

**TERRELL-KAUFMAN UNITED WAY, INC.**

**Financial Statements**

**For the Years Ended March 31, 2012 and 2011**

# CHARLES O. PAUL

## CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Terrell-Kaufman United Way, Inc.

We have audited the accompanying statements of financial position of Terrell-Kaufman United Way, Inc. (the Organization) as of March 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Terrell-Kaufman United Way, Inc. as of March 31, 2012 and 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Terrell-Kaufman United Way, Inc. taken as a whole. The supplementary statement of allocations to agencies is presented for the purpose of additional analysis and is not a required part of the basic 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 taken as a whole.



CHARLES O. PAUL, CPA  
North Richland Hills, Texas  
August 27, 2012

**TERRELL-KAUFMAN UNITED WAY, INC.  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 143,599	\$ 117,021
Pledges receivable - net of allowance for uncollectibles of \$5,867 at at March 31, 2012 and March 31, 2011	92,616	133,642
Prepaid expenses	919	1,370
<b>TOTAL ASSETS</b>	<b>\$ 237,134</b>	<b>\$ 252,033</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Allocations payable	\$ 90,031	\$ 99,041
Accounts payable and accrued expenses	1,504	1,948
<b>TOTAL LIABILITIES</b>	91,535	100,989
 <b>NET ASSETS</b>		
Unrestricted	145,599	151,044
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 237,134</b>	<b>\$ 252,033</b>

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

**TERRELL-KAUFMAN UNITED WAY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CONTRIBUTIONS AND INCOME</b>		
Pledges and contributions	\$ 174,131	\$ 214,372
Interest income	272	250
	<u>174,403</u>	<u>214,622</u>
 <b>FUNCTIONAL EXPENSES</b>		
Program expenses		
Agency allocations	90,049	99,091
Other program expenses	324	271
	<u>90,373</u>	<u>99,362</u>
General and administrative expenses	86,842	68,402
Fundraising expenses	2,633	2,954
	<u>179,848</u>	<u>170,718</u>
 <b>CHANGE IN NET ASSETS</b>	 (5,445)	 43,904
 <b>NET ASSETS, beginning of year</b>	 <u>151,044</u>	 <u>107,140</u>
 <b>NET ASSETS, end of year</b>	 <u><u>\$ 145,599</u></u>	 <u><u>\$ 151,044</u></u>

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

**TERRELL-KAUFMAN UNITED WAY, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FORM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ (5,445)	\$ 43,904
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities		
Pledges receivable	41,026	(24,214)
Prepaid expenses	451	(1,370)
Allocations payable	(9,010)	(9,496)
Other liabilities	<u>(444)</u>	<u>(9,313)</u>
Net cash provided by (used in) operating activities	26,578	(489)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>117,021</u>	<u>117,510</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 143,599</u></u>	<u><u>\$ 117,021</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest received	\$ 272	\$ 250

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

**TERRELL-KAUFMAN UNITED WAY, INC**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

**(a) Organization and Operations**

Terrell-Kaufman United Way, Inc. (Organization), a Texas nonprofit corporation, conducts annual campaigns to raise funds in order to support activities of health and welfare organizations (Agencies). The United Way receives pledges from businesses and individuals during pledge campaigns which are collected and donated to Agencies.

**(b) Basis of Accounting and Financial Statement Presentation**

The Organization's financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

*Unrestricted* - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

*Temporarily Restricted* - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts. There are no temporarily restricted net assets at March 31, 2012 or 2011.

*Permanently Restricted* - includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized. There are no permanently restricted net assets at March 31, 2012 or 2011.

**(c) Pledges Receivable**

Pledges receivable are recorded at estimated fair values when the received or promised by donors. The Organization records a provision for estimated uncollectible pledges based upon recent historical experience as well as other factors anticipated to affect collections. All pledges are due within one year.

**(d) Agency Allocations**

The Organization's allocations year is from April 1 through March 31. At March 31, 2012 and 2011, allocations payable represents amounts promised by the Board of Directors to be distributed from April 1, 2012 through March 31, 2013 and April 1, 2011 through March 31, 2012 respectively.

**TERRELL-KAUFMAN UNITED WAY, INC.**  
**Notes to Financial Statements**

**(e) Income Taxes**

The Organization is exempt from federal income taxes under provisions of Section 501(c) 3 of the Internal Revenue Code. The organization has been determined by the Internal Revenue Service to be a public charity.

**(f) Functional Expenses Allocation**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**(g) Contributed Services**

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been presented in the financial statements for contributed services, as the amounts are immaterial.

**(h) Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

**(i) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(j) Subsequent Events**

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**TERRELL-KAUFMAN UNITED WAY, INC.**  
**Notes to Financial Statements**

**2. Concentrations**

At March 31, 2012 and 2011, two and three local businesses comprised 44% and 43%, respectively, of the Organization's contributions income. Additionally, at March 31, 2012 and 2011, these businesses comprised 56% and 55% of the Organization's gross pledges receivable.

**3. Commitments**

The Organization leases space from Terrell State Hospital. The lease calls for monthly rental payments of \$366. The lease is terminable by the lessor with 30 days prior notice. Without such notice, the lease otherwise terminates December 2015.

**SUPPLEMENTARY INFORMATION**

**TERRELL-KAUFMAN UNITED WAY, INC.  
SCHEDULE OF ALLOCATIONS TO AGENCIES  
FOR THE YEAR ENDED MARCH 31, 2012**

	<u>2011-2012 Allocations Accrued</u>
American Red Cross	\$ 7,500
Boy Scouts of America	1,200
Camp Sweeney SW Diabetic	3,000
Children's Medical Center	4,000
Genesis Center	2,579
Girls Scouts - Tejas Council	900
Healing Hearts Ministry	6,200
Kaufman Christian Help Center	4,000
Kaufman County 4-H	-
Kaufman County Children's Emergency Shelter	10,000
Kaufman County Senior Citizens Services	15,000
Legal Aid of Northwest Texas	10,000
Reading & Radio Resource	500
The Salvation Army	7,800
Share Center	8,066
Helping Hand Rockwall County	104
United Way of Hunt County	182
Visiting Nurses Association	9,000
	<u>\$ 90,031</u>

**TERRELL-KAUFMAN UNITED WAY, INC.  
SCHEDULE OF ALLOCATIONS TO AGENCIES  
FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2010-2011 Allocations Accrued</u>
American Red Cross	\$ 9,500
Boy Scouts of America	1,800
Camp Sweeney SW Diabetic	3,006
Children's Medical Center	4,727
Genesis Center	3,862
Girls Scouts - Tejas Council	1,000
Healing Hearts Ministry	6,200
Kaufman Help Center	4,000
Kaufman County 4-H	104
Kaufman County Children's Emergency Shelter	10,000
Kaufman County Senior Citizens Services	16,000
Legal Aid of Northwest Texas	11,000
Reading & Radio Resource	567
The Salvation Army	8,000
Share Center	8,500
Children's Advocate Center	91
Parkland Burn Center	104
Other Allocations	630
Visiting Nurses Association	10,000
	<u>\$ 99,091</u>