

REPORT OF

**GREATER LONGVIEW
UNITED WAY, INC.**

AUGUST 31, 2018

JOHN LEE USSERY
Certified Public Accountant
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Longview United Way, Inc.:

I have audited the accompanying financial statements of Greater Longview United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Longview United Way, Inc. as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

February 8, 2019
Longview, Texas

A handwritten signature in black ink, appearing to read "John Lee Ussery". The signature is written in a cursive, flowing style with a large initial "J" and "U".

John Lee Ussery, CPA

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
August 31, 2018

ASSETS

Current Assets			
Cash		\$	484,153
Investments			186,152
Pledges Receivable			
2016-2017 Campaign	\$	328,766	
Less: Reserve for Uncollectable Pledges		(57,818)	
2017-2018 Campaign		<u>115,624</u>	386,572
Accounts Receivable - Other			5,200
Prepaid Expenses			<u>35,505</u>
Total Current Assets			1,097,582
Property and Equipment			
Land			12,500
Building			121,992
Equipment			71,135
Less: Accumulated Depreciation			<u>(111,365)</u>
Total Property and Equipment (Net)			94,262
TOTAL ASSETS		\$	<u>1,191,844</u>

The accompanying notes are an integral part of these financial statements.

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
August 31, 2018

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	268
Accrued Payable - Other		5,785
Accrued Wages		7,252
Accrued Compensated Absences		4,046
Accrued Retirement		8,280
Deferred Revenue		203,008
Donor Designated Agency Payable		<u>1,469</u>

TOTAL LIABILITIES 230,108

Net Assets

Unrestricted	953,503
Temporarily Restricted	<u>8,233</u>

Total Net Assets 961,736

TOTAL LIABILITIES AND NET ASSETS \$ 1,191,844

The accompanying notes are an integral part of these financial statements.

**GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDING AUGUST 31, 2018**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>Support</u>			
Contributions	\$ 1,108,651	\$ 386	\$ 1,109,037
Grants		34,200	34,200
Net Investment Income	25,572		25,572
Special Events		24,000	24,000
Other Income	339	1,205	1,544
Inkind Donations	32,530		32,530
Directory Sales	225		225
Funds Released from Temporary Restriction	<u>59,791</u>	<u>(59,791)</u>	<u> </u>
Total Support	1,227,108		1,227,108
<u>Expenses</u>			
Info Line	43,049		43,049
VITA	49,824		49,824
Program Services	<u>976,800</u>		<u>976,800</u>
Total Program Expenses	1,069,673		1,069,673
<u>Supporting Services</u>			
General and Administrative	149,028		149,028
Fundraising	<u>150,684</u>		<u>150,684</u>
Total Expenses	<u>1,369,385</u>		<u>1,369,385</u>
Increase (Decrease) in Net Assets	(142,277)		(142,277)
Net Assets (September 1, 2017)	<u>1,095,780</u>	<u>8,233</u>	<u>1,104,013</u>
Net Assets (August 31, 2018)	\$ <u>953,503</u>	\$ <u>8,233</u>	\$ <u>961,736</u>

The accompanying notes are an integral part of these financial statements.

