

**UNITED WAY
FOR GREATER AUSTIN**

**Financial Statements as of and for the
Years Ended June 30, 2014 and 2013
and Independent Auditors' Report**

UNITED WAY FOR GREATER AUSTIN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way for Greater Austin:

We have audited the accompanying financial statements of United Way for Greater Austin ("UWATX") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"
This firm is not a CPA firm*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWATX as of June 30, 2014 and 2013, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maxwell Locke + Ritter LLP

Austin, Texas
September 12, 2014

UNITED WAY FOR GREATER AUSTIN

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 660,413	\$ 204,421
Investments	1,310,668	1,180,751
Accounts and contracts receivable	428,408	423,200
Pledges receivable, net	2,923,489	3,230,876
Prepaid expenses and other assets	54,089	41,814
Total current assets	5,377,067	5,081,062
PROPERTY AND EQUIPMENT, net	828,274	850,391
ENDOWMENT INVESTMENTS	807,233	718,250
TOTAL ASSETS	\$ 7,012,574	\$ 6,649,703
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 65,962	\$ 76,534
Accrued expenses and other current liabilities	107,464	101,617
Deferred revenue	-	25,500
Note payable, current portion	45,152	42,954
Community funds commitment	244,000	-
Designations due to others	1,116,795	1,508,948
Total current liabilities	1,579,373	1,755,553
NOTE PAYABLE, long term portion	352,222	404,399
Total liabilities	1,931,595	2,159,952
NET ASSETS:		
Unrestricted	3,710,796	3,560,792
Temporarily restricted	873,553	432,329
Permanently restricted	496,630	496,630
Total net assets	5,080,979	4,489,751
TOTAL LIABILITIES AND NET ASSETS	\$ 7,012,574	\$ 6,649,703

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Total amounts raised	\$ 13,283,573	1,532,351	-	14,815,924
Less amounts designated by donors				
for specific organizations	(8,417,433)	-	-	(8,417,433)
Less allowance for uncollectible pledges	(311,353)	-	-	(311,353)
Grants and contracts	2,440,338	-	-	2,440,338
In-kind donations	177,605	-	-	177,605
Total contributions	7,172,730	1,532,351	-	8,705,081
Service fee income	319,429	-	-	319,429
Unrealized and realized gain on investments, net of expenses	82,316	74,131	-	156,447
Interest and dividends	52,714	14,852	-	67,566
Other income	23,720	-	-	23,720
Net assets released from restrictions	1,180,110	(1,180,110)	-	-
Total revenues, gains and other support	8,831,019	441,224	-	9,272,243
ALLOCATIONS AND EXPENSES:				
Allocations to partner agencies	10,609,433	-	-	10,609,433
Less allocations funded through donor designations	(8,417,433)	-	-	(8,417,433)
Allocations to partner agencies	2,192,000	-	-	2,192,000
Program services:				
Navigation Center	3,226,724	-	-	3,226,724
Education	1,229,888	-	-	1,229,888
Income	325,849	-	-	325,849
Total allocations and program services	6,974,461	-	-	6,974,461
Supporting services:				
Fundraising	1,276,967	-	-	1,276,967
Management and general	429,587	-	-	429,587
Total supporting services	1,706,554	-	-	1,706,554
Total allocations and expenses	8,681,015	-	-	8,681,015
CHANGE IN NET ASSETS	150,004	441,224	-	591,228
NET ASSETS, beginning of year	3,560,792	432,329	496,630	4,489,751
NET ASSETS, end of year	\$ 3,710,796	873,553	496,630	5,080,979

