

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

FINANCIAL STATEMENTS

**Year Ended December 31, 2015
with Independent Auditors' Report**

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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, 2015, 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, 2015, 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 2014 financial statements, and our report dated July 1, 2015 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whitley Penn LLP

July 6, 2016
Texas City, Texas

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

Exhibit A-1

	December 31,	
	2015	2014
	<hr/>	<hr/>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,209,378	\$ 818,541
Investments	971,942	956,257
Receivables:		
Unconditional Promises to Give, Net	1,813,112	1,996,967
Other	5,891	-
Total Current Assets	<hr/> 4,000,323	<hr/> 3,771,765
Property and Equipment:		
Buildings and Improvements	118,418	118,418
Furniture and Equipment	69,417	66,667
Vehicles	15,000	15,000
	<hr/> 202,835	<hr/> 200,085
Less Accumulated Depreciation	(132,874)	(119,796)
Total Property and Equipment, Net	<hr/> 69,961	<hr/> 80,289
Other Assets:		
Investments:		
Certificates of Deposit	253,080	253,080
Prepaid Items	15,721	13,582
Total Other Assets	<hr/> 268,801	<hr/> 266,662
Total Assets	<hr/> <hr/> \$ 4,339,085	<hr/> <hr/> \$ 4,118,716
 Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 9,501	\$ 4,049
Allocations Payable to Participating Agencies	1,439,456	1,406,875
Designations Payable	288,353	310,793
Grants Payable	20,000	25,000
Total Current Liabilities	<hr/> 1,757,310	<hr/> 1,746,717
Total Liabilities	1,757,310	1,746,717
Net Assets:		
Unrestricted:		
Fixed Assets	69,961	80,289
Board Designated	475,000	475,000
Operating	305,742	242,220
Total Unrestricted	<hr/> 850,703	<hr/> 797,509
Temporarily Restricted	1,731,072	1,574,490
Total Net Assets	<hr/> 2,581,775	<hr/> 2,371,999
Total Liabilities and Net Assets	<hr/> <hr/> \$ 4,339,085	<hr/> <hr/> \$ 4,118,716

See accompanying notes to the financial statements.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2015 and Comparative Totals for 2014

Exhibit A-2

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
Revenues, Gains and Other Support				
Support:				
Gross Campaign Results (2015/2016)	\$ -	\$ 2,434,176	\$ 2,434,176	\$ 2,284,427
Less Donor Designations	-	(322,823)	(322,823)	(327,102)
Less provisions for uncollectables	-	(108,740)	(108,740)	(111,294)
Net Campaign Revenues (2015/2016)	-	2,002,613	2,002,613	1,846,031
Gross Campaign Results (2014/2015)	2,284,427	(2,284,427)	-	-
Less Donor Designations	(327,102)	327,102	-	-
Less provisions for uncollectables	(111,294)	111,294	-	-
Net Contributions Received in Prior Year, Released from Restriction in Current Year	1,846,031	(1,846,031)	-	-
	1,846,031	156,582	2,002,613	1,846,031
Additional Campaign Contributions from				
Prior Years	203,537	-	203,537	14
Other Contributions	17,723	-	17,723	12,764
Service Fees	5,366	-	5,366	6,973
Grants	6,000	-	6,000	6,000
Net Unrealized Gain (Loss) on Investments	(16,672)	-	(16,672)	-
Investment Income	4,166	-	4,166	7,355
Total Revenue and Other Support	2,066,151	156,582	2,222,733	1,879,137
Expenses				
Program Services:				
Direct Aid	1,839,729	-	1,839,729	1,743,816
(Less Donor Designations)	(322,823)	-	(322,823)	(327,102)
Other Program Services	325,304	-	325,304	342,764
Total Program Services	1,842,210	-	1,842,210	1,759,478
Supporting Services:				
Management and General	73,307	-	73,307	65,491
Fund Raising	97,440	-	97,440	106,592
Total Supporting Services	170,747	-	170,747	172,083
Total Expenses	2,012,957	-	2,012,957	1,931,561
Change in Net Assets	53,194	156,582	209,776	(52,424)
Net Assets, Beginning	797,509	1,574,490	2,371,999	2,424,423
Net Assets, Ending	\$ 850,703	\$ 1,731,072	\$ 2,581,775	\$ 2,371,999

