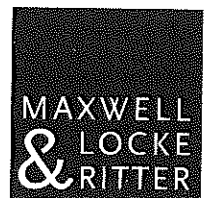


**UNITED WAY
FOR GREATER AUSTIN**

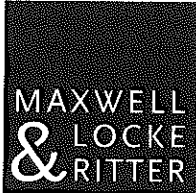
**Financial Statements for the
Years Ended June 30, 2013 and 2012
and Independent Auditors' Report**



UNITED WAY FOR GREATER AUSTIN

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

tel (512) 370 3200 fax (512) 370 3250

www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 303 East Main Street
Round Rock, TX 78664

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, 2013 and 2012, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Adviser"
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, 2013 and 2012, 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
October 16, 2013

UNITED WAY FOR GREATER AUSTIN

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 204,421	\$ 290,758
Investments	1,180,751	1,648,897
Accounts and contracts receivable	423,200	336,339
Pledges receivable, net	3,230,876	2,881,167
Prepaid expenses and other assets	41,814	23,093
Total current assets	5,081,062	5,180,254
Property and equipment, net	850,391	964,743
Endowment investments	718,250	666,009
TOTAL ASSETS	\$ 6,649,703	\$ 6,811,006
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 76,534	\$ 355,478
Accrued expenses and other current liabilities	101,617	159,553
Deferred revenue	25,500	-
Note payable, current portion	42,954	35,264
Line of credit	-	300,310
Community funds commitment	-	2,480,595
Designations due to others	1,508,948	1,292,596
Total current liabilities	1,755,553	4,623,796
Note payable, long term portion	404,399	459,602
Total liabilities	2,159,952	5,083,398
Net assets:		
Unrestricted	3,560,792	574,324
Temporarily restricted	432,329	656,654
Permanently restricted	496,630	496,630
Total net assets	4,489,751	1,727,608
TOTAL LIABILITIES AND NET ASSETS	\$ 6,649,703	\$ 6,811,006

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 contributors 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
Interest and dividends	45,745	11,711	-	57,456
Unrealized and realized gain on investments, net of expenses	36,108	40,530	-	76,638
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 agencies and other United Ways	8,725,455	-	-	8,725,455
Less allocations funded through contributor designations	(8,717,221)	-	-	(8,717,221)
Allocations to partner agencies	8,234	-	-	8,234
Navigation Center	2,595,436	-	-	2,595,436
Education	788,963	-	-	788,963
Income	169,129	-	-	169,129
Total allocations and program services	3,561,761	-	-	3,561,761
Supporting services:				
Fundraising	1,393,958	-	-	1,393,958
Management and general	377,947	-	-	377,947
Total supporting services	1,771,905	-	-	1,771,905
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 ACTIVITIES YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT:				
Total amounts raised	\$ 12,593,596	1,098,637	-	13,692,233
Less amounts designated by contributors for specific organizations	(8,462,630)	-	-	(8,462,630)
Less allowance for uncollectible pledges	(258,497)	-	-	(258,497)
Grants and contracts	1,640,392	-	-	1,640,392
In-kind donations	168,289	-	-	168,289
Total contributions	5,681,150	1,098,637	-	6,779,787
Service fee income	347,762	-	-	347,762
Interest and dividends	39,413	35,261	-	74,674
Unrealized and realized (loss) gain on investments, net of expenses	(109,126)	27,165	-	(81,961)
Other income	55,079	-	-	55,079
Net assets released from restrictions	1,921,797	(1,921,797)	-	-
Total revenues, gains and other support	7,936,075	(760,734)	-	7,175,341
ALLOCATIONS AND EXPENSES:				
Allocations to agencies and other United Ways	10,509,273	-	-	10,509,273
Less allocations funded through contributor designations	(8,462,630)	-	-	(8,462,630)
Allocations to partner agencies	2,046,643	-	-	2,046,643
Navigation Center	2,279,786	-	-	2,279,786
Education	1,063,832	-	-	1,063,832
Income	201,310	-	-	201,310
Total allocations and program services	5,591,572	-	-	5,591,572
Supporting services:				
Fundraising	1,644,105	-	-	1,644,105
Management and general	605,238	-	-	605,238
Total supporting services	2,249,343	-	-	2,249,343
Total allocations and expenses	7,840,915	-	-	7,840,915
CHANGE IN NET ASSETS	95,160	(760,734)	-	(665,574)
NET ASSETS, beginning of year	479,164	1,417,388	496,630	2,393,182
NET ASSETS, end of year	\$ 574,324	656,654	496,630	1,727,608

