

UNITED WAY OF SOUTHERN CAMERON COUNTY

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008, 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
September 15, 2009

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

	2009	2008
Current Liabilities		
Agency allocations payable	\$ 828,506	\$ 969,990
Other payables	63,666	48,396
Current maturities on long-term debt	19,491	-
Total Current Liabilities	911,663	1,018,386
Long-term debt	72,388	100,000
Net Assets		
Unrestricted-		
Undesignated	33,993	(78,039)
Board designated	314,563	314,563
Temporarily restricted	234,558	191,353
Total Net Assets	583,114	427,877
Total Liabilities and Net Assets	\$ 1,567,165	\$ 1,546,263

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

	Unrestricted- undesigned	Unrestricted- Board designated funds	Temporarily restricted	Total
Revenues, gains and other support:				
Campaign applicable to current period				
Contributions received-current period	\$ 1,311,241	\$ -	\$ -	\$ 1,311,241
Provision for uncollectible pledges	(264,380)	-	-	(264,380)
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	146,830	-	(146,830)	-
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	11,749	-	-	11,749
Total allocations to agencies	759,060	-	-	759,060

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>
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
STATEMENT OF ACTIVITIES- CONTINUED
Year ended June 30, 2008

	Unrestricted- undesignated	Unrestricted- Board designated funds	Temporarily restricted	Total
Revenues, gains and other support:				
Campaign applicable to current period				
Contributions received-current period	\$ 1,482,892	\$ -	\$ -	\$ 1,482,892
Provision for uncollectible pledges	(228,320)	-	-	(228,320)
Total campaign	1,254,572	-	-	1,254,572
Grant income	9,675	-	156,684	166,359
Sponsorships	11,146	-	-	11,146
In-kind contributed services	15,000	-	-	15,000
Interest income	20,015	-	4,267	24,282
Special event income	42,950	-	-	42,950
Other income	44,865	-	-	44,865
Net assets released by satisfaction of purpose restrictions	125,410	-	(125,410)	-
Total revenues, gains and other support	1,523,633	-	35,541	1,559,174
Allocations to agencies:				
Brownsville Society for Crippled Children	133,328	-	-	133,328
Alzheimer's Association	3,136	-	-	3,136
American Red Cross	21,952	-	-	21,952
Good Neighbor Settlement House	17,634	-	-	17,634
Friendship of Women	58,000	-	-	58,000
Tip-o-Tex Girl Scouts	31,635	-	-	31,635
Infant Nutrition Program	25,663	-	-	25,663
Brownsville Adult Literacy Center	95,559	-	-	95,559
Los Fresnos Boys and Girls Club	34,271	-	-	34,271
Valley Aids Council	21,952	-	-	21,952
Laguna Madre Boys and Girls Club	56,626	-	-	56,626
Tip of Texas Family Outreach	54,984	-	-	54,984
Ozanam Center	76,308	-	-	76,308
Proyecto Digna	18,149	-	-	18,149
Cameron County Children's Advocacy Centers	52,676	-	-	52,676
Su Clinica Familiar	25,204	-	-	25,204
Brownsville Weed and Seed	41,340	-	-	41,340
Court Appointed Special Advocates	22,408	-	-	22,408
Dentists Who Care	29,294	-	-	29,294
Palmer Drug Abuse Program	52,893	-	-	52,893
Assets for independence	20,631	-	-	20,631
Agency CFC	29,888	-	-	29,888
Agency SECC	11,002	-	-	11,002
Total allocations to agencies	934,533	-	-	934,533

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF ACTIVITIES - CONTINUED
Year ended June 30, 2008

	<u>Unrestricted- undesignated</u>	<u>Unrestricted- Board designated funds</u>	<u>Temporarily restricted</u>	<u>Total</u>
Program expenses:				
Community investment	\$ 62,809	\$ -	\$ -	\$ 62,809
Information and referral	13,991	-	-	13,991
Volunteer recognition	21,932	-	-	21,932
Hope for holidays	13,370	-	-	13,370
Volunteer coordination	31,346	-	-	31,346
Assets for independence	21,532	-	-	21,532
Success By 6	104,354	-	-	104,354
In-kind gifts	7,760	-	-	7,760
Community Advocacy for Education	37,500	-	-	37,500
Financial Stability	25,129	-	-	25,129
Day of caring	19,396	-	-	19,396
Total program expenses	<u>359,119</u>	<u>-</u>	<u>-</u>	<u>359,119</u>
Fund raising expense	133,592	-	-	133,592
Management and general expenses	80,956	-	-	80,956
United Way of America dues	<u>12,525</u>	<u>-</u>	<u>-</u>	<u>12,525</u>
Total allocations and expenses	1,520,725	-	-	1,520,725
Net assets released from restriction for capital project	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
Change in net assets	3,908	-	34,541	38,449
Net assets at beginning of year	<u>(81,947)</u>	<u>314,563</u>	<u>156,812</u>	<u>389,428</u>
Net assets at end of year	<u><u>\$ (78,039)</u></u>	<u><u>\$ 314,563</u></u>	<u><u>\$ 191,353</u></u>	<u><u>\$ 427,877</u></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,

	2009	2008
Cash flows from operating activities		
Change in net assets	\$ 155,237	\$ 38,449
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Uncollectible pledges expense	264,380	228,320
Depreciation expense	8,045	6,811
Increase in receivables	(139,342)	(311,925)
Decrease (increase) in prepaid expenses	17,070	(7,268)
(Decrease) increase in agency allocations payables	(141,484)	10,310
Increase in other payables	15,270	5,812
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	179,176	(29,491)
Cash flows from investing activities		
Purchases of furniture and equipment	(47,639)	(589)
Purchases and maturities of certificates of deposit	9,294	(26,899)
NET CASH USED BY INVESTING ACTIVITIES	(38,345)	(27,488)
Cash flows from financing activities		
Payment on note payable	(8,121)	(100,000)
NET CASH USED BY OPERATING ACTIVITIES	(8,121)	(100,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	132,710	(156,979)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	295,022	452,001
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 427,732	\$ 295,022
 Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 6,953	\$ 11,250

The accompanying notes are an integral part of these statements.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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.