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2018

INFO LINE	VITA	PROGRAM SERVICES	PROGRAM SERVICES	TOTAL PROGRAM SERVICES	MGT AND GENERAL	FUND RAISING	TOTALS
Accounting & Auditing	870	870	870	3,480	5,220	\$	8,700
Beat the Heat Expense		8,233	8,233	8,233			8,233
Campaign Event Expense		39	39	117	73	7,253	7,326
Campaign Supplies	78	306	306	384	195	9,139	9,451
Community Outreach		73	73	458	437	(150)	234
Conferences		103	103	368	620	73	968
Consulting	81				13	45	1,033
Credit Card Fees	2					571	584
Depreciation	337	1,040	1,040	1,739	2,261		4,000
Fundraising Event Expense						14,434	14,434
Agency Distributions		742,695	742,695	742,695			742,695
Uncollectable Pledges							
Insurance	1,002	601	801	2,404	3,606	435	6,446
Insurance - Group Health	6,249	3,657	3,215	13,121	19,098	18	32,237
Miscellaneous							
Office Supplies	187	102	120	408	542	103	1,053
Affiliations	2,358	1,478	2,075	5,910	7,105	1,761	14,776
Payroll Taxes	2,923	974	3,163	7,061	6,414	2,319	15,794
Postage	297	179	294	770	745	133	1,649
Printing	2,532		5,643	8,175	480	705	9,361
Publicity & Promotion		9,000	9,000	9,000		12,500	21,500
Rent		5,550	5,550	5,550			5,550
Repairs and Maintenance	594	299	315	1,208	1,704	11	2,923
Retirement	2,005	810	2,576	5,391	4,630	1,821	11,842
Supplies - VITA		6,881	6,881	6,881			6,881
Wages	37,827	12,543	41,541	91,911	83,980	30,329	206,221
Dues and Subscriptions	1,111	193	3,810	5,113	1,201	1,574	7,888
Telephone	994	497	497	1,988	2,982		4,970
Travel	811	229	47	1,087	124		1,211
Utilities	983	492	491	1,966	2,949		4,916
Investment Expenses					3,333		3,333
Board Expenses					(124)	(60)	(184)
	<u>62,599</u>	<u>44,877</u>	<u>817,947</u>	<u>925,421</u>	<u>147,590</u>	<u>83,014</u>	<u>1,156,025</u>

The accompanying notes are an integral part of these financial statements.

GREATER LONGVIEW UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDING AUGUST 31, 2018

Cash Flows from Operating Activities	
Increase (Decrease) in Unrestricted Net Assets	\$ (142,277)
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:	
Depreciation	3,840
Increase (Decrease) in Operating Activities:	
(Increase) Decrease in Pledges Receivable	(37,862)
(Increase) Decrease in Allowance for Uncollectable	(18,013)
(Increase) Decrease in Accounts Receivable	(5,200)
(Increase) Decrease in Prepaid Expenses	(6,758)
Increase (Decrease) in Donor Designated Agencies	(1,207)
Increase (Decrease) in Accounts Payable	(15,624)
Increase (Decrease) in Accrued Wages	648
Increase (Decrease) in Deferred Revenue	124,954
Increase (Decrease) in Accrued Compensated Absences	2,306
Increase (Decrease) in Accrued Retirement Plan Payable	<u>1,466</u>
Cash Provided By Operating Activities	(93,727)
Cash Flows from Investing Activities:	
Increase in investments	287,291
Acquisition of Fixed Assets	<u>(14,611)</u>
Net Cash Used in Investing Activities	<u>272,680</u>
Net Change in Cash and Cash Equivalents	178,953
Cash and Cash Equivalents (September 1, 2017)	<u>305,200</u>
Cash and Cash Equivalents (August 31, 2018)	\$ <u>484,153</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS**

GREATER LONGVIEW UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Greater Longview United Way, Inc. is to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Greater Longview United Way, Inc. is operated for the charitable purpose of securing and disbursing funds to health and human services agencies in the greater Longview, Texas area. The mission is to improve the quality of life for people in the community. Several programs are operated by the Greater Longview United Way. INFOline of Gregg County provides free and confidential information and referrals to over a hundred local organizations providing programs to meet the needs of the community. FamilyWize is a discount prescription drug program available to families without prescription drug coverage or those that are under-insured. The Greater Longview United Way distributes the FamilyWize cards which are accepted by most pharmacies. The Greater Longview United Way also partners with the Internal Revenue Service to assist low income families with free preparation of their income tax returns through the Volunteer Income Tax Assistance Program. The Volunteer Income Tax Assistance Program helps local residents who earn less than about \$60,000 a year to access credits for which they are eligible, including the earned income tax credit. The VITA program utilizes IRS trained community volunteers to provide this free service to local residents. English and Spanish speaking volunteers are available. The annual fund-raising campaign provides the funding for the activities for both the Greater Longview United Way and its partner agencies throughout the year.