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013**

	Income	Education	Navigation Center	Allocations	Total Allocations and Program Services	Management and General	Fundraising	Total Expenses
Professional personnel costs	\$ 74,669	306,159	1,547,154	-	1,927,982	153,306	834,278	2,915,566
Allocations to partner agencies	-	-	-	8,234	8,234	-	-	8,234
Professional fees and contracts	12,561	210,165	271,174	-	493,900	45,545	73,597	613,042
Employee benefits	8,589	31,164	180,441	-	220,193	12,345	71,344	303,882
Payroll taxes	13,459	25,923	133,428	-	172,810	17,051	68,213	258,074
Office expenses	870	39,385	20,874	-	61,129	5,953	19,722	86,803
In-kind expense	2,675	8,524	40,127	-	51,326	18,825	27,677	97,828
Occupancy	2,887	8,660	43,302	-	54,849	20,314	26,409	101,572
Rental and maintenance of equipment	3,744	13,126	69,363	-	86,233	23,211	32,269	141,713
Interest expense	1,001	3,004	15,018	-	19,023	7,046	9,159	35,229
Printing and publications	5,079	2,950	13,130	-	21,160	4,783	45,335	71,279
Marketing	12,405	11,888	42,217	-	66,510	18,257	44,034	128,801
Training and travel	3,678	8,528	12,037	-	24,244	1,811	15,905	41,960
Food and beverage	1,244	7,864	9,733	-	18,840	3,219	32,301	54,360
Support to community programs	20,134	69,337	96,683	-	186,153	-	-	186,153
Payments to affiliates	3,655	10,966	54,830	-	69,451	25,723	33,439	128,613
Photography and video	205	615	3,077	-	3,897	1,443	4,102	9,443
Insurance	399	1,197	5,987	-	7,583	2,809	3,651	14,043
Bad debt recoveries	(2,497)	(7,492)	(37,822)	-	(47,811)	(17,573)	(22,845)	(88,230)
Other expense	2,305	30,799	43,682	-	76,786	19,337	56,458	152,581
Total expenses before depreciation	167,062	782,763	2,564,434	8,234	3,522,492	363,403	1,375,050	5,260,946
Depreciation	2,067	6,200	31,002	-	39,269	14,544	18,907	72,720
Total allocations and expenses	\$ 169,129	788,963	2,595,436	8,234	3,561,761	377,947	1,393,958	5,333,666

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012**

	Income	Education	Navigation Center	Allocations	Total Allocations and Program Services	Management and General	Fundraising	Total
Professional personnel costs	\$ 80,280	259,386	1,381,532	-	1,721,197	339,748	855,349	2,916,294
Allocations to partner agencies	-	-	-	2,046,643	2,046,643	-	-	2,046,643
Professional fees and contracts	21,830	224,754	249,529	-	496,113	105,727	78,513	680,353
Employee benefits	5,740	26,079	162,389	-	194,209	33,435	78,823	306,467
Payroll taxes	7,755	18,969	113,473	-	140,197	25,877	70,028	236,102
Office expenses	11,843	64,533	15,791	-	92,167	10,241	102,407	204,815
In-kind expense	3,986	11,957	59,787	-	75,730	8,414	84,144	168,288
Occupancy	4,020	12,411	60,809	-	77,240	6,833	52,586	136,659
Rental and maintenance of equipment	1,618	6,087	48,115	-	55,821	6,202	62,022	124,045
Interest expense	2,391	7,173	35,867	-	45,432	5,048	50,480	100,960
Payments to United Way Worldwide	-	-	-	-	-	49,625	24,813	74,438
Printing and publications	1,764	12,107	27,461	-	41,332	1,503	32,314	75,149
Marketing	25,197	13,428	-	-	38,625	-	38,631	77,256
Training and travel	3,625	11,346	13,905	-	28,876	3,212	32,084	64,172
Food and beverage	1,815	20,133	8,162	-	30,110	1,204	28,905	60,219
Support to community programs	22,940	337,605	17,364	-	377,909	-	-	377,909
Payments to affiliates	1,512	4,537	22,686	-	28,735	7,844	3,922	40,501
Photography and video	-	12,090	-	-	12,090	765	7,646	20,501
Insurance	264	2,314	3,963	-	6,541	727	7,267	14,535
Bad debt recoveries	(2,426)	(7,277)	(36,386)	-	(46,089)	(5,121)	(51,211)	(102,421)
Other expense	5,447	21,079	69,735	-	96,261	350	49,346	145,957
Total expenses before depreciation	199,603	1,058,711	2,254,181	2,046,643	5,559,139	601,634	1,608,069	7,768,842
Depreciation	1,707	5,121	25,605	-	32,433	3,604	36,036	72,073
Total allocations and expenses	\$ 201,310	1,063,832	2,279,786	2,046,643	5,591,572	605,238	1,644,105	7,840,915