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Total amounts raised	\$ 13,602,249	329,180	-	13,931,429
Less amounts designated by donors				
for specific organizations	(8,717,221)	-	-	(8,717,221)
Less allowance for uncollectible pledges	(267,873)	-	-	(267,873)
Grants and contracts	1,787,723	-	-	1,787,723
In-kind donations	97,827	-	-	97,827
Total contributions	6,502,705	329,180	-	6,831,885
Gain on sale of property	692,042	-	-	692,042
Service fee income	412,685	-	-	412,685
Unrealized and realized gain on investments, net of expenses	36,108	40,530	-	76,638
Interest and dividends	45,745	11,711	-	57,456
Other income	25,103	-	-	25,103
Net assets released from restrictions	605,746	(605,746)	-	-
Total revenues, gains and other support	8,320,134	(224,325)	-	8,095,809
ALLOCATIONS AND EXPENSES:				
Allocations to partner agencies	8,725,455	-	-	8,725,455
Less allocations funded through donor designations	(8,717,221)	-	-	(8,717,221)
Allocations to partner agencies	8,234	-	-	8,234
Program services:				
Navigation Center	2,633,259	-	-	2,633,259
Education	796,454	-	-	796,454
Income	171,627	-	-	171,627
Total allocations and program services	3,609,574	-	-	3,609,574
Supporting services:				
Fundraising	1,328,570	-	-	1,328,570
Management and general	395,522	-	-	395,522
Total supporting services	1,724,092	-	-	1,724,092
Total allocations and expenses	5,333,666	-	-	5,333,666
CHANGE IN NET ASSETS	2,986,468	(224,325)	-	2,762,143
NET ASSETS, beginning of year	574,324	656,654	496,630	1,727,608
NET ASSETS, end of year	\$ 3,560,792	432,329	496,630	4,489,751

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2014

	Navigation Center	Education	Income	Allocations	Total Allocations and Program Services	Fundraising	Management and General	Total Expenses
Professional personnel costs	\$ 1,889,307	377,774	133,823	-	2,400,904	905,710	194,953	3,501,567
Allocations to partner agencies	-	-	-	2,192,000	2,192,000	-	-	2,192,000
Support to community programs	450,960	467,550	112,598	-	1,031,108	-	-	1,031,108
Employee benefits	182,713	33,534	14,129	-	230,376	84,001	14,922	329,299
Professional fees and contracts	173,185	40,870	6,383	-	220,438	56,584	42,218	319,240
Payroll taxes	125,678	25,585	9,662	-	160,925	66,349	13,600	240,874
In-kind expense	33,633	90,351	2,655	-	126,639	32,357	18,609	177,605
Rental and maintenance of equipment	81,443	46,417	4,281	-	132,141	21,230	21,925	175,296
Payments to affiliates	56,266	13,326	4,442	-	74,034	27,152	29,614	130,800
Occupancy	47,817	11,325	3,775	-	62,917	22,870	25,167	110,954
Marketing	33,112	8,714	9,039	-	50,865	41,132	15,958	107,955
Training and travel	29,023	20,705	6,918	-	56,646	30,362	3,985	90,993
Food and beverage	17,635	7,810	3,168	-	28,613	51,329	5,429	85,371
Office expenses	23,205	14,222	7,193	-	44,620	15,010	5,022	64,652
Printing and publications	8,460	1,803	1,584	-	11,847	46,348	2,705	60,900
Interest expense	9,301	2,203	734	-	12,238	4,406	4,895	21,539
Photography and video	5,847	1,385	562	-	7,794	5,820	3,077	16,691
Insurance	5,560	1,317	439	-	7,316	2,634	2,926	12,876
Bad debt recoveries	-	-	-	-	-	(158,383)	-	(158,383)
Other expense	24,246	58,050	2,148	-	84,444	8,161	9,143	101,748
Total expenses before depreciation	3,197,391	1,222,941	323,533	2,192,000	6,935,865	1,263,072	414,148	8,613,085
Depreciation	29,333	6,947	2,316	-	38,596	13,895	15,439	67,930
Total allocations and expenses	\$ 3,226,724	1,229,888	325,849	2,192,000	6,974,461	1,276,967	429,587	8,681,015

