

**UNITED WAY - GALVESTON
COUNTY MAINLAND, INC.**

FINANCIAL STATEMENTS

**Years Ended December 31, 2013 and 2012
with Report of Independent Auditors**

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

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FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
United Way - Galveston County Mainland, Inc.
Texas City, Texas

We have audited the accompanying financial statements of United Way Galveston County Mainland, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 United Way Galveston County Mainland, Inc. as of December 31, 2013, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Cash and Investments, Schedule of Promises to give, Schedule of Allocations to Participating Agencies, Schedule of Grants Paid to Participating Agencies, and Schedule of Expenses – Budgeted and Actual 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.

Report on Summarized Comparative Information

We have previously audited the United Way Galveston County Mainland, Inc.'s 2012 financial statements, and our report dated July 3, 2013, 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

August 6, 2014
Texas City, Texas

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
STATEMENTS OF FINANCIAL POSITION

Exhibit A-1

	<u>Year Ended December 31,</u> <u>2013</u>	<u>2012</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 643,208	\$ 574,307
Investments	855,526	854,725
Receivables:		
Unconditional Promises to Give, Net	2,309,922	2,267,006
Total Current Assets	<u>3,808,656</u>	<u>3,696,038</u>
Property and Equipment:		
Buildings and Improvements	118,418	118,418
Furniture and Equipment	65,524	65,289
Vehicles	7,000	7,000
	<u>190,942</u>	<u>190,707</u>
Less Accumulated Depreciation	<u>(114,081)</u>	<u>(106,120)</u>
Total Property and Equipment, Net	76,861	84,587
Other Assets:		
Investments:		
Certificates of Deposit	250,000	250,000
Prepaid Expenditures	18,732	23,608
Total Other Assets	<u>268,732</u>	<u>273,608</u>
Total Assets	<u>\$ 4,154,249</u>	<u>\$ 4,054,233</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 4,072	\$ 13,161
Allocations Payable to Participating Agencies	1,479,314	1,301,444
Designations Payable	237,940	365,947
Grants Payable	8,500	8,500
Total Current Liabilities	<u>1,729,826</u>	<u>1,689,052</u>
Total Liabilities	1,729,826	1,689,052
Net Assets:		
Unrestricted:		
Fixed Assets	76,861	84,587
Board Designated	475,000	475,000
Operating	139,232	129,832
Total Unrestricted	<u>691,093</u>	<u>689,419</u>
Temporarily Restricted	<u>1,733,330</u>	<u>1,675,762</u>
Total Net Assets	<u>2,424,423</u>	<u>2,365,181</u>
Total Liabilities and Net Assets	<u>\$ 4,154,249</u>	<u>\$ 4,054,233</u>

See accompanying notes to the financial statements.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
Exhibit A-2
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2013 and 2012

	Unrestricted	Temporarily Restricted	Totals	
			2013	2012
Revenues, Gains and Other Support				
Support:				
Current Campaign				
Contributions Received in Current Period	-	2,383,307	\$ 2,383,307	\$ 2,350,719
Less Donor Designations	-	(234,272)	(234,272)	(387,964)
Less provisions for uncollectables	-	(128,260)	(128,260)	(127,709)
Net Current Campaign Revenues	-	2,020,775	2,020,775	1,835,046
Prior Year Campaign				
Contributions Received in Current Period	56,101	-	56,101	146,810
Less provision for uncollectible	(10,815)	-	(10,815)	(81,302)
Net Prior Year Campaign Revenue	45,286	-	45,286	65,508
Total Contributions	45,286	2,020,775	2,066,061	1,900,554
Revenue:				
Investment Income	5,122	-	5,122	10,113
Service Fees	3,850	-	3,850	5,323
Other Income	-	-	-	15,329
Total Revenue	8,972	-	8,972	30,765
(Released from Restrictions)	1,963,207	(1,963,207)	-	-
Total Support and Revenue	2,017,465	57,568	2,075,033	1,931,319
Expenses and Losses				
Program Services:				
Direct Aid	1,742,641	-	1,742,641	1,747,860
(Less Donor Designations)	(234,272)	-	(234,272)	(387,964)
Other Program Services	334,620	-	334,620	326,819
Total Program Services	1,842,989	-	1,842,989	1,686,715
Supporting Services:				
Management and General	63,451	-	63,451	82,001
Fund Raising	109,351	-	109,351	140,402
Total Supporting Services	172,802	-	172,802	222,403
Total Expenses	2,015,791	-	2,015,791	1,909,118
Change in Net Assets	1,674	57,568	59,242	22,201
Net Assets, Beginning	689,419	1,675,762	2,365,181	2,381,371
Prior period adjustment				(38,391)
Net Assets, Ending	\$ 691,093	\$ 1,733,330	\$ 2,424,423	\$ 2,365,181