Accounting Basis

For financial reporting purposes, Greater Longview United Way, Inc. uses the accrual basis of accounting. Greater Longview United Way, Inc. has adopted Statement of Financial Accounting Standards (SAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Organization has also adopted Statement of Financial Accounting Standards (SAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted support. The following is a summary of these classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that expire either when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that require the principal to be maintained permanently, but may permit the organization to use all or part of the income earned from the investments for general or specific purposes.

There were no temporarily restricted net assets and no permanently restricted net assets as of August 31, 2018.

Cash and Cash Equivalents

Greater Longview United Way, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Pledges receivable represent prior and current year pledges, net of an allowance for uncollectible amounts. Pledges not actually collected are charged to this reserve in the subsequent years. The reserve is based on historical experience and an evaluation of the individual pledges receivable.

Capital Expenditures

Costs incurred in excess of \$1,000 for the purchase or construction of general fixed assets are recorded as additions to the unrestricted fund land, building and equipment accounts. Donated assets are capitalized at their fair market value. Expenditures or maintenance and repairs are charged to expense as incurred. Upon the sale or retirement of assets, the cost and related depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in current income.

Depreciation

Depreciation is provided in the unrestricted net assets fund in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The accumulated depreciation is computed either on the straight-line method or an accelerated method, using estimated useful lives as follows:

Buildings and Improvements	40 years
Equipment	5 to 10 years
Furniture and Fixtures	5 to 10 years

Grants

Greater Longview United Way, Inc. records income from grants in the period designated by the grantor.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. These estimates and assumptions may 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 report period. Actual results may differ from these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated by an appropriate method among the programs and supporting services benefited.

Federal Income Tax

The Greater Longview United Way, Inc. is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to income tax. There was no unrelated business income for the fiscal year ending August 31, 2018.

In-Kind Support

The Greater Longview United Way, Inc. records various types of in kind support including professional services and materials. Contributed professional services are recognized if the services received creates or enhances a long-lived asset or requires specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in kind support are offset by like amounts included in expenses. The in-kind support is valued on the financial statements in the amount of \$27,138.

Additionally, the Organization receives a significant amount of contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not for Profit Entities. Among other provisions, this update (1) reduces the net asset classification from three categories to two net assets with donor restrictions and net assets without donor restrictions, (2) requires additional disclosures of governance and self-imposed limits on resources without donor-imposed restrictions and net assets with donor restrictions, (3) provides qualitative and quantitative information on liquidity and availability of financial assets, (4) requires disclosure of expenditures by both their natural classification and their functional classification, (5) adds disclosure of methods to allocate costs among program and support functions, (6) provides for enhanced disclosures on underwater endowment funds, and (7) requires disclosure of investment return and related investment expenses. This update is effective for annual financial statements issued for fiscal years beginning after December 31, 2017 with early adoption permitted. The Organization is evaluating the impact of this standard and currently plans to implement this standard beginning on September 1, 2018, the first day of the 2019 fiscal year.

NOTE B - FIXED ASSETS

A summary of changes in General Fixed Assets are as follows:

	September1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	August 31, <u>2018</u>
Land	\$ 12,500	\$	\$	\$ 12,500
Building	121,992			121,992
Equipment	<u>71,135</u>	<u> </u>	<u> </u>	<u>71,135</u>
Total Fixed Assets	\$ <u>205,627</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>205,627</u>

Depreciation expense charged during for the fiscal year ending August 31, 2018 was \$ 4,196. The balance in the accumulated depreciation account at August 31, 2018 was \$115,560.

NOTE C – INVESTMENTS

At August 31, 2018, the Greater Longview United Way, Inc. held the following investments:

	<u>Cost</u>	<u>Market Value</u>
East Texas Community Foundation	\$ <u>125,240</u>	\$ <u>196,699</u>
Total	\$ <u>125,240</u>	\$ <u>196,699</u>

The following schedule summarizes the investment return in the statement of activities for the twelve months ending August 31, 2018:

Interest Income	\$	12,747
Realized Gains and Losses		6,407
Unrealized Gains and Losses		<u>2,177</u>
Total Investment Return	\$	<u>21,331</u>

The Organization follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Obtainable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Values were determined using Level 1 considerations.