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,762,143	\$ (665,574)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	72,720	72,074
Bad debt recoveries	(88,230)	(102,421)
Gain on sale of property	(692,042)	-
Unrealized and realized (gain) loss on investments, net of expenses	(76,638)	81,961
Changes in assets and liabilities that provided (used) cash:		
Accounts and contracts receivable	(86,861)	122,621
Pledges receivable	(261,479)	(48,766)
Prepaid expenses and other assets	(18,721)	(21,367)
Accounts payable	(278,944)	(263,100)
Accrued expenses and other current liabilities	(57,936)	5,545
Due to affiliated organizations	-	(11,300)
Community funds commitment	(2,480,595)	(928,174)
Support for community programs	-	(436)
Deferred revenue	25,500	-
Designations due to others	216,352	238,965
Net cash used in operating activities	<u>(964,731)</u>	<u>(1,519,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,326)	(17,606)
Proceeds from sale of property and equipment	750,000	-
Net sales of investments	492,543	1,324,724
Net cash provided by investing activities	<u>1,226,217</u>	<u>1,307,118</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(47,513)	(512,370)
Borrowings on notes payable	-	510,366
Payments on line of credit	(370,310)	-
Proceeds from line of credit	70,000	150,310
Net cash (used in) provided by financing activities	<u>(347,823)</u>	<u>148,306</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(86,337)</u>	<u>(64,548)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>290,758</u>	<u>355,306</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 204,421</u>	<u>\$ 290,758</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid on note payable	<u>\$ 24,005</u>	<u>\$ 31,647</u>
Interest paid on line of credit	<u>\$ 11,206</u>	<u>\$ 14,516</u>

See notes to financial statements.

UNITED WAY FOR GREATER AUSTIN

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2013 AND 2012

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCCOUNTING 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.

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

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of UWATX and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement 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. 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.

Accounting 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.

Investments - 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 gains or losses.

Accounts and Contracts Receivable - Accounts and contracts receivable are recorded at the amount UWATX expects to collect on outstanding balances. UWATX has not set up an allowance for uncollectible receivables at June 30, 2013 and 2012, 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 contributor. Receivables from contributions are recorded as revenue when the pledge is received and an allowance is provided for amounts estimated to be uncollectible based upon prior history. Pledges are primarily from contributors in the central Texas area and all pledges are due within one year. Pledges receivable are measured at net realizable value because that amount results in a reasonable estimate of fair value.

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.

Property and Equipment - Purchases of land, buildings, and furniture and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. UWATX capitalizes all fixed assets with a cost or donated value greater than or equal to \$2,000 and a useful life greater than one year. Depreciation expense is calculated using the straight-line method and the following estimated useful lives:

Buildings	25 Years
Building 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 the assets is less than the carrying amount, an impairment loss is recognized based on the fair value of the asset. Management believes there had been no impairment as of June 30, 2013 and 2012.

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, 2013 and 2012, \$8,234 and \$2,046,643, respectively, was allocated to partner agencies. The outstanding amounts to be paid to these partner agencies are recorded as a liability. At June 30, 2013 there was no community funds commitment. At June 30, 2012 the community funds commitment liability was \$2,480,595.

Designations Due to Others - UWATX, as part of its annual campaign, raises and collects amounts that contributors 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 - Contributions 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.

Government Contracts Revenue Recognition - 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.

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 other program services on the statements of activities.

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, 2013 or 2012.

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, 2013 and 2012.

4. INVESTMENTS

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

	<u>2013</u>	<u>2012</u>
Cash and money market	\$ 65,414	\$ 129,988
Fixed income - domestic mutual funds	507,685	785,021
Fixed income - international mutual funds	176,189	281,113
Equities - domestic mutual funds	486,260	443,894
Equities - international mutual funds	281,550	272,524
Other complementary strategies funds	187,582	178,329
Real asset and commodity funds	194,321	224,037
Total investments	<u>\$ 1,899,001</u>	<u>\$ 2,314,906</u>

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

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 57,456	\$ 74,674
Unrealized and realized gain (loss) on investments	99,989	(51,836)
Expenses	<u>(23,351)</u>	<u>(30,125)</u>
Total investment earnings	<u>\$ 134,094</u>	<u>\$ (7,287)</u>