See accompanying notes to the financial statements.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
STATEMENTS OF CASH FLOWS

Exhibit A-3

	<u>Year Ended December 31,</u> <u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 59,242	\$ 22,201
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	12,110	15,323
Interest Earnings	(5,122)	(10,113)
(Increase) Decrease in Operating Assets:		
Unconditional Promises to Give	(42,916)	(57,537)
Other Receivables	-	-
Prepaid Expenses	4,876	(532)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,089)	10,104
Allocations Payable to Participating Agencies	177,870	(50,375)
Designations payable	(128,007)	-
Grants Payable	-	8,500
Deferred Revenue	-	(15,329)
Total Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities	<u>9,722</u>	<u>(99,959)</u>
Net Cash Provided (Used) by Operating Activities	68,964	(77,758)
Cash flows from Investing Activities:		
Proceeds from Sale of Investment	-	27,920
Interest Earnings	5,122	10,113
Interest Reinvested in Certificates of Deposit	(801)	(1,305)
Payments for Property and Equipment	<u>(4,384)</u>	<u>-</u>
Cash flows from Investing Activities:	(63)	36,728
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	68,901	(41,030)
Beginning Cash and Cash Equivalents	<u>574,307</u>	<u>615,337</u>
Ending Cash and Cash Equivalents	<u><u>\$ 643,208</u></u>	<u><u>\$ 574,307</u></u>

See accompanying notes to the financial statements.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

(with comparative totals for December 31, 2012)

	Program Services		
	Direct Aid	Other Program Services	Total
Expenses Before Amortization and Depreciation			
Salaries and Related Expenses:			
Salaries and wages	\$ -	\$ 166,752	\$ 166,752
Employee Benefits	-	37,938	37,938
Payroll Taxes	-	12,942	12,942
Total Salaries and Related Expenses	<u>-</u>	<u>217,632</u>	<u>217,632</u>
Other Expenses:			
Allocations and Grants to Participating Agencies	1,742,641	-	1,742,641
(Less Donor Designations)	(234,272)	-	(234,272)
Bank Charges	-	3,131	3,131
Campaign Expenses - Advertising	-	-	-
Campaign Expenses - General	-	-	-
Conferences, Conventions, and Meetings	-	11,312	11,312
Community Awareness	-	14,999	14,999
Insurance	-	7,096	7,096
Membership Dues	-	19,855	19,855
Miscellaneous expenses	-	3,370	3,370
Occupancy Expenses - General	-	2,946	2,946
Occupancy Expenses - Utilities	-	4,055	4,055
Office Supplies	-	7,026	7,026
Postage and Shipping	-	461	461
Professional Fees	-	13,876	13,876
Repairs and Maintenance	-	12,769	12,769
Telephone	-	7,221	7,221
Total Other Expenses	<u>1,508,369</u>	<u>108,117</u>	<u>1,616,486</u>
Total Expenses Before Amortization and Depreciation	1,508,369	325,749	1,834,118
Depreciation and Amortization	<u>-</u>	<u>8,871</u>	<u>8,871</u>
Total Expenses	<u>\$ 1,508,369</u>	<u>\$ 334,620</u>	<u>\$ 1,842,989</u>

See accompanying notes to the financial statements.