NOTE D – PLEDGES RECEIVABLE

Pledges receivable at August 31, 2018 consisted of the following Campaigns:

2017-2018 Fundraising Campaign	\$	312,238
2018-2019 Fundraising Campaign		72,754
Less: Allowance for Uncollectible Pledges		<u>(58,543)</u>
Pledges Receivable	\$	<u>326,449</u>

The Organization receives approximately 45% of its total pledges from five local employers and their employees.

NOTE E – AGENCY ALLOCATIONS

During the fiscal year ending August 31, 2018, the Greater Longview United Way allocated the following funding to its participating agencies:

American Red Cross	\$	28,893
Boy Scouts		26,112
Boys and Girls Club		33,215
Children's Advocacy Center		6,821
DORS		46,424
Friends of Partners in Prevention		30,447
East Texas Child Advocacy		41,065
East Texas Literacy		32,938
ETCADA		38,221
Pathstone Counseling Center		9,897
Girl Scouts		15,649
Longview Child Development		88,125
Longview Community Ministries		127,408
Longview Habitat for Humanity		33,018
Longview Interfaith Hospitality		14,864
Parenting Resources		20,225
Salvation Army		33,906
See - Saw Children's Place		49,990
Lone Star Legal Aide		9,914
Twelve Way Foundation		10,817
Women's Center of East Texas		<u>44,746</u>
TOTAL ALLOCATION	\$	<u>742,695</u>

NOTE F – ACCUMULATED UNPAID VACATION

After three months service, full and part time employees accumulate vacation based on their years of service. Employees can accrue up to a maximum of 80 hours. These compensated absences have been accrued at August 31, 2018 in the amount of \$5,183.

NOTE G– AGENCY PAYABLES

During the 2016-2018 campaign and the 2015-2015 campaign, contributors designated part of their pledge to go to other United Way agencies. At August 31, 2018, the amount remaining to be paid to participating agencies was \$73.

NOTE H– BENEFICIAL INTEREST

The Greater Longview United Way, Inc. participates with the East Texas Communities Foundation to maintain a nonprofit endowment fund known as the Greater Longview United Way Endowment Fund. This foundation made matching contributions of \$20,000 in 2001 and \$5,000 in 2002, with an additional contribution in 2002 of \$2,395. Also, in 2002, a private donation of \$5,000 was made to the fund.

The Organization may elect to withdraw up to 5% of the value of the fund annually. Unused withdrawals accumulate and may be withdrawn in a subsequent year. Additionally, with Foundation approval, the Board could request to withdraw these funds at any time. During the fiscal year ending 2018, the Board did not request any grant income from the Foundation.

At August 31, 2018, the fair market value of the balance held with the East Texas Communities Foundation was \$74,838

NOTE I – DESIGNATED UNRESTRICTED NET ASSET

By action of the Board of Directors, the Greater Longview United Way, Inc. has designated an amount of reserve funds to be five months of total operating expenses of the Organization. This amount is based each year on the current adopted budget.

NOTE J – RETIREMENT PLAN

The Greater Longview United Way adopted a Prototype Simplified Employee Pension Plan dated October 4, 2001 and adopted the calendar year end as the plan year. The adoption agreement provides that all employees earning at least \$300 during the plan year for which the contribution is being made and who has attained age twenty one and has worked for the Organization for one out of the immediately preceding five years is eligible to participate. This agreement provides for contributions of 6% of each participant's compensation. During the fiscal year ending August 31, 2018, the Organization expensed \$11,842 in employer contributions to the plan. The Greater Longview United Way also provides as a benefit to full time employees health insurance coverage. During the fiscal year ending August 31, 2018, the Organization paid \$32,237 on behalf of the employees.

NOTE K– SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 8, 2019 the date the financial statements were available to be issued.