

UNITED WAY OF SOUTHERN CAMERON COUNTY

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2010 and 2009



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Report of Independent Certified Public Accountants

Board of Directors
United Way of Southern Cameron County

We have audited the accompanying statements of financial position of United Way of Southern Cameron County (a Texas non-profit tax exempt organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years 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 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southern Cameron County as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Brownsville, Texas
February 28, 2011

Burton McCumber & Cortez, L.L.P.

FINANCIAL STATEMENTS

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENTS OF FINANCIAL POSITION - CONTINUED

June 30,

LIABILITIES AND NET ASSETS

	2010	2009
Current Liabilities		
Agency allocations payable	\$ 794,445	\$ 828,506
Other payables	44,312	63,666
Current maturities on long-term debt	-	19,491
Total Current Liabilities	838,757	911,663
Long-term debt	-	72,388
Net Assets		
Unrestricted-		
Undesignated	306,218	33,993
Board designated	320,143	314,563
Temporarily restricted	369,835	234,558
Total Net Assets	996,196	583,114
Total Liabilities and Net Assets	\$ 1,834,953	\$ 1,567,165

UNITED WAY OF SOUTHERN CAMERON COUNTY

STATEMENT OF ACTIVITIES

Year ended June 30, 2010

	<u>Unrestricted- undesignated</u>	<u>Unrestricted- Board designated funds</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Campaign applicable to current period				
Contributions received-current period	\$ 1,268,350	\$ -	\$ -	\$ 1,268,350
Provision for uncollectible pledges	<u>(156,427)</u>	<u>-</u>	<u>-</u>	<u>(156,427)</u>
Total campaign	1,111,923	-	-	1,111,923
Grant income	50,000	-	451,760	501,760
Sponsorships	9,790	-	-	9,790
In-kind contributed services	15,000	-	-	15,000
Interest income	6,188	-	2,820	9,008
Special event income	20,898	-	-	20,898
Other income	78,423	-	-	78,423
Other changes-board designated fund for opportunity grant	<u>319,303</u>	<u>5,580</u>	<u>(319,303)</u>	<u>5,580</u>
Total revenues, gains and other support	1,611,525	5,580	135,277	1,752,382
Allocations to agencies:				
Brownsville Society for Crippled Children				
Children	75,000	-	-	75,000
American Red Cross	15,000	-	-	15,000
Good Neighbor Settlement House	10,000	-	-	10,000
Friendship of Women	60,000	-	-	60,000
Infant Nutrition Program	16,004	-	-	16,004
Brownsville Adult Literacy Center	100,000	-	-	100,000
Los Fresnos Boys and Girls Club	40,500	-	-	40,500
Valley Aids Council	69,897	-	-	69,897
Laguna Madre Boys and Girls Club	69,696	-	-	69,696
Tip of Texas Family Outreach	45,177	-	-	45,177
Ozanam Center	54,000	-	-	54,000
Proyecto Digna	44,800	-	-	44,800
Cameron County Children's Advocacy Centers	35,346	-	-	35,346
Community Development Center of Brownsville	22,000	-	-	22,000
Workforce Solutions	37,000	-	-	37,000
Designation Expense	14,200	-	-	14,200
Agency CFC	38,145	-	-	38,145
Agency SECC	<u>8,236</u>	<u>-</u>	<u>-</u>	<u>8,236</u>
Total allocations to agencies	755,001	-	-	755,001