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2013

	Navigation Center	Education	Income	Allocations	Total Allocations and Program Services	Fundraising	Management and General	Total Expenses
Professional personnel costs	\$ 1,547,154	306,159	74,669	-	1,927,982	834,278	153,306	2,915,566
Allocations to partner agencies	-	-	-	8,234	8,234	-	-	8,234
Support to community programs	96,683	69,337	20,134	-	186,154	-	-	186,154
Employee benefits	180,441	31,164	8,589	-	220,194	71,344	12,345	303,883
Professional fees and contracts	271,174	210,165	12,561	-	493,900	73,597	45,545	613,042
Payroll taxes	133,428	25,923	13,459	-	172,810	68,213	17,051	258,074
In-kind expense	40,127	8,524	2,675	-	51,326	27,677	18,825	97,828
Rental and maintenance of equipment	69,363	13,126	3,744	-	86,233	32,269	23,211	141,713
Payments to affiliates	54,830	10,966	3,655	-	69,451	33,439	25,723	128,613
Occupancy	43,302	8,660	2,887	-	54,849	26,409	20,314	101,572
Marketing	42,217	11,888	12,405	-	66,510	44,034	18,257	128,801
Training and travel	12,037	8,528	3,678	-	24,243	15,905	1,811	41,959
Food and beverage	9,733	7,864	1,244	-	18,841	32,301	3,219	54,361
Office expenses	20,874	39,385	870	-	61,129	19,722	5,953	86,804
Printing and publications	13,130	2,950	5,079	-	21,159	45,335	4,783	71,277
Interest expense	15,018	3,004	1,001	-	19,023	9,159	7,046	35,228
Photography and video	3,077	615	205	-	3,897	4,102	1,443	9,442
Insurance	5,987	1,197	399	-	7,583	3,651	2,809	14,043
Bad debt recoveries	-	-	-	-	-	(88,230)	-	(88,230)
Other expense	43,682	30,799	2,306	-	76,787	56,458	19,337	152,581
Total expenses before depreciation	2,602,257	790,254	169,560	8,234	3,570,305	1,309,663	380,978	5,260,946
Depreciation	31,002	6,200	2,067	-	39,269	18,907	14,544	72,720
Total allocations and expenses	\$ 2,633,259	796,454	171,627	8,234	3,609,574	1,328,570	395,522	5,333,666

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 591,228	\$ 2,762,143
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	67,930	72,720
Bad debt recoveries	(158,383)	(88,230)
Gain on sale of property	-	(692,042)
Unrealized and realized gains on investments, net of expenses	(156,447)	(76,638)
Changes in assets and liabilities that provided (used) cash:		
Accounts and contracts receivable	(5,208)	(86,861)
Pledges receivable	465,770	(261,479)
Prepaid expenses and other assets	(12,275)	(18,721)
Accounts payable	(10,572)	(278,944)
Accrued expenses and other current liabilities	5,847	(57,936)
Deferred revenue	(25,500)	25,500
Community funds commitment	244,000	(2,480,595)
Designations due to others	(392,153)	216,352
Net cash provided by (used in) operating activities	614,237	(964,731)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(45,813)	(16,326)
Proceeds from sale of property and equipment	-	750,000
Net (purchases) sales of investments	(62,453)	492,543
Net cash (used in) provided by investing activities	(108,266)	1,226,217
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(49,979)	(47,513)
Payments on line of credit	-	(370,310)
Proceeds from line of credit	-	70,000
Net cash used in financing activities	(49,979)	(347,823)
NET CHANGE IN CASH AND CASH EQUIVALENTS	455,992	(86,337)
CASH AND CASH EQUIVALENTS, beginning of year	204,421	290,758
CASH AND CASH EQUIVALENTS, end of year	\$ 660,413	\$ 204,421
SUPPLEMENTAL DISCLOSURES:		
Interest paid on note payable	\$ 21,539	\$ 24,005
Interest paid on line of credit	\$ -	\$ 11,206

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2014 AND 2013

1. ORGANIZATION

The United Way for Greater Austin (“UWATX”) was organized to inspire, lead and unite an eclectic community of philanthropists including individuals, nonprofits, businesses, and governments to overcome barriers to economic opportunities and ensure Greater Austin continues to thrive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board Accounting Standards Codification. Revenue is recognized when earned regardless of when collected, and expenses are recognized when the obligation is incurred regardless of when paid.

Classification of Net Assets - Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not restricted by donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of UWATX and/or the passage of time. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by UWATX. These net assets are not available for use in operations and limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of UWATX. The earnings from permanently restricted net assets are to be used to further UWATX’s mission including carrying out health and human services programs for those persons present or living in Central Texas and are included in temporarily restricted net assets.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - UWATX considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements - UWATX measures and discloses fair value measurements in accordance with the authoritative literature. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect UWATX's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Investments - Investments, including endowment investments, are carried at fair market value based on quoted market prices. Any changes in market value are reported in the statements of activities as unrealized or realized gains or losses.