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>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 209,776	\$ (52,424)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	13,078	12,715
Net Unrealized Gain (Loss) on Investments	(16,672)	-
Interest Earnings	(4,166)	(7,355)
(Increase) Decrease in Operating Assets:		
Unconditional Promises to Give	183,855	312,955
Other Receivables	(5,891)	-
Prepaid Expenses	(2,139)	5,150
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	5,452	(23)
Allocations Payable to Participating Agencies	32,581	(72,439)
Designations payable	(22,440)	72,853
Grants Payable	(5,000)	16,500
Total Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities	<u>178,658</u>	<u>340,356</u>
Net Cash Provided (Used) by Operating Activities	388,434	287,932
Cash flows from Investing Activities:		
Purchase(Sale) of Investment	1,331	(100,001)
Interest Earnings	4,166	7,355
Interest Reinvested in Investments	(344)	(3,810)
Cash flows from Investing Activities:	5,153	(96,456)
Cash Flows from Financing Activities		
Payments for Property and Equipment	(2,750)	(16,143)
Net Increase (Decrease) in Cash and Cash Equivalents	390,837	175,333
Beginning Cash and Cash Equivalents	<u>818,541</u>	<u>643,208</u>
Ending Cash and Cash Equivalents	<u>\$ 1,209,378</u>	<u>\$ 818,541</u>

See accompanying notes to the financial statements.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015
(with comparative totals for December 31, 2014)

	Program Services		
	Direct Aid	Other Program Services	Total
Operating Expenses Before Depreciation			
Salaries and Related Expenses:			
Salaries and wages	\$ -	\$ 165,842	\$ 165,842
Employee Benefits	-	36,639	36,639
Payroll Taxes	-	13,239	13,239
Total Salaries and Related Expenses	-	215,720	215,720
Other Expenses:			
Allocations and Grants to Participating Agencies	1,839,729	-	1,839,729
(Less Donor Designations)	(322,823)	-	(322,823)
Bank Charges	-	1,219	1,219
Campaign Expenses - Advertising	-	-	-
Campaign Expenses - General	-	-	-
Conferences, Conventions, and Meetings	-	9,671	9,671
Community Awareness	-	13,783	13,783
Insurance	-	7,360	7,360
Membership Dues	-	26,579	26,579
Miscellaneous expenses	-	401	401
Occupancy Expenses - General	-	542	542
Occupancy Expenses - Utilities	-	4,170	4,170
Office Supplies	-	7,190	7,190
Postage and Shipping	-	338	338
Professional Fees	-	14,122	14,122
Repairs and Maintenance	-	6,523	6,523
Telephone	-	7,887	7,887
Total Other Expenses	1,516,906	99,785	1,616,691
Total Expenses Before Depreciation	1,516,906	315,505	1,832,411
Depreciation	-	9,799	9,799
Total Expenses	\$ 1,516,906	\$ 325,304	\$ 1,842,210

See accompanying notes to the financial statements.

Exhibit A-4

Supporting Services			Total Expenses	
Management and General	Fund Raising	Total	2015	2014
\$ 40,684	\$ 25,804	\$ 66,488	\$ 232,330	\$ 231,070
8,988	5,701	14,689	51,328	51,791
3,248	2,060	5,308	18,547	17,913
<u>52,920</u>	<u>33,565</u>	<u>86,485</u>	<u>302,205</u>	<u>300,774</u>
-	-	-	1,839,729	1,743,816
-	-	-	(322,823)	(327,102)
227	181	408	1,627	6,412
-	12,560	12,560	12,560	13,091
-	35,036	35,036	35,036	33,477
1,799	1,437	3,236	12,907	14,795
2,564	2,047	4,611	18,394	21,096
1,370	1,093	2,463	9,823	9,174
4,945	3,948	8,893	35,472	34,390
74	60	134	535	6,161
101	81	182	724	1,525
776	619	1,395	5,565	5,492
1,337	1,068	2,405	9,595	12,801
63	50	113	451	475
2,627	2,098	4,725	18,847	19,945
1,214	969	2,183	8,706	12,586
1,467	1,172	2,639	10,526	9,938
<u>18,564</u>	<u>62,419</u>	<u>80,983</u>	<u>1,697,674</u>	<u>1,618,072</u>
71,484	95,984	167,468	1,999,879	1,918,846
<u>1,823</u>	<u>1,456</u>	<u>3,279</u>	<u>13,078</u>	<u>12,715</u>
<u>\$ 73,307</u>	<u>\$ 97,440</u>	<u>\$ 170,747</u>	<u>\$ 2,012,957</u>	<u>\$ 1,931,561</u>