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2010

	<u>Unrestricted- undesignated</u>	<u>Unrestricted- Board designated funds</u>	<u>Temporarily restricted</u>	<u>Total</u>
Program expenses:				
Community investment	\$ 24,782	\$ -	\$ -	\$ 24,782
Information and referral	11,188	-	-	11,188
Volunteer recognition	23,833	-	-	23,833
Hope for holidays	13,366	-	-	13,366
Volunteer coordination	33,343	-	-	33,343
Assets for independence	17,409	-	-	17,409
Success by 6	98,065	-	-	98,065
In-kind gifts	6,130	-	-	6,130
Earned income tax credit	48,786	-	-	48,786
Grant expenses	23,970	-	-	23,970
Financial stability	10,566	-	-	10,566
Education initiative	83,422	-	-	83,422
Total program expenses	<u>394,860</u>	<u>-</u>	<u>-</u>	<u>394,860</u>
Fund raising expense	98,808	-	-	98,808
Management and general expenses	<u>90,631</u>	<u>-</u>	<u>-</u>	<u>90,631</u>
Total allocations and expenses	1,339,300	-	-	1,339,300
Change in net assets	272,225	5,580	135,277	413,082
Net assets at beginning of year	<u>33,993</u>	<u>314,563</u>	<u>234,558</u>	<u>583,114</u>
Net assets at end of year	<u>\$ 306,218</u>	<u>\$ 320,143</u>	<u>\$ 369,835</u>	<u>\$ 996,196</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF ACTIVITIES- CONTINUED
Year ended June 30, 2009

	<u>Unrestricted- undesignated</u>	<u>Unrestricted- Board designated funds</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Campaign applicable to current period				
Contributions received-current period	\$ 1,311,241	\$ -	\$ -	\$ 1,311,241
Provision for uncollectible pledges	<u>(264,380)</u>	<u>-</u>	<u>-</u>	<u>(264,380)</u>
Total campaign	1,046,861	-	-	1,046,861
Grant income	101,895	-	185,300	287,195
Sponsorships	20,402	-	-	20,402
In-kind contributed services	41,423	-	-	41,423
Interest income	12,335	-	4,735	17,070
Special event income	23,650	-	-	23,650
Other income	57,288	-	-	57,288
Net assets released by satisfaction of purpose restrictions	<u>146,830</u>	<u>-</u>	<u>(146,830)</u>	<u>-</u>
Total revenues, gains and other support	1,450,684	-	43,205	1,493,889
Allocations to agencies:				
Brownsville Society for Crippled Children	100,000	-	-	100,000
American Red Cross	20,000	-	-	20,000
Friendship of Women	58,000	-	-	58,000
Infant Nutrition Program	37,000	-	-	37,000
Brownsville Adult Literacy Center	100,000	-	-	100,000
Los Fresnos Boys and Girls Club	44,500	-	-	44,500
Valley Aids Council	21,952	-	-	21,952
Laguna Madre Boys and Girls Club	47,808	-	-	47,808
Tip of Texas Family Outreach	54,983	-	-	54,983
Ozanam Center	81,000	-	-	81,000
Proyecto Digna	28,510	-	-	28,510
Cameron County Children's Advocacy Centers	42,043	-	-	42,043
Community Development Center of Brownsville	24,000	-	-	24,000
Workforce Solutions	37,000	-	-	37,000
Agency CFC	50,515	-	-	50,515
Agency SECC	<u>11,749</u>	<u>-</u>	<u>-</u>	<u>11,749</u>
Total allocations to agencies	759,060	-	-	759,060

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2009

	Unrestricted- undesignated	Unrestricted- Board designated funds	Temporarily restricted	Total
Program expenses:				
Community investment	\$ 65,938	\$ -	\$ -	\$ 65,938
Information and referral	15,939	-	-	15,939
Volunteer recognition	25,990	-	-	25,990
Hope for holidays	14,693	-	-	14,693
Volunteer coordination	36,353	-	-	36,353
Assets for independence	11,259	-	-	11,259
Success By 6	89,975	-	-	89,975
In-kind gifts	8,605	-	-	8,605
Earned income tax credit	35,089	-	-	35,089
Grant expenses	35,961	-	-	35,961
Financial Stability	8,000	-	-	8,000
Day of caring	20,455	-	-	20,455
Total program expenses	<u>368,257</u>	<u>-</u>	<u>-</u>	<u>368,257</u>
Fund raising expense	119,958	-	-	119,958
Management and general expenses	<u>91,377</u>	<u>-</u>	<u>-</u>	<u>91,377</u>
Total allocations and expenses	1,338,652	-	-	1,338,652
Change in net assets	112,032	-	43,205	155,237
Net assets at beginning of year	<u>(78,039)</u>	<u>314,563</u>	<u>191,353</u>	<u>427,877</u>
Net assets at end of year	<u>\$ 33,993</u>	<u>\$ 314,563</u>	<u>\$ 234,558</u>	<u>\$ 583,114</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENTS OF CASH FLOWS
Years ended June 30,