5. PLEDGES RECEIVABLE

The allowance for uncollectible pledges includes \$816,443 and \$783,326 related to pledges receivable made to UWATX at June 30, 2013 and 2012, respectively, and \$408,705 and \$689,584 related to pledges receivable designated for other organizations at June 30, 2013 and 2012, respectively. All pledges receivable at June 30, 2013 and 2012 were due in less than one year. Pledges receivable were measured at fair value using the income approach and inputs were considered Level 3 under the fair value hierarchy. Reconciliations of the beginning and ending balances in pledges receivable for the years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Balance beginning of year	\$ 2,881,167	\$ 2,729,980
New pledges	14,107,748	14,016,580
Payments on receivables	(13,736,459)	(13,747,113)
Net change in allowance and write offs	<u>(21,580)</u>	<u>(118,280)</u>
Balance end of year	<u>\$ 3,230,876</u>	<u>\$ 2,881,167</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Land	\$ 108,820	\$ 126,240
Buildings and improvements	2,240,105	2,470,246
Furniture and equipment	<u>1,193,936</u>	<u>1,177,610</u>
Total	3,542,861	3,774,096
Accumulated depreciation	<u>(2,692,470)</u>	<u>(2,809,353)</u>
Property and equipment, net	<u>\$ 850,391</u>	<u>\$ 964,743</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 Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 UPMIFA, 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, 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>

Changes in endowment net assets were as follows for the year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 106,953	\$ 496,630	\$ 603,583
Interest and dividends	-	35,261	-	35,261
Unrealized and realized gain on investments	-	27,165	-	27,165
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 169,379</u>	<u>\$ 496,630</u>	<u>\$ 666,009</u>

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

	<u>2013</u>	<u>2012</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 UPMIFA	<u>\$ 496,630</u>	<u>\$ 496,630</u>
Temporarily restricted net assets-		
The portion of perpetual endowment funds without purpose restrictions under UPMIFA	<u>\$ 221,620</u>	<u>\$ 169,379</u>

8. DEBT

UWATX had the following note payable at June 30:

	<u>2013</u>	<u>2012</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.	\$ 447,353	\$ 494,866
Less current portion	<u>(42,954)</u>	<u>(35,264)</u>
Long-term portion	<u>\$ 404,399</u>	<u>\$ 459,602</u>

Future maturities of the note payable at June 30, 2013 are as follows:

	<u>Amount</u>
2014	\$ 42,954
2015	45,152
2016	47,461
2017	49,891
2018	52,442
2019 and thereafter	<u>209,453</u>
	<u>\$ 447,353</u>

At June 30, 2013, UWATX had a \$373,102 revolving line of credit with a bank, which bore interest at a variable rate of interest (4% at June 30, 2012), and was secured by UWATX's investments. The line matured on September 25, 2012 and was renewed until October 25, 2013. At June 30, 2013 and 2012, there was \$0 and \$300,310, respectively, in outstanding advances.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Endowment Earnings	\$ 221,620	\$ 169,379
Success by Six	163,365	367,265
Financial Stability	30,644	64,697
Day of Caring	11,000	11,000
Education	<u>5,700</u>	<u>44,313</u>
	<u>\$ 432,329</u>	<u>\$ 656,654</u>

10. LEASES

UWATX leases office equipment under operating leases that expire at various dates through July 2017. Rent expense totaled \$60,132 and \$48,494 for the years ended June 30, 2013 and 2012, respectively. Future minimum rental payments due under leases which have initial or remaining terms in excess of one year are as follows at June 30, 2013:

2014	\$	43,542
2015		22,881
2016		2,220
2017		1,295
Total	\$	<u>69,938</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:

	2013	2012
Advertising	\$ 89,841	\$ 147,426
Food and beverage	1,980	1,680
Donated Equipment	881	17,165
Other	5,125	2,018
Total	<u>\$ 97,827</u>	<u>\$ 168,289</u>

12. ALLOCATIONS FUNDED THROUGH CONTRIBUTOR DESIGNATIONS

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

	2013	2012
Designations to partner agencies	\$ 904,287	\$ 884,400
Designations to other United Ways	654,743	395,794
Designations to other 501(c)(3) organizations	7,158,191	7,182,436
Total designations	<u>\$ 8,717,221</u>	<u>\$ 8,462,630</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 and \$133,698 for the years ended June 30, 2013 and 2012, respectively. The balance remaining that may be earned through matching on this conditional grant in future years is \$400,000.

14. PAYMENTS TO AFFILIATES

During the years ended June 30, 2013 and 2012, UWATX recorded expenses for amounts due to affiliates that represent dues to United Way Worldwide ("UWW") of \$110,473 and \$99,250, respectively; dues to United Way of Texas of \$16,952 and \$15,438, respectively; and dues to various other affiliates of \$1,188 and \$250, 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 for the years ended June 30, 2013 and 2012.

17. SUBSEQUENT EVENTS

UWATX has evaluated subsequent events through October 16, 2013 (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.