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UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

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 .10% to .75%. 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.

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.

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 (continued)

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 \$1,000.

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 2015 and 2014 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.

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.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Advertising costs

Advertising costs are expensed as incurred and amounted to \$12,560 in 2015 and \$13,091 in 2014.

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 2014, 2013 and 2012 are subject to examination by the IRS, generally for three years after they are filed.

Summary of Financial Information for 2014

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31 2014, from which the summarized information was derived.

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.

Concentrations

Financial instruments that potentially subject the Organization to credit risk include cash balances at banks, which exceeded the related federal deposit insurance by \$68,433 in 2015 and \$30,577 in 2014. 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 \$1,943,272 in 2015 and \$2,133,478 in 2014, which, by their nature, are not collateralized. These receivables are due primarily from employees of local oil and chemical industries (Note B).

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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 2014 have been reclassified to conform to the 2015 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>2015</u>	<u>2014</u>
Unconditional Promises to Give	\$ 1,943,272	\$ 2,133,478
Allowance for Uncollectible	<u>(130,160)</u>	<u>(136,511)</u>
Net	<u>\$ 1,813,112</u>	<u>\$ 1,996,967</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 \$130,160 in 2015 and \$136,511 in 2014. 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 \$108,740 in 2015 and \$111,294 in 2014. 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, 2015 and 2014, the costs of such assets were as follows:

	Balance 01/01/15	Additions	Retirements	Balance 12/31/15
Buildings and improvements	\$ 118,418	\$ -	\$ -	\$ 118,418
Furniture, fixtures and equipment	66,667	2,750	-	69,417
Vehicles	15,000	-	-	15,000
Total cost	<u>200,085</u>	<u>2,750</u>	<u>-</u>	<u>202,835</u>
Less accumulated depreciation	(119,796)	(13,078)	-	(132,874)
	<u>\$ 80,289</u>	<u>\$ (10,328)</u>	<u>\$ -</u>	<u>\$ 69,961</u>

Depreciation expense totaled \$13,078 for the year ended December 31, 2015 and \$12,715 for the year ended December 31, 2014.

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 2015 and 2014 relate to unconditional promises to give for the subsequent years' allocations to participating agencies and its operating budget and amounted to \$1,731,072 in 2015 and \$1,574,490 in 2014.

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 \$23,540 in 2015 and \$23,378 in 2014.

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 companies. 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>2015</u>	<u>2014</u>
Catering	\$ 3,550	\$ 3,623
Campaign supplies and promotional items	35,036	28,192
Other campaign expenses	9,010	9,610
Total	<u>\$ 47,596</u>	<u>\$ 41,425</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 \$5,366 in 2015 and \$6,973 in 2014.

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, 2014, the Organization entered into a new operating lease for office equipment. The lease requires monthly lease payments of \$337 for a term of sixty months and is non-cancelable.

At December 31, 2015, the aggregate minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 4,048
2017	4,048
2018	4,048
2019	4,028
	<u>\$ 16,172</u>

Rental expenses amounted to \$4,048 in 2015 and \$4,497 in 2014.

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

N. Subsequent Events

In April 2016, the Board approved the purchase of a building for the relocation of the United Way Galveston County Mainland, Inc.'s office. The building was purchased in May 2016, and the Organization will proceed with the build out during the 2016 year. The cost of the building plus the build out is estimated to be \$325,000.