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 413,082	\$ 155,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Uncollectible pledges expense	156,427	264,380
Depreciation expense	9,209	8,045
Increase in receivables	(236,459)	(139,342)
(Increase) decrease in prepaid expenses	(8,652)	17,070
Decrease in agency allocations payables	(34,061)	(141,484)
(Decrease) increase in other payables	<u>(19,354)</u>	<u>15,270</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	280,192	179,176
Cash flows from investing activities		
Purchases of computer and equipment	(2,424)	(47,639)
(Purchases) and maturities of certificates of deposit	<u>(65,419)</u>	<u>9,294</u>
NET CASH USED BY INVESTING ACTIVITIES	(67,843)	(38,345)
Cash flows from financing activities		
Payment on note payable	<u>(91,879)</u>	<u>(8,121)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(91,879)</u>	<u>(8,121)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	120,470	132,710
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>427,732</u>	<u>295,022</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 548,202</u></u>	<u><u>\$ 427,732</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 5,908</u>	<u>\$ 6,953</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF SOUTHERN CAMERON COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Southern Cameron County ("Organization") is a non-profit tax-exempt organization whose purpose is to serve as a single fund raising agency for the southern portion of Cameron County, Texas. Funds raised are allocated to various community service member agencies.

The following is a summary of the significant accounting and reporting policies applied in the preparation of the accompanying financial statements.

On July 1, 2009, the Financial Accounting Standards Board officially launched the "FASB Accounting Standards Codification," (Codification), which is now the single official source of authoritative, non-governmental U.S. GAAP. The Codification supersedes all prior accounting literature. The adoption of the Codification did not have a significant impact to the Organization's financial statements.

1. Accounting and Reporting

In accordance with FASB ASC 958, "Not-for-Profit Entities" the Organization is required to recognize contribution revenue when notified of the existence of the pledge. In addition, FASB ASC 958 requires the Organization to exclude from revenues those contributions for which it has little or no discretion in determining how the funds will be used (e.g., funds collected on behalf of others and funds sent directly to others).

Management and general expenses are categorized as either core expenses, which are not allocable, or allocable expenses. Salaries and fringe benefits are allocated based on an estimate of each employee's time spent in support of programs, fundraising, and general operations. All other non-core expenses are allocated based on the Organization's estimate of time allocations to program, fundraising and management and general expenses. Allocable expenses totaled approximately \$493,000 and \$488,000 for the years ended June 30, 2010 and 2009, respectively.

In accordance with FASB ASC 958, "Not-for-Profit Entities," the financial statements are required to distinguish between unrestricted, temporarily restricted, and permanently restricted net assets.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. The Organization's most significant estimate is the allowance for uncollectible pledges.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Temporarily Restricted Net Assets

Certain grant funds and contributions received in advance of expenditure are presented as temporarily restricted funds and are transferred to unrestricted funds in the year the funds are expended on programs or other capital improvements.

4. Pledges Receivable

Pledges, less an estimated provision for uncollectible amounts, are recorded as receivables in the year made. The provision for uncollectible pledges is based upon the Organization's collection policy and past experience.

5. Depreciation

The cost of purchased (and fair value of donated) assets is depreciated over the estimated useful life of the related assets, primarily on a straight-line basis.

6. Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash on hand and in financial institutions as well as all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

7. Fair Value of Financial Instruments

The Company's financial instruments are cash and cash equivalents, investments, accounts receivable, and accounts payable, which approximate their fair values based on their short-term nature.

8. Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

9. Reclassifications

Certain amounts in the 2009 statements have been reclassified to conform to the presentation in the 2010 financial statements.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE B – INVESTMENTS

Investments consisted of the following at June 30,:

	<u>2010</u>	<u>2009</u>
Savings account; 0.6% interest	\$ 101,773	\$ 101,164
Certificate of deposit; 1.6% interest; matures in February 2011	100,000	100,000
Certificate of deposit; 1.37% interest; matures in January 2011	<u>203,649</u>	<u>138,839</u>
	<u>\$ 405,422</u>	<u>\$ 340,003</u>

NOTE C - GRANTS AND OTHER RECEIVABLES

Grants and other receivables consisted of the following at June 30,:

	<u>2010</u>	<u>2009</u>
Due from Office of Grants Management	\$ 104,550	\$ -
Miscellaneous	<u>4,088</u>	<u>9,088</u>
	<u>\$ 108,638</u>	<u>\$ 9,088</u>

Grant revenue consisted of the following for the year ended June 30,:

	<u>2010</u>	<u>2009</u>
Unrestricted		
Brownsville Foundation for Health & Education Grant	\$ 50,000	\$ 100,000
Success By 6	-	1,895
Total unrestricted grant income	<u>50,000</u>	<u>101,895</u>
Temporarily Restricted		
Financial Stability	102,500	85,500
Department of Health & Human Services	80,000 *	-
BFHE Technology Grant	-	17,000
Opportunity Grant	8,620	3,500
Success By 6	165,640	10,500
Strengthening Families	<u>95,000</u>	<u>68,800</u>
Total temporarily restricted grant income	<u>451,760</u>	<u>185,300</u>
Total grant income	<u>\$ 501,760</u>	<u>\$ 287,195</u>

* This amount plus related interest (\$2,820 in 2010 and \$4,735 in 2009) constitute restricted cash held in a separate certificate of deposit which totaled \$203,649 and \$138,839 at June 30, 2010 and 2009, respectively.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

NOTE D – LAND, BUILDING AND EQUIPMENT

Following is a summary of land, building and equipment as of June 30,:

	2010	2009
Office furniture	\$ 1,175	\$ 1,175
Office equipment	15,988	15,988
Computer equipment	43,665	41,241
Computer software	33,218	33,218
Building and improvements	184,606	184,606
	278,652	276,228
Less: accumulated depreciation	(100,446)	(91,237)
	178,206	184,991
Land	150,000	150,000
	\$ 328,206	\$ 334,991

A portion of the building has been leased for \$875 per month for a two year period through January 31, 2013. The tenant has an option to renew the lease for an additional two years. Rental income totaled \$10,500 in 2010 and 2009. Rents receivable from the non-cancelable lease are \$6,125 for year ending June 30, 2011.

NOTE E - LONG-TERM DEBT

Long-term debt consisted of the following at June 30,:

	2010	2009
Note payable to First National Bank; interest only payments due monthly through January 2009; due in monthly principal payments of \$1,624, plus interest at 7.50%, during the period from February 2009 through July 2015; collateralized by land and building.	\$ -	\$ 91,879
Less: current maturities	-	(19,491)
	\$ -	\$ 72,388

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE F - BOARD DESIGNATED FUNDS

The Organization established a contingency fund in June 1985 to provide a source of funds in the event a future campaign goal, net of expenses, is not achieved. The fund is to be distributed in a manner to be determined by the Board of Directors. In addition, the Organization designated amounts as developmental grants and opportunity grants in 2001.

Board designated funds consisted of the following at June 30,:

	2010	2009
Contingencies	\$ 283,198	\$ 283,198
Developmental grants	14,700	14,700
Opportunity grants	22,245	16,665
	\$ 320,143	\$ 314,563

NOTE G - CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. The fees for donated accounting services are reflected in the statement of activities at their estimated fair value.

NOTE H - CONCENTRATIONS OF CREDIT RISK - CASH

The Company maintains its cash in financial institutions located in Brownsville, Texas. At times, such balances may exceed federally insured limits. The Company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010 and 2009

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Specific grant programs	<u>\$ 369,835</u>	<u>\$ 234,558</u>
Total temporarily restricted net assets	<u>\$ 369,835</u>	<u>\$ 234,558</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2010</u>	<u>2009</u>
Financial Stability	\$ 96,120	\$ 93,500
Department of Health & Human Services	18,009	-
Strengthening Families Grant	59,685	32,940
Success by 6	<u>145,489</u>	<u>20,390</u>
Total expenses incurred to fulfill restrictions and released	<u>\$ 319,303</u>	<u>\$ 146,830</u>