Loss), Net of Fees	135,442	(223,885)	(88,443)	230,238
Rent Income	96,224		96,224	91,364
Total Other Public Support and Revenue	\$ 307,912	\$ (214,092)	\$ 93,820	\$ 466,165
Total Revenue	\$ 4,787,674	\$ (94,141)	\$ 4,693,533	\$ 4,786,460
<b>ALLOCATIONS, EXPENSES, AND LOSSES</b>				
Allocations and Designations to Agencies	\$ 4,007,243	\$	\$ 4,007,243	\$ 3,968,315
Less: Donor Designations	(530,136)		(530,136)	(579,851)
Other Giving	14,120		14,120	72,447
Total Allocations	\$ 3,491,227	\$ 0	\$ 3,491,227	\$ 3,460,911
Functional Expenses				
Community Services	\$ 48,292	\$	\$ 48,292	\$ 30,102
Community Impact	211,080		211,080	200,010
Supporting Services:				
Management and General	633,095		633,095	530,650
Fund Raising	349,694		349,694	421,932
Total Functional Expenses	\$ 1,242,161	\$ 0	\$ 1,242,161	\$ 1,182,694
Total Allocations and Expenses	\$ 4,733,388	\$ 0	\$ 4,733,388	\$ 4,643,605
CHANGE IN NET ASSETS	\$ 54,286	\$ (94,141)	\$ (39,855)	\$ 142,855
NET ASSETS - BEGINNING OF YEAR	2,613,420	7,492,387	10,105,807	9,962,952
NET ASSETS - ENDING OF YEAR	\$ 2,667,706	\$ 7,398,246	\$ 10,065,952	\$ 10,105,807

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit C

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH COMPARATIVE TOTALS FOR 2017**

	December 31,	
	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (39,855)	\$ 142,855
Adjustments to Reconcile Change in Net Assets to Cash From Operating Activities		
Depreciation	54,363	66,240
Unrealized (Gain) Loss on Investments	221,582	(6,218)
Loss on Disposal of Assets	449	
Changes in Assets and Liabilities		
Accounts Receivable	(4,993)	(17,097)
Prepaid Expenses	(7,361)	7,686
Pledges Receivable	(209,683)	181,779
Accounts Payable	5,664	(21,443)
Donor Designations Payable	(74,061)	(37,633)
Due to Participating Federations/Agencies	(69,625)	153,551
Deferred Compensation	14,607	14,421
Net Cash From Operating Activities	<u>\$ (108,913)</u>	<u>\$ 484,141</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Proceeds from Investments	\$ (5,426)	\$ (105,301)
Purchase of Equipment	<u>(33,589)</u>	<u>(24,277)</u>
Net Cash From Investing Activities	<u>\$ (39,015)</u>	<u>\$ (129,578)</u>
<b>NET CHANGE IN CASH</b>	<b>\$ (147,928)</b>	<b>\$ 354,563</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>3,449,215</u></b>	<b><u>3,094,652</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 3,301,287</u></b>	<b><u>\$ 3,449,215</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
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, 2018  
WITH COMPARATIVE TOTALS FOR 2017