Exhibit A-4

Supporting Services			Total Expenses	
Management and General	Fund Raising	Total	2013	2012
\$ 31,406	\$ 28,999	\$ 60,405	\$ 227,157	\$ 244,012
7,144	6,598	13,742	51,680	57,271
2,437	2,251	4,688	17,630	19,153
<u>40,987</u>	<u>37,848</u>	<u>78,835</u>	<u>296,467</u>	<u>320,436</u>
-	-	-	1,742,641	1,747,860
-	-	-	(234,272)	(387,964)
601	542	1,143	4,274	3,602
-	8,032	8,032	8,032	12,963
-	43,220	43,220	43,220	54,029
2,172	1,958	4,130	15,442	21,660
2,880	2,597	5,477	20,476	9,988
1,363	1,228	2,591	9,687	4,639
3,813	3,437	7,250	27,105	28,281
647	583	1,230	4,600	7,340
565	510	1,075	4,021	4,299
778	702	1,480	5,535	5,586
1,350	1,216	2,566	9,592	13,301
88	80	168	629	1,537
2,665	2,402	5,067	18,943	23,871
2,452	2,210	4,662	17,431	9,523
1,387	1,250	2,637	9,858	12,844
<u>20,761</u>	<u>69,967</u>	<u>90,728</u>	<u>1,707,214</u>	<u>1,573,359</u>
61,748	107,815	169,563	2,003,681	1,893,795
<u>1,703</u>	<u>1,536</u>	<u>3,239</u>	<u>12,110</u>	<u>15,323</u>
<u>\$ 63,451</u>	<u>\$ 109,351</u>	<u>\$ 172,802</u>	<u>\$ 2,015,791</u>	<u>\$ 1,909,118</u>

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UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012

A. Organization, Nature of Activities and Significant Accounting Policies

Organization

United Way Galveston County Mainland Inc., a nonprofit organization, was incorporated in the State of Texas in 1957. The Internal Revenue Service has determined that the United Way Galveston County Mainland, Inc. (the "Organization") is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an Organization described in Section 501(c)(3). Also, the Comptroller of Public Accounts of the State of Texas has determined that the Organization is qualified for exemption from state franchise tax.

Nature of Activities

The Organization is a nonprofit organization which raises and distributes funds to local non-profit organizations in Galveston County that provide family aid and services, healthcare, handicapped and special needs, youth character building, and senior citizen life enhancement support to those in need.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

Investments

Investments consist of short and long term certificates of deposit which bear interest at rates ranging from .05% to 1.00%. These funds are subject to penalty if withdrawn prior to stated date of maturity.

Promises to Give

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

A. Organization, Nature of Activities and Significant Accounting Policies (continued)

Campaign Pledges and Designations

An annual fundraising campaign is conducted to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectable. Substantially all of the pledges receivables are from corporations and individuals.

Community-wide donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by United Way but are reported as part of Campaign results from which the amounts are then deducted to arrive at Campaign Revenue.

Donor designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (cost deductions for designated Funds)*

Property and Equipment and Depreciation

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Purchased property and equipment are recorded at cost and depreciated over their useful life on a straight-line basis. The Organization capitalizes all property and equipment purchased in excess of \$500.

Prepaid expenses

Prepaid expenses consist of amounts paid for insurance covering future periods and campaign supplies purchased during the year that will be used in future periods.

Contributed Services

The amount of contributed services received in 2013 and 2012 were not material and therefore have not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

A. Organization, Nature of Activities and Significant Accounting Policies (continued)

Contributions

The Organization has adopted *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-310-50-1, "Accounting for Contributions Received and Contributions Made."* In accordance with FASB ASC 958-310-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under FASB ASC 958-310-50-1, contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

Advertising costs

Advertising costs are expensed as incurred and amounted to \$8,032 in 2013 and \$12,963 in 2012.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Exempt Organization Business Tax Returns (Form 990) for 2012, 2011 and 2010 are subject to examination by the IRS, generally for three years after they are filed.

Summary of Financial Information for 2012

The financial information for the year ended December 31, 2012, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization has adopted Statement of *Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45, "Other Presentation Matters"*. Under FASB ASC 958-225-45, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

A. Organization, Nature of Activities and Significant Accounting Policies (continued)

Concentrations

Financial instruments that potentially subject the Organization to credit risk include cash balances at banks, which exceeded the related federal deposit insurance by \$8,779 in 2013 and \$80,558 in 2012. The Organization does not require its financial institution to pledge collateral for its deposits in excess of FDIC insured amounts. Financial instruments also include pledges receivable amounting to \$2,439,590 in 2013 and \$2,395,266 in 2012, which, by their nature, are not collateralized. These receivables are due primarily from employees of local oil and chemical industries (Note B).

Fair Values of Financial Instruments

The Organization calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair value of receivables and payables approximate the carrying amounts due to the relatively short maturity of these instruments. None of these instruments are held for trading purposes.

Reclassifications

Certain amounts in 2012 have been reclassified to conform to the 2013 presentation.