1. Accounting and Reporting

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," the Organization is required to recognize contribution revenue when notified of the existence of the pledge. In addition, SFAS No. 116 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 \$488,000 and \$493,000 for the years ended June 30, 2009 and 2008, respectively.

In accordance with SFAS No. 117, "Financial Statements of Not-for-Profit Organizations," 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, 2009 and 2008

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 banks 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. Long-term debt approximates its fair value because interest accrues at the current market rate.

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 2008 statements have been reclassified to conform to the presentation in the 2009 financial statements.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2009 and 2008

NOTE B – INVESTMENTS

Investments consisted of the following at June 30,:

	2009	2008
Savings account; 3.0% interest	\$ 101,164	\$ 105,130
Certificate of deposit; 4.5% interest; matures in February 2010	100,000	100,000
Certificate of deposit; 4.3% interest; matures in January 2010	138,839	124,132
Certificate of deposit; 4.25% interest; matures in December 2008	-	20,035
	<u>\$ 340,003</u>	<u>\$ 349,297</u>

NOTE C - GRANTS AND OTHER RECEIVABLES

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

	2009	2008
Due from Office of Grants Management	\$ -	\$ 20,631
Miscellaneous	9,088	5,121
	<u>\$ 9,088</u>	<u>\$ 25,752</u>

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

	2009	2008
Unrestricted		
Center for Budget and Policy	\$ -	\$ 925
United Ways of Texas Community Advocacy for Education Grant	-	6,250
Brownsville Foundation for Health & Education Grant	100,000	-
Success By 6	1,895	-
National Federation Community Council	-	2,500
Total unrestricted grant income	<u>101,895</u>	<u>9,675</u>
Temporarily Restricted		
Financial Stability	85,500	44,087
Department of Health & Human Services	-	61,622 *
BFHE Technology Grant	17,000	-
United Ways of Texas Community Advocacy for Education Grant	-	18,750
Capital Project	3,500	-
Brownsville Foundation for Health & Education Grant	-	6,700
Success By 6	10,500	25,525
Strengthening Families	68,800	-
Total temporarily restricted grant income	<u>185,300</u>	<u>156,684</u>
Total grant income	<u>\$ 287,195</u>	<u>\$ 166,359</u>

* This amount plus related interest (\$4,735 in 2009 and \$4,267 in 2008) constitute restricted cash held in a separate certificate of deposit which totaled \$138,839 and \$124,132 at June 30, 2009 and 2008, respectively.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2009 and 2008

NOTE D – LAND, BUILDING AND EQUIPMENT

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

	<u>2009</u>	<u>2008</u>
Office furniture	\$ 1,175	\$ 1,175
Office equipment	15,988	15,988
Computer equipment	41,241	35,463
Computer software	33,218	33,218
Building and improvements	<u>184,606</u>	<u>142,745</u>
	276,228	228,589
Less: accumulated depreciation	<u>(91,237)</u>	<u>(83,192)</u>
	184,991	145,397
Land	<u>150,000</u>	<u>150,000</u>
	<u>\$ 334,991</u>	<u>\$ 295,397</u>

A portion of the building has been leased for \$875 per month for a two year period through January 31, 2011. The tenant has an option to renew the lease for an additional two years. Rental income totaled \$10,500 in 2009 and 2008. Rents receivable from the non-cancelable lease are as follows:

<u>Year ending June 30,:</u>	
2010	\$ 10,500
2011	<u>6,125</u>
	<u>\$ 16,625</u>

NOTE E - LONG-TERM DEBT

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

	<u>2009</u>	<u>2008</u>
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	\$ 100,000
Less: current maturities	<u>(19,491)</u>	<u>-</u>
	<u>\$ 72,388</u>	<u>\$ 100,000</u>

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2009 and 2008

NOTE E - LONG-TERM DEBT-Continued

Scheduled maturities of long-term debt are as follows:

<u>Year ending June 30,</u>		
2010	\$	19,491
2011		19,491
2012		19,491
2013		19,491
2014		13,915
		13,915
	\$	91,879

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,:

	2009	2008
Contingencies	\$ 283,198	\$ 283,198
Developmental grants	14,700	14,700
Opportunity grants	16,665	16,665
	\$ 314,563	\$ 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, 2009 and 2008

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Specific grant programs	\$ 234,558	\$ 191,353
Total temporarily restricted net assets	<u>\$ 234,558</u>	<u>\$ 191,353</u>

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

	<u>2009</u>	<u>2008</u>
Financial Stability	\$ 93,500	\$ 36,087
Department of Health & Human Services	-	21,532
United Way of Texas Community Advocacy for Education Grant	-	37,500
Brownsville Foundation for Health & Education Grant	-	6,700
Strengthening Families Grant	32,940	-
Success by 6	20,390	23,591
Total expenses incurred to fulfill restrictions	<u>146,830</u>	<u>125,410</u>
BFHE Capital Project (acquisition of building and land)	-	1,000
Total restrictions released	<u>\$ 146,830</u>	<u>\$ 126,410</u>