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ADDITIONAL FINANCIAL INFORMATION

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

Exhibit B-1

	December 31,	
	2015	2014
Cash in Banks and Savings and Loan Associations		
Amoco Federal Credit Union, Texas City, Texas	\$ 35,697	\$ 37,503
Regions Bank, Texas City, Texas	298,227	267,509
TDECU, Texas City, Texas	247,902	172,153
Texas First Bank, Texas City, Texas	6,452	9,988
Moody National Bank, Texas City, Texas	232,980	209,477
Mainland Bank, Texas City, Texas	10,918	10,557
BBVA Compass Bank, Texas City, Texas	233,338	39,232
Amegy Bank of Texas, Texas City, Texas	143,723	44,819
Chase Bank	-	27,303
Petty Cash	141	-
Total Cash in Banks and Savings and Loan Associations	1,209,378	818,541
Investments		
Investments - Short Term:		
Bank of America, Texas City, Texas	214,646	114,518
Moody National Bank of Texas, Texas City, Texas	100,028	100,028
Amoco Federal Credit Union, Texas City, Texas	227,265	227,265
Prosperity Bank, Hitchcock, Texas	128,536	128,087
Chase Bank, Friendswood, Texas	91,270	91,260
Amegy Bank, Texas City, Texas	-	29,361
Mainland Bank, Texas City, Texas	100,001	100,001
Merrill Lynch, Galveston, Texas	110,196	110,311
BBVA Compass Bank, Texas City, Texas	-	16,294
Regions Bank, Hitchcock, Texas	-	39,132
Total Investments - Short Term	971,942	956,257
Investments - Long Term:		
Texas First Bank, Texas City, Texas	253,080	253,080
Total Investments	1,225,022	1,209,337
Total Cash and Investments in Banks	\$ 2,434,400	\$ 2,027,878

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

Exhibit B-2

	December 31,	
	2015	2014
	<u> </u>	<u> </u>
Promises to Give		
Promises to give for 2014 allocation year	\$ -	\$ 335,538
Promises to give for 2015 allocation year	202,957	1,797,940
Promises to give for 2016 allocation year	<u>1,740,315</u>	<u>-</u>
Total Promises to Give	1,943,272	2,133,478
Less Estimated Uncollectible Promises to Give		
Estimated uncollectible promises to give for 2014 allocation year	-	(136,511)
Estimated uncollectible promises to give for 2015 allocation year	<u>(130,160)</u>	<u>-</u>
Total Estimated Uncollectible Promises to Give	<u>(130,160)</u>	<u>(136,511)</u>
Net Promises to Give	<u><u>\$ 1,813,112</u></u>	<u><u>\$ 1,996,967</u></u>

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

Exhibit B-3

	December 31,	
	2015	2014
Local Agencies		
ARC of the Gulf Coast	\$ 15,750	\$ 15,750
City of Texas City Senior Program	34,000	34,000
Hitchcock Family Welfare	68,000	66,150
Interfaith Caring Ministries	45,000	40,000
La Marque Aid and Guidance	68,500	68,500
M. I. Lewis Social Service Center	160,000	154,000
NAMI Gulf Coast	40,000	40,000
Santa Fe Family Service	54,000	53,000
Special Friends	15,500	15,500
Teen Health Center	75,705	73,500
Total Local Agencies	<u>576,455</u>	<u>560,400</u>
Area-wide Agencies		
ADA Women's Center	50,385	47,985
Advocacy Center of Children of GC	16,000	15,000
American Red Cross	35,500	31,250
Bay Area Council on Drugs and Alcohol	23,750	23,750
Big Brothers - Big Sisters	52,500	50,000
Boy Scouts of America	77,000	80,000
Brazos Place	27,562	26,250
Catholic Charities	90,000	100,000
Children's Center	73,500	73,500
Connect Transit	35,000	35,000
DePelchin Children's Center	25,000	25,000
Family Services Center	110,250	105,000
Girl Scouts of San Jacinto	45,000	46,000
Gleanings from the Harvest	107,375	102,375
Hospice Care Team	51,700	51,655
Independence Village	30,000	30,000
Lone Star Legal Aid	23,150	22,050
North County YMCA	15,000	15,000
Resource Crisis Center	55,000	55,000
Salvation Army	92,400	88,731
Sunshine Center	48,825	46,500
Total Area-wide Agencies	<u>1,084,897</u>	<u>1,070,046</u>
Total Allocations to Participating Agencies	1,661,352	1,630,446
Allocations, Special Allocations, and Grants		
Special Allocations to Other United Ways and/or Programs	57,417	72,625
Grants from Funds Available for Distribution	77,450	53,589
Total Allocations, Special Allocations, and Grants	<u>134,867</u>	<u>126,214</u>
Increase (Decrease) in Budgeted Allocations	<u>43,510</u>	<u>(12,844)</u>
Total Allocations to Participating Agencies	<u>\$ 1,839,729</u>	<u>\$ 1,743,816</u>