Functional Expense Allocation - The costs of providing various program services, fundraising and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Program expenses are incurred for the following programs:

- Support allocated to agencies - involves providing funding to UWATX agencies for their continuing community assistance programs.
- Education Focus Area - Success By Six and Youth - involves convening and collaborating with child advocates, parents and caregivers to build early childhood and middle school initiatives.
- Navigation Center Focus Area - involves providing a central access point for an array of community resources, and a service that provides one-call access to non-profit and government resources to help navigate the complex system of health and human services.
- Income Focus Area - involves leading and participating in local initiatives to connect low-income individuals to services such as job training, educational programs and financial coaching.

Expenses incurred on the education, navigation center, and income focus areas are presented as program services in the statements of activities.

Accounts and Contracts Receivable - Accounts and contracts receivable are recorded at the value of the revenue earned, at the amount UWATX expects to collect. UWATX continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. UWATX had no allowance for uncollectible receivables at June 30, 2014 or 2013, because management estimates that the receivables are collectible.

Pledges Receivable - UWATX conducts its annual campaign in the last quarter of each calendar year to raise support for allocations to participating agencies in the subsequent fiscal year. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Receivables from contributions are recorded as revenue when the pledge is received and an allowance is recorded for amounts estimated to be uncollectible based upon prior history. Pledges are primarily from donors in the central Texas area and all pledges are due within one year.

Property and Equipment - Purchases of land, buildings and improvements, and furniture and equipment are recorded at cost. Donated assets are recorded at their estimated fair market value at the date of donation. UWATX capitalizes all fixed assets with a cost or donated value greater than or equal to \$2,500 and a useful life greater than one year. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	25 Years
Furniture and equipment	3 Years

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. If the estimated fair value of an asset is less than its carrying amount, an impairment loss is recognized based on the fair value of the asset. Management believes there had been no impairment of such assets as of June 30, 2014 or 2013.

Community Funds Commitment and Allocations to Partner Agencies - UWATX annually determines the amounts to be allocated and subsequently distributed to its partner agencies from the undesignated pledges received during the annual campaign as part of its Community Investment Program. For the years ended June 30, 2014 and 2013, \$2,192,000 and \$8,234, respectively, was allocated to partner agencies. The outstanding amounts to be paid to these partner agencies are recorded as a liability. At June 30, 2014 the community funds commitment liability was \$244,000. At June 30, 2013 there were no community funds commitment.

Designations Due to Others - UWATX, as part of its annual campaign, raises and collects amounts that donors have designated to be distributed to various partner agencies, non-partner agencies, and other United Ways. These designations do not represent income to UWATX but are recorded net of administrative fees as a liability at year end. In-kind contributions that are designated to be distributed to specific agencies are not recorded as revenue in these financial statements.

Contributions, Grants and Contracts - Contributions, including certain grants, are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the contribution. Revenues from contracts received from federal, state, and local governments are earned based on UWATX incurring allowable costs or providing services. Therefore, revenue is recognized as those costs are incurred or the services are provided.

Contributed Services - Contributions of services are recognized at their estimated fair market value if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers contribute significant amounts of time to UWATX in the allocation process, campaign efforts, and community program efforts. The financial statements do not reflect the value of these services as contributions in the financial statements since such services do not meet these criteria.

Income Taxes - UWATX is a non-profit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code; except to the extent of unrelated business income, if any. UWATX did not incur any tax liabilities due to unrelated business income for the years ended June 30, 2014 or 2013. UWATX files Form 990 tax returns in the U.S. federal jurisdiction, and is subject to routine examinations of its tax returns; however, there are no examinations currently in process. The fiscal year 2011 and subsequent tax years remain subject to examination by the Internal Revenue Service.

Reclassifications - Certain amounts in the prior year have been reclassified to conform to the presentation adopted in the current year. There was no impact on net assets.

3. CONCENTRATIONS

Financial instruments which potentially subject UWATX to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. UWATX places its cash and cash equivalents with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. UWATX does not maintain collateral for its receivables and does not believe significant risk existed at June 30, 2014 or 2013.