B. Promises to Give

Unconditional promises to give consist of promises to be used to fund the subsequent years operating budgets including allocations to participating agencies. The promises are due within one year as follows:

	<u>2013</u>	<u>2012</u>
Unconditional Promises to Give	\$ 2,439,590	\$ 2,395,266
Allowance for Uncollectible	(129,668)	(128,260)
Net	<u>\$ 2,309,922</u>	<u>\$ 2,267,006</u>

C. Allowance for Uncollectible Pledges

The allowance for uncollectible pledges reflected on the financial statements is an estimate based upon historical data and amounted to \$129,668 in 2013 and \$128,260 in 2012. It is at least reasonably possible that a change in the estimate could occur in the near term.

Bad debt expense, which is offset against current year contribution revenue, amounted to \$139,075 in 2013 and \$209,011 in 2012. The increase in bad debt is a result of both an increase in uncollectible promises to give from prior year and an increase in the allowance for uncollectible promises to give during the year.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

D. Property and Equipment and Depreciation

Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets. At December 31, 2013 and 2012, the costs of such assets were as follows:

	Balance 01/01/13	Additions	Retirements	Balance 12/31/13
Buildings and improvements	\$ 118,418	\$ -	\$ -	\$ 118,418
Furniture, fixtures and equipment	65,289	4,384	(4,149)	65,524
Vehicles	7,000	-	-	7,000
Total cost	190,707	4,384	(4,149)	190,942
Less accumulated depreciation	(106,120)	(12,110)	4,149	(114,081)
	<u>\$ 84,587</u>	<u>\$ (7,726)</u>	<u>\$ -</u>	<u>\$ 76,861</u>

E. Designated Unrestricted Net Assets

In 1986 and 1987, the Organization designated \$450,000 of its net assets for use on the mainland of Galveston County with approval by the Board of Directors. In 2005, the Organization designated an additional \$25,000 of its net assets for use in case of natural disasters on the mainland of Galveston County, with approval of the Board of Directors, bringing the total Board Designated net assets to \$475,000.

F. Restrictions on Net Assets

The restrictions on net assets at the end of 2013 and 2012 relate to unconditional promises to give for the subsequent years' allocations to participating agencies and its operating budget and amounted to \$1,733,330 in 2013 and \$1,675,762 in 2012.

G. Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are not accrued in the accompanying statements because the amount is not considered to be significant.

H. Deferred Compensation Plan (Section 403 (B))

All full-time employees with at least one year of service may elect to participate in the Organization's Deferred Compensation Plan. The plan's retirement benefit is funded through tax-deferred contributions made by the participating employee and made on behalf of the employee by the Organization. Each participating employee must contribute a minimum of 2%, and may contribute up to 9% of their annual salary. The Organization contributes 9% on behalf of each participating employee. The employee is immediately vested in all contributions to the plan. Upon separation from service, employees may elect to receive all tax-deferred contributions, plus interest earned, in either a lump sum cash payment or in monthly distributions. Contributions made by the Organization on behalf of employees amounted to \$21,816 in 2013 and \$17,476 in 2012.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

I. Concentrations

The Organization derives a substantial amount of contributions from the employees of local oil and chemical industries. Any significant change in this industrial environment could materially affect the Organization's financial position.

J. Campaign Expenses - General

Campaign expenses - General are made up of the following:

	<u>2013</u>	<u>2012</u>
Catering	\$ 3,957	\$ 8,371
Campaign supplies and promotional items	47,028	34,042
Other campaign expenses	12,711	21,604
Total	<u>\$ 63,696</u>	<u>\$ 64,017</u>

K. Administrative Fees

The Organization charges a 15% service fee to non-member agencies that receive designated pledges from donors as part of the annual campaign. These service fees amounted to \$3,850 in 2013 and \$5,323 in 2012.

L. Functional Allocation of Expenses

The costs of providing the 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.

M. Commitments and Contingencies

Leases

During the year ended December 31, 2011, the Organization entered into an operating lease for office equipment. The lease requires monthly lease payments of \$374 for a term of sixty months.

At December 31, 2013, the aggregate minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 4,488
2015	4,488
2016	2,992
	<u>\$ 11,968</u>

Rental expenses amounted to \$4,782 in 2013 and \$4,614 in 2012.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

N. Prior Period Adjustment

The organization adjusted beginning net assets to record the designation payables for items recognized as revenue in prior year. The adjustment of \$38,391 was made for the prior year net assets.

O. Subsequent Events

We have evaluated the effects of events that have occurred subsequent to the period ending December 31, 2013, and through August 6, 2014, which is the date on which we issued our financial statements. During this period, there have been no material events that would require recognition in 2013.