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

Exhibit B-4

	December 31,	
	2015	2014
	<u> </u>	<u> </u>
Operating Grants		
The Independence Village	\$ 7,758	\$ -
Galveston County Food Bank	5,692	-
MI Lewis Social Services	14,000	-
Hospice Care Team	20,000	20,000
ADA Women's Center	-	3,950
CASA	-	25,000
La Marque Aid and Guidance	-	4,639
Resolve It	20,000	-
Total Operating Grants	<u>67,450</u>	<u>53,589</u>
 Disaster Relief Grants		
American Red Cross	10,000	-
Total Disaster Recovery Grants	<u>10,000</u>	<u>-</u>
 Total Grants to Participating Agencies	<u><u>\$ 77,450</u></u>	<u><u>\$ 53,589</u></u>

UNITED WAY - GALVESTON COUNTY MAINLAND, INC.
SCHEDULE OF EXPENSES - BUDGETED AND ACTUAL
For the Year Ended December 31, 2015
(with comparative totals for December 31, 2014)

Exhibit B-5

	2015			2014
	Budget	Actual	(Over) / Under	
Expenses (Excluding Allocations and Grants)				
Salaries and wages	\$ 233,286	\$ 232,330	\$ 956	\$ 231,070
Employee Benefits	54,000	51,328	2,672	51,791
Payroll Taxes	18,000	18,547	(547)	17,913
Bank Charges	2,500	1,627	873	6,412
Campaign Expenses - Advertising	12,000	12,560	(560)	13,091
Campaign Expenses - General	35,000	35,036	(36)	33,477
Conferences, Conventions, and Meetings	15,000	12,907	2,093	14,795
Community Awareness	16,000	18,394	(2,394)	21,096
Insurance	8,800	9,823	(1,023)	9,174
Membership Dues/Affiliated Organizations	35,000	35,472	(472)	34,390
Web and App Server	-	535	(535)	6,161
Occupancy Expenses	4,000	724	3,276	1,525
Occupancy Expenses - Utilities	5,500	5,565	(65)	5,492
Office Supplies	7,500	9,595	(2,095)	12,801
Postage and Shipping	1,500	451	1,049	475
Professional Fees	16,000	18,847	(2,847)	19,945
Repairs and Maintenance	6,500	8,706	(2,206)	12,586
Telephone	9,800	10,526	(726)	9,938
Purchase Equipment	2,000	-	2,000	-
Depreciation and Amortization	15,000	13,078	1,922	12,715
Total Expenses (Excluding Allocations and Grants)	\$ 497,386	\$ 496,051	\$ 1,335	\$ 514,847

Recapitulation of total expenses as reported on the Statement of Activities for the year ended December 31, 2015 and 2014.

	2015	2014
Budgeted Expenses - Actual	\$ 496,051	\$ 514,847
Allocations and Grants to Participating Agencies	1,839,729	1,743,816
(Less Donor Designations)	(322,823)	(327,102)
Total Expenses	\$ 2,012,957	\$ 1,931,561