4. INVESTMENTS

Investments, including endowment investments, consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Fixed income - domestic mutual funds	\$ 530,799	\$ 507,685
Equities - domestic mutual funds	530,495	486,260
Equities - international mutual funds	306,033	281,550
Other complementary strategies funds	228,124	187,582
Fixed income - international mutual funds	210,058	176,189
Real asset and commodity funds	192,654	194,321
Cash and money market	119,738	65,414
Total investments	<u>\$ 2,117,901</u>	<u>\$ 1,899,001</u>

Investments were measured at fair value using the market approach and inputs were considered to be Level 1 under the fair value hierarchy. Investment earnings consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Unrealized and realized gains on investments	\$ 180,167	\$ 99,989
Interest and dividends	67,566	57,456
Expenses	<u>(23,720)</u>	<u>(23,351)</u>
Total investment earnings	<u>\$ 224,013</u>	<u>\$ 134,094</u>

5. PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Pledges receivable expected to be collected in less than one year	\$ 3,773,024	\$ 4,456,024
Allowance for uncollectible pledges to UWATX	(573,515)	(816,443)
Allowance for uncollectible pledges to designated organizations	<u>(276,020)</u>	<u>(408,705)</u>
Pledges receivable, net	<u>\$ 2,923,489</u>	<u>\$ 3,230,876</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2014</u>	<u>2013</u>
Buildings and improvements	\$ 2,240,105	\$ 2,240,105
Furniture and equipment	1,239,749	1,193,936
	3,479,854	3,434,041
Accumulated depreciation	(2,760,400)	(2,692,470)
Land	<u>108,820</u>	<u>108,820</u>
Total Property and equipment, net	<u>\$ 828,274</u>	<u>\$ 850,391</u>

7. ENDOWMENT FUND

UWATX's endowment consists solely of donor-restricted funds, which are restricted for the purpose of furthering UWATX's mission. The Board of Directors of UWATX ("the Board") interprets the Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWATX classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) the portion of investment return added to the permanent endowment to maintain its purchasing power. For purposes of determining that portion, each year UWATX adjusts permanently restricted net assets by an amount determined to be reasonable for use in the operations but also provide for the change in the average Consumer Price Index. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' real value, that excess is maintained in temporarily restricted net assets until appropriated for expenditure. In accordance with TUPMIFA, UWATX considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- The general economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

UWATX has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to result in high yields while assuming a moderate level of investment risk. UWATX expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. The spending policy allows the Board to determine amounts appropriated for expenditure.

Changes in endowment net assets were as follows for the year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 221,620	\$ 496,630	\$ 718,250
Interest and dividends	-	14,852	-	14,852
Unrealized and realized gain on investments	-	74,131	-	74,131
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 310,603</u>	<u>\$ 496,630</u>	<u>\$ 807,233</u>

Changes in endowment net assets were as follows for the year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 169,379	\$ 496,630	\$ 666,009
Interest and dividends	-	11,711	-	11,711
Unrealized and realized gain on investments	-	40,530	-	40,530
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 221,620</u>	<u>\$ 496,630</u>	<u>\$ 718,250</u>

Descriptions of the amounts classified as permanently restricted and temporarily restricted net assets (endowment only) were as follows at June 30:

	<u>2014</u>	<u>2013</u>
Permanently restricted net assets- The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by TUPMIFA	<u>\$ 496,630</u>	<u>\$ 496,630</u>
Temporarily restricted net assets- The portion of perpetual endowment funds without purpose restrictions under TUPMIFA	<u>\$ 310,603</u>	<u>\$ 221,620</u>

8. DEBT

UWATX had the following note payable at June 30:

	<u>2014</u>	<u>2013</u>
Mortgage note payable to a financial institution dated March 2, 2012 payable in monthly installments plus interest at a fixed rate of 5%, secured by land, building, improvements, and furniture and equipment. Balance due March 2, 2022.	\$ 397,374	\$ 447,353
Less current portion	<u>(45,152)</u>	<u>(42,954)</u>
Long-term portion	<u>\$ 352,222</u>	<u>\$ 404,399</u>

Future maturities of the note payable at June 30, 2014 were as follows:

	<u>Amount</u>
2015	\$ 45,152
2016	47,461
2017	49,891
2018	52,442
2019	55,084
Thereafter	<u>147,344</u>
	<u>\$ 397,374</u>

At June 30, 2014, UWATX had a \$250,000 revolving line of credit with a bank, which bears interest at a variable rate (4% at June 30, 2014) and is secured by UWATX's investments. The line matures on February 25, 2015. At June 30, 2014 and 2013, there were no outstanding advances.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Success by Six	\$ 347,382	\$ 163,365
Endowment Earnings	310,603	221,620
Education	125,224	5,700
Financial Stability	81,844	30,644
Day of Caring	7,500	11,000
Community Investments	1,000	-
	<u>\$ 873,553</u>	<u>\$ 432,329</u>

10. LEASES

UWATX leases office equipment under an operating lease that expires in September 2018. Rent expense totaled \$42,213 and \$60,132 for the years ended June 30, 2014 and 2013, respectively.

Future minimum rental payments were as follows at June 30, 2014:

2015	\$	41,652
2016		41,652
2017		41,652
2018		31,239
Total	\$	<u>156,195</u>

11. IN-KIND DONATIONS

Non-cash (in-kind) donations included as revenue in the financial statements consisted of the following for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Donated equipment and software	\$ 82,385	\$ 881
Advertising and market research services	72,310	89,841
Food and beverage	2,066	1,980
Other	20,844	5,125
Total	<u>\$ 177,605</u>	<u>\$ 97,827</u>

12. ALLOCATIONS FUNDED THROUGH DONOR DESIGNATIONS

Allocations funded through donor designations were as follows for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Designations to other 501(c)(3) organizations	\$ 7,441,418	\$ 7,158,191
Designations to other United Ways	548,608	654,743
Designations to partner agencies	427,407	904,287
Total allocations funded through donor designations	<u>\$ 8,417,433</u>	<u>\$ 8,717,221</u>

13. CONDITIONAL PROMISES TO GIVE

A private foundation has pledged \$1,000,000 for the Success by Six program to be gifted over four years at \$250,000 each year. Of the annual \$250,000 gift, \$50,000 is unrestricted and the balance of \$200,000 is conditioned on receiving new gifts from other donors of any dollar amount pledged to the Success by Six program, which the private foundation will match dollar for dollar up to \$200,000. Since this pledge represents a conditional promise to give, it is recorded as contribution revenue as the pledge conditions are met. Revenue earned and funds received from the private foundation in relationship to the conditions being met totaled \$200,000 in each of the years ended June 30, 2014 and 2013. The balance remaining that may be earned through matching on this conditional grant in future years is \$200,000.

14. PAYMENTS TO AFFILIATES

During the years ended June 30, 2014 and 2013, UWATX recorded expenses for amounts due to affiliates that represent dues to United Way Worldwide (“UWW”) of \$114,310 and \$110,473, respectively; dues to United Way of Texas of \$15,730 and \$16,952, respectively; and dues to various other affiliates of \$760 and \$1,188, respectively.

15. CAMPAIGN CONTRIBUTIONS

UWATX serves as the designated fiscal agent for the Combined Federal Campaign (“CFC”) and State Employee Charitable Campaign (“SECC”) public sector campaigns.

As fiscal agent, UWATX manages these campaigns and administers their financial activities, including the collection and distribution of funds. Activity from these campaigns is reflected in the accompanying financial statements. Amounts raised are included in total amounts raised, from which are deducted designations to agencies other than UWATX. Amounts collected for others and not yet distributed are recorded as designations due to others.

UWATX participates in the CFC and the SECC local campaigns along with other organizations as a federation. A federation is defined as a group of voluntary charitable human health and welfare organizations created to supply common fundraising, administrative, and management services to its constituent members. A federation must have at least 15 member organizations (other than itself). UWATX’s federation honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

16. RETIREMENT PLAN

UWATX offers its employees the opportunity to enroll in a 403(b) plan. This tax deferred annuity plan allows employees, at their option, to make contributions using payroll deductions. There were no employer contributions during the years ended June 30, 2014 and 2013.

17. SUBSEQUENT EVENTS

UWATX has evaluated subsequent events through September 12, 2014 (the date the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date that would impact the financial statements.