	Community Services				Community Impact	Management and General	Fund Raising	Totals	
	Community Status Report	Emergency Food and Shelter	Casa de Amistad	Total				December 31,	
								2018	2017
Salaries	\$ 12,899	\$ 1,791	\$	\$ 14,690	\$ 134,108	\$ 284,125	\$ 211,402	\$ 644,325	\$ 629,145
Employee Benefits, Taxes, and Fees	3,778	524		4,302	39,276	83,212	61,914	188,704	176,572
Total Salaries and Related Expenses	\$ 16,677	\$ 2,315	\$ 0	\$ 18,992	\$ 173,384	\$ 367,337	\$ 273,316	\$ 833,029	\$ 805,717
Professional Fees	6,229			6,229		24,989		31,218	20,348
Insurance						18,012		18,012	12,994
Supplies					3,143	8,289	9,752	21,184	15,975
Telephone					521	5,922	1,526	7,969	9,077
Postage and Shipping	111			111	272	688	11,579	12,650	12,752
Occupancy Expense			15,048	15,048		44,118		59,166	50,212
Maintenance and Rental of Equipment					533	21,667	2,666	24,866	20,329
Printing and Publications					15,623	2,844	2,284	20,751	13,285
Travel					241	326	813	1,380	2,181
Conferences and Meetings					2,919	1,956	3,428	8,303	8,535
Software Maintenance					2,917	10,186	20,846	33,949	35,359
Membership Dues					100	78,622	2,038	80,760	77,608
Awards						712	497	1,209	505
Property Taxes						15,539		15,539	16,731
Other						15,723	2,090	17,813	14,846
Total Before Depreciation	\$ 23,017	\$ 2,315	\$ 15,048	\$ 40,380	\$ 199,653	\$ 616,930	\$ 330,835	\$ 1,187,798	\$ 1,116,454
Depreciation Expense			7,912	7,912	11,427	16,165	18,859	54,363	66,240
Total Expenses	\$ 23,017	\$ 2,315	\$ 22,960	\$ 48,292	\$ 211,080	\$ 633,095	\$ 349,694	\$ 1,242,161	\$ 1,182,694

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**

The Organization is required to classify net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

**Net assets with donor restrictions:** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Net assets without donor restrictions:** Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment.

**Functional Allocation of Expenses**

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. 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.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**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 net assets with or without donor restrictions depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor 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 with donor restrictions when received. The 2019 allocations are awarded subsequent to year end. Therefore, these contributions will be released from net assets with donor restrictions in 2019 in order to cover those allocations.

**Allocations and Designations**

The allocations consist of amounts allocated by the Organization and amounts designated to specific agencies by the donors.

The Organization allocated amounts to the agencies in February 2019. Therefore, the allocation expense related to the 2018 campaign will be recognized in 2019. The allocations expense recognized in 2018 relates to the 2017 campaign. In contrast, donor designations are recognized as expense the year of the campaign.

**Endowment Fund**

The Organization has 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 restricted by donor. 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 without donor restrictions. The assets of the 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 Community Foundation of West Texas as disclosed in Note 7.

**Fair Value Investments**

The Organization has adopted a generally accepted financial accounting standard which provides a framework for measuring fair value under accounting standards generally accepted in the United States of America. 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

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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.

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 6 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 net assets with donor restrictions, (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund is classified as net assets with donor restrictions 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

The Organization has 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 its tax position would be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority. There were no penalties or interest related to income taxes recognized during the year ended December 31, 2018. The Organization is no longer subject to U.S. federal tax examinations by federal taxing authorities for years before 2015.

#### 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.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**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.

**Comparative Totals**

The financial information for the year ended December 31, 2017, is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with presentation in current year financial statements.

**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.

**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.

**2. Pledges Receivable**

The Pledges Receivable – annual campaign is net of an allowance for uncollectibles of \$528,331, 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
2017 Campaigns	\$ 5,956,389	\$ 592,822	\$ 219,259	\$ 373,563
2018 Campaigns	6,012,332	4,017,208	309,072	3,708,136
	<u>\$ 11,968,721</u>	<u>\$ 4,610,030</u>	<u>\$ 528,331</u>	<u>\$ 4,081,699</u>

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

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 \$33,589 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, 2018, was \$54,363.

The cost and accumulated depreciation as of December 31, 2018, are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land - Casa de Amistad	\$ 20,000	\$	\$ 20,000
Building - Casa de Amistad	216,038	208,131	7,907
Land - 1655 Main	177,592		177,592
Building - 1655 Main	751,357	501,359	249,998
Land - Parking Lot - 1655 Main	56,352		56,352
Paving - Parking Lot - 1655 Main	6,158	6,158	0
Land - Parking Lot - 2201 19th Street	68,907		68,907
Paving - Parking Lot - 2201 19th Street	8,255	8,255	0
Office Furniture and Equipment	217,751	129,795	87,956
Computer Software	46,154	39,522	6,632
	<u>\$ 1,568,564</u>	<u>\$ 893,220</u>	<u>\$ 675,344</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 agencies and other non-profit organizations. 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 \$7,229 at year end.