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ADDITIONAL FINANCIAL INFORMATION

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
SCHEDULE OF CASH AND INVESTMENTS

Exhibit B-1

	Year Ended December 31,	
	2013	2012
Cash in Banks and Savings and Loan Associations		
Amoco Federal Credit Union, Texas City, Texas	\$ 25,597	\$ 36,634
Regions Bank, Texas City, Texas	52,423	52,730
TDECU, Texas City, Texas	54,203	54,015
Texas First Bank, Texas City, Texas	16,462	66,659
Moody National Bank, Texas City, Texas	155,889	27,049
Mainland Bank, Texas City, Texas	110,032	109,472
BBVA Compass Bank, Texas City, Texas	39,197	39,121
Chase Bank, Friendswood, Texas	27,299	27,272
Amegy Bank of Texas, Texas City, Texas	44,925	44,996
San Jacinto Area Credit Union, Pasadena, Texas	5	-
TDECU, Texas City, Texas	117,176	116,359
Total Cash in Banks and Savings and Loan Associations	643,208	574,307
Investments		
Investments - Short Term:		
Bank of America, Texas City, Texas	114,447	114,287
Moody National Bank of Texas, Texas City, Texas	100,028	100,028
Amoco Federal Credit Union, Texas City, Texas	227,265	227,265
First Prosperity Bank, Hitchcock, Texas	127,639	127,131
Chase Bank, Friendswood, Texas	91,169	90,987
Amegy Bank, Texas City, Texas	29,361	29,361
Merrill Lynch, Galveston, Texas	110,384	110,449
BBVA Compass Bank, Texas City, Texas	16,117	16,117
Regions Bank, Hitchcock, Texas	39,116	39,100
Total Investments - Short Term	855,526	854,725
Investments - Long Term:		
Texas First Bank, Texas City, Texas	250,000	250,000
Wells Fargo, League City, Texas	-	-
Total Investments - Long Term	250,000	250,000
Total Investments	1,105,526	1,104,725
Total Cash and Investments in Banks and at Savings and Loan Associations	\$ 1,748,734	\$ 1,679,032

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
SCHEDULE OF PROMISES TO GIVE

Exhibit B-2

	December 31,	
	<u>2013</u>	<u>2012</u>
Promises to Give		
Promises to give for 2012 allocation year	\$ -	\$ 186,791
Promises to give for 2013 allocation year	415,538	2,208,475
Promises to give for 2014 allocation year	<u>2,024,052</u>	<u>-</u>
Total Promises to Give	<u>2,439,590</u>	<u>2,395,266</u>
 Less Estimated Uncollectible Promises to Give		
Estimated uncollectible promises to give for 2013 allocation year	-	(128,260)
Estimated uncollectible promises to give for 2014 allocation year	<u>(129,668)</u>	<u>-</u>
Total Estimated Uncollectible Promises to Give	<u>(129,668)</u>	<u>(128,260)</u>
 Net Promises to Give	 <u><u>\$ 2,309,922</u></u>	 <u><u>\$ 2,267,006</u></u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
SCHEDULE OF ALLOCATIONS TO PARTICIPATING AGENCIES

Exhibit B-3

	December 31,	
	2013	2012
Local Agencies		
Association for Retarded Citizens	\$ 15,750	\$ 15,750
City of Texas City Senior Program	34,000	34,000
Hitchcock Family Welfare	63,000	63,000
Interfaith Caring Ministries	37,000	37,000
La Marque Aid and Guidance	65,000	68,000
M. I. Lewis Social Service Center	147,000	147,000
NAMI Gulf Coast	42,750	45,000
Santa Fe Family Service	52,500	52,500
Special Friends	13,000	14,500
Teen Health Center	73,500	70,000
Total Local Agencies	<u>543,500</u>	<u>546,750</u>
Area-wide Agencies		
ADA Women's Center	45,700	57,125
Advocacy Center of Children of GC	14,000	14,000
American Red Cross	75,000	100,000
Bay Area Council on Drugs and Alcohol	23,750	25,000
Big Brothers - Big Sisters	46,200	44,000
Boy Scouts of America	80,000	80,000
Brazos Place	26,250	25,000
Catholic Charities	100,000	120,000
Children's Center	70,000	63,000
Connect Transit	35,000	35,000
DePelchin Children's Center	25,000	25,000
Family Services Center	102,500	100,000
Girl Scouts of San Jacinto	46,000	46,000
Gleanings from the Harvest	97,500	93,000
Hospice Care Team	55,000	55,000
Independence Village	30,000	30,000
Lone Star Legal Aid	21,000	21,000
North County YMCA	15,000	15,000
Resource Crisis Center	55,000	55,000
Salvation Army	78,500	87,500
Sunshine Center	44,100	42,000
Total Area-wide Agencies	<u>1,085,500</u>	<u>1,132,625</u>
Total Allocations to Participating Agencies	<u>1,629,000</u>	<u>1,679,375</u>
Allocations, Special Allocations, and Grants		
Special Allocations to Other United Ways and/or Programs	43,445	91,860
Disaster Recovery Grant	16,500	-
Grants from Funds Available for Distribution	8,500	27,000
Total Allocations, Special Allocations, and Grants	<u>68,445</u>	<u>118,860</u>
Increase (Decrease) in Budgeted Allocations	<u>45,196</u>	<u>(50,375)</u>
Total Allocations to Participating Agencies	<u>\$ 1,742,641</u>	<u>\$ 1,747,860</u>

**UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
 SCHEDULE OF GRANTS PAID TO PARTICIPATING AGENCIES**

Exhibit B-4

	December 31,	
	<u>2013</u>	<u>2012</u>
Operating Grants		
Connect Transit	\$ 8,500	\$ 17,000
Salvation Army	-	10,000
Total Operating Grants	<u>8,500</u>	<u>27,000</u>
Disaster Relief Grants		
Hitchcock Family Welfare	11,000	-
Santa Fe Family Service	5,500	-
Total Disaster Recovery Grants	<u>16,500</u>	<u>-</u>
Total Grants to Participating Agencies	<u>\$ 25,000</u>	<u>\$ 27,000</u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
SCHEDULE OF EXPENSES - BUDGETED AND ACTUAL
For the Year Ended December 31, 2013
(with comparative totals for December 31, 2012)

Exhibit B-5

	2013			2012
	Budget	Actual	(Over) / Under	
Expenses (Excluding Allocations and Grants)				
Salaries and wages	\$ 241,000	\$ 227,157	\$ 13,843	\$ 244,012
Employee Benefits	54,000	51,680	2,320	57,271
Payroll Taxes	20,000	17,630	2,370	19,153
Bank Charges	-	4,274	(4,274)	3,602
Campaign Expenses - Advertising	-	8,032	(8,032) ¹	12,963
Campaign Expenses - General	36,103	43,220	(7,117) ²	64,027
Conferences, Conventions, and Meetings	16,497	15,442	1,055	21,660
Insurance	2,300	9,687	(7,387) ³	4,639
Membership Dues/Affiliated Organizations	29,000	27,105	1,895	28,281
Miscellaneous Expenses	-	4,600	(4,600)	7,340
Occupancy Expenses	5,000	4,021	979	4,299
Occupancy Expenses - Utilities	12,100	5,535	6,565	5,586
Office Supplies	7,650	9,592	(1,942)	13,301
Postage and Shipping	2,000	629	1,371	1,537
Professional Fees	16,000	18,943	(2,943)	23,871
Repairs and Maintenance	8,000	17,431	(9,431) ⁴	9,523
Telephone	7,200	9,858	(2,658)	12,844
Purchase Equipment	3,500	-	3,500	-
Depreciation and Amortization	6,000	12,110	(6,110)	15,323
Total Expenses (Excluding Allocations and Grants)	\$ 466,350	\$ 486,946	\$ (20,596)	\$ 549,232

Recapitulation of total expenses as reported on the Statement of Activities for the year ended December 31, 2013 and 2012.

	2013	2012
Budgeted Expenses - Actual	\$ 486,946	\$ 549,232
Allocations and Grants to Participating Agencies	1,742,641	1,747,860
(Less Donor Designations)	(234,272)	(387,964)
Total Expenses	\$ 1,995,315	\$ 1,909,128

¹ Advertising costs are not included in the approved budget. Because advertising costs are covered primarily through a grant from a local newspaper, they are not budgeted.

² General campaign expenses include usage of campaign supplies and materials that were recorded as prepaid inventory in the prior fiscal year. The amount used in the current year is reflected as a current year expense and is not included in the current year budget.

³ Insurance expense includes a windstorm policy, which exceeds the amount budgeted in this category.

⁴ Repairs and maintenance expenses in 2013 included painting of office