5. 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 Greater West Texas 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

6. Net Assets with Donor Restrictions

At December 31, 2018, net assets with donor restrictions consisted of the following:

	Balance 1/1/2018	Net Current Year Campaign	Released from Restrictions	Balance 12/31/2018
Campaign Income Restricted for:				
Allocations to Agencies	\$ 3,332,602	\$ 3,527,468	\$ (3,332,602)	\$ 3,527,468
Operating Budget	850,582	775,667	(850,582)	775,667
Future Campaigns	86,685			86,685
Endowment	3,222,518		(214,092)	3,008,426
	<u>\$ 7,492,387</u>	<u>\$ 4,303,135</u>	<u>\$ (4,397,276)</u>	<u>\$ 7,398,246</u>

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 Community Foundation of West Texas (CFWT). The value of all of these endowments less the amounts appropriated to the general funds of the Organization are presented as net assets with donor restrictions. The amount contributed to the general fund during the year amounted to \$107,963. Net investment activity is shown in net assets with donor restrictions net of the distributions to the operating fund. A set percentage is used to transfer amounts to net assets without donor restrictions annually regardless of the amount of investment income earned.

Values in these endowment funds, accumulated unrealized gains or losses, and valuation level as described in Note 1 are shown below:

	Cost	Market	Unrealized Gain (Loss)	Level
PCB - Endowment Fund Agency				
Cash and Cash Equivalents	\$ 29,547	\$ 29,547	\$	Cost
Mutual Funds	167,186	162,093	(5,093)	1
Equities	309,425	299,377	(10,048)	1
PCB - Operating Endowment Fund				
Cash and Cash Equivalents	313,666	313,062	(604)	Cost
Mutual Funds	666,676	620,260	(46,416)	1
Equities	1,247,858	1,221,090	(26,768)	1
Private Investments	67,869	56,549	(11,320)	2
CFWT - Endowment Fund	59,719	59,719		2
CFWT - Agency Fund	99,584	99,584		2
Cash Surrender Value of Life Insurance	131,137	131,137		2
	<u>\$ 3,092,667</u>	<u>\$ 2,992,418</u>	<u>\$ (100,249)</u>	

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

Community Foundation of West Texas 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.

Changes in Endowment Fund Net Assets for the fiscal year ended December 31, 2018:

Endowment Net Assets, Beginning of Year	\$ <u>3,222,518</u>
Contributions	\$ <u>9,793</u>
Investment Activity:	
Investment Income	\$ 79,184
Management Fees	(14,754)
Realized Gain on Investments	41,230
Unrealized Loss on Investments	(221,582)
Distribution of Earnings	<u>(107,963)</u>
Total Net Investment Income	\$ <u>(223,885)</u>
Endowment Net Assets, End of Year	\$ <u><u>3,008,426</u></u>

**8. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

Cash	\$ 1,541,152
Temporary Investments (CDs)	1,760,135
Investments	2,992,418
Pledges Receivable - Annual Campaign	4,081,699
Pledges Receivable - SECC Campaign	676,122
Other Receivables	26,641
Other Prepaid Expenses	91,710
Land, Building, and Equipment	<u>675,344</u>
Total Financial Assets	\$ <u>11,845,221</u>
Less contractual or donor-imposed restrictions:	
Cash	\$ (638,328)
Cash - Endowment	(15,995)
Cash - SECC	(238,913)
Investments - Endowment	(2,992,418)
Pledges Receivable - Annual Campaign	(3,692,494)
Pledges Receivable - SECC Campaign	(676,122)
Other Prepaid Expenses	(91,710)
Board-Designated Net Assets	(140,452)
Net Investment in Fixed Assets	<u>(675,344)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ <u><u>2,683,445</u></u>



**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**9. Maintained Endowment Funds – Community Foundation of West Texas**

Three separate endowment funds have been set up at the Community Foundation of West Texas. These assets are reflected on the records of the Community Foundation of West Texas 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 Organization received distributions of earnings amounting to \$6,289 during 2018.

**10. Retirement Benefits**

Through a 403(b) Thrift Plan, maintained by Mutual of America Life Insurance Company, the Organization provides retirement benefits to its employees. The Organization made contributions to the plan totaling \$44,763 in 2018 which is funded through semi-monthly contributions. Employees must be 21 years of age with six months of service to be eligible to receive employer contributions. In addition, employees may voluntarily contribute to their individual accounts via semi-monthly payroll deductions.

**11. Deferred Compensation**

During the year ended December 31, 2013, the Organization established a non-qualified post-retirement benefit plan for the Chief Executive Officer to be funded at a maximum of \$12,600 per year until the earlier of his reaching retirement age or his retirement. In addition, each year, earnings of 3% per annum on the total accumulated amount, excluding any current year contributions, are added to this liability. At December 31, 2018, the balance of this liability is \$81,742 and is reflected as a liability on the statement of financial position.

**12. 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.

**13. 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 Organization's strategic initiatives. As of December 31, 2018, the principal balance available for future campaigns is \$86,685.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**14. Subsequent Events**

The Organization's management has evaluated subsequent events through April 17, 2019, the date which the financial statements were available for issue. No events have occurred up to that date that would require adjustment to, or disclosure in, the financial statements.

**ACCOMPANYING INFORMATION**

LUBBOCK AREA UNITED WAY, INC.

Schedule 1

COMPARISON OF ACTUAL REVENUES AND EXPENSES WITH OPERATING BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2017 <u>Actual</u>	2018 <u>Actual</u>	2018 <u>Budget</u>	2018 Budget Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Loaned Executive Revenue	\$ 30,585	\$ 34,329	\$ 29,000	\$ 5,329
Campaign Event Sponsorship	28,500	29,220	28,000	1,220
Kickoff Revenue	22,180	22,975	22,000	975
Annual Meeting Revenue	13,500	13,970	14,000	(30)
Community Status Report Partners	10,000		12,000	(12,000)
Donor Choice Processing Fees	57,381	52,438	61,411	(8,973)
Operating Endowment Earnings	68,414	69,930	69,875	55
Interest Income	23,147	32,202	23,000	9,202
Other Income	3,584	12,462		12,462
Total Operating Revenues	<u>\$ 257,291</u>	<u>\$ 267,526</u>	<u>\$ 259,286</u>	<u>\$ 8,240</u>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 805,717	\$ 833,029	\$ 907,065	\$ 74,036
Campaign Expenses	71,960	81,280	83,000	1,720
Marketing and Communication	14,031	21,858	13,350	(8,508)
Meetings and Conferences	22,748	26,717	27,750	1,033
Professional Services	58,755	64,060	73,460	9,400
Utility Expenses	7,146	5,015	6,400	1,385
Office Operations	32,900	34,438	31,986	(2,452)
Financial Expenses	17,710	20,384	18,858	(1,526)
Total Operating Expenses	<u>\$ 1,030,967</u>	<u>\$ 1,086,781</u>	<u>\$ 1,161,869</u>	<u>\$ 75,088</u>
Total Operating Budget	<u>\$ (773,676)</u>	<u>\$ (819,255)</u>	<u>\$ (902,583)</u>	<u>\$ 83,328</u>

LUBBOCK AREA UNITED WAY, INC.

Schedule 2

OPERATING FUND  
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES

Total Revenues - Schedule 1	\$	267,526
Unbudgeted Revenues:		
Endowment Contributions and Pledges		9,793
Building Rental Income		96,224
Loss on Disposal of Assets		(449)
Investment Income Other Than General Fund		402
Operating Endowment Loss Reported in Endowment Fund		(223,885)
Operating Endowment Income Reported in General Fund		32,908
Expenses Shown Net of Other Revenue - Exhibit B		<u>(88,699)</u>
Total Other Public Support and Revenue - Exhibit B	\$	<u>93,820</u>

EXPENSES

Total Expenses - Schedule 1	\$	1,086,781
Unbudgeted Expenses:		
Building Expenses		97,014
Depreciation Expense		54,363
Casa Expenses		15,048
United Way Dues		77,654
Expenses Shown Net of Other Revenue - Exhibit B		<u>(88,699)</u>
Total Functional Expenses - Exhibit B	\$	<u>1,242,161</u>