

NORTH TEXAS AREA UNITED WAY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

NORTH TEXAS AREA UNITED WAY, INC.

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Independent Auditor's Report

The Board of Directors
North Texas Area United Way, Inc.
Wichita Falls, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of North Texas Area United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2018 and 2017, 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 North Texas Area United Way, Inc. as of March 31, 2018 and 2017, and the changes 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2018, on our consideration of North Texas Area United Way, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Texas Area United Way, Inc.'s internal control over financial reporting and compliance.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 6, 2018

FINANCIAL STATEMENTS

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 294,240	\$ 354,875
Certificates of deposit	227,271	274,587
Pledges receivable, net	189,835	396,617
Grants receivable	408,317	384,500
Other receivables	-	1,142
Beneficial interest in assets held by others	73,385	68,151
Property and equipment, net	381,548	403,577
Total assets	<u>\$ 1,574,596</u>	<u>\$ 1,883,449</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 181,170	\$ 159,200
Accrued expenses	24,397	34,484
Refundable grant advances	39,818	22,961
Agency allocations payable	396,628	400,590
Donor designations payable	52,178	264,063
Total liabilities	<u>694,191</u>	<u>881,298</u>
<u>NET ASSETS</u>		
Unrestricted:		
Unappropriated	822,341	938,676
Board appropriated	27,506	32,133
Temporarily restricted	30,558	31,342
Total net assets	<u>880,405</u>	<u>1,002,151</u>
Total liabilities and net assets	<u>\$ 1,574,596</u>	<u>\$ 1,883,449</u>

The accompanying Notes are an integral part of these financial statements.

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2018

	Unrestricted	Temporarily Restricted	Totals
Public support and revenue:			
Gross campaign results	\$ 495,505	\$ -	\$ 495,505
Less donor designations	(49,544)	-	(49,544)
Less provision for uncollectible pledges	(3,116)	-	(3,116)
Net campaign revenue	442,845	-	442,845
Other public support	269,503	-	269,503
Governmental grants	2,114,731	-	2,114,731
Service fees	(52)	-	(52)
Special events, net	44,300	-	44,300
Investment income	3,314	-	3,314
Change in value of beneficial interest in assets held by others	5,234	-	5,234
Oil and gas lease bonus	28,184	-	28,184
Miscellaneous income	7,767	-	7,767
Net assets released from restrictions	784	(784)	-
Total public support and revenue	2,916,610	(784)	2,915,826
Expenses:			
Program services:			
Community impact - education	2,180,302	-	2,180,302
Community impact - health	79,347	-	79,347
Community impact - income	355,010	-	355,010
Supporting services:			
Management and general	300,352	-	300,352
Fundraising	101,169	-	101,169
Unallocated payments to affiliates	21,392	-	21,392
Total expenses	3,037,572	-	3,037,572
Change in net assets	(120,962)	(784)	(121,746)
Net assets at beginning of year	970,809	31,342	1,002,151
Net assets at end of year	\$ 849,847	\$ 30,558	\$ 880,405

The accompanying Notes are an integral part of these financial statements.

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2017

	Unrestricted	Temporarily Restricted	Totals
Public support and revenue:			
Gross campaign results	\$ 794,479	\$ -	\$ 794,479
Less donor designations	(240,346)	-	(240,346)
Less provision for uncollectible pledges	(43,277)	-	(43,277)
Net campaign revenue	510,856	-	510,856
Other public support	251,788	-	251,788
Governmental grants	1,981,184	-	1,981,184
Service fees	2,427	-	2,427
Special events, net	23,253	-	23,253
Investment income	1,181	-	1,181
Change in value of beneficial interest in assets held by others	5,369	-	5,369
Oil and gas lease bonus	28,669	-	28,669
Miscellaneous income	3,814	-	3,814
Net assets released from restrictions	-	-	-
Total public support and revenue	2,808,541	-	2,808,541
Expenses:			
Program services:			
Community impact - education	2,069,647	-	2,069,647
Community impact - health	79,348	-	79,348
Community impact - income	340,174	-	340,174
Supporting services:			
Management and general	451,441	-	451,441
Fundraising	143,504	-	143,504
Unallocated payments to affiliates	19,813	-	19,813
Total expenses	3,103,927	-	3,103,927
Change in net assets	(295,386)	-	(295,386)
Net assets at beginning of year	1,266,195	31,342	1,297,537
Net assets at end of year	\$ 970,809	\$ 31,342	\$ 1,002,151

The accompanying Notes are an integral part of these financial statements.

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2018

	Program Services			Total
	Community Impact			
	Education	Health	Income	
Gross allocations to agencies	\$ 252,203	\$ 88,760	\$ 61,190	\$ 402,153
Less donor designations	(32,204)	(9,413)	(7,927)	(49,544)
Net allocations to agencies	219,999	79,347	53,263	352,609
Grants to other entities	956,480	-	-	956,480
Salaries and wages	521,986	-	176,021	698,007
Payroll related taxes	67,625	-	25,405	93,030
Employee benefits	46,151	-	26,648	72,799
Total payroll and related expenses	635,762	-	228,074	863,836
Contract labor	-	-	-	-
Advertising	27,291	-	5,682	32,973
Professional fees	20,510	-	6,498	27,008
Supplies	125,505	-	9,440	134,945
Telephone	18,450	-	1,834	20,284
Postage and shipping	952	-	392	1,344
Occupancy	53,143	-	5,764	58,907
Maintenance of equipment	17,167	-	4,214	21,381
Printing and publications	3,337	-	4,454	7,791
Local meals and travel	40,167	-	4,254	44,421
Conferences and conventions	21,529	-	873	22,402
Insurance	1,981	-	781	2,762
Subscriptions and dues	5,897	-	754	6,651
Financial and material assistance	5,540	-	16,120	21,660
Miscellaneous	251	-	806	1,057
Awards/Recognition/Incentives	12,712	-	7,211	19,923
Depreciation expense	13,629	-	4,596	18,225
Total expenses before United Way				
Worldwide dues	2,180,302	79,347	355,010	2,614,659
United Way Worldwide dues	-	-	-	-
Total expenses	\$ 2,180,302	\$ 79,347	\$ 355,010	\$ 2,614,659

The accompanying Notes are an integral part of these financial statements.

Supporting Services

Management & General	Fundraising	Unallocated Payments to Affiliates	Total	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ 402,153
-	-	-	-	(49,544)
-	-	-	-	352,609
-	-	-	-	956,480
195,833	42,607	-	238,440	936,447
22,466	5,640	-	28,106	121,136
27,520	8,190	-	35,710	108,509
<u>245,819</u>	<u>56,437</u>	<u>-</u>	<u>302,256</u>	<u>1,166,092</u>
-	414	-	414	414
4	10,138	-	10,142	43,115
15,988	1,767	-	17,755	44,763
6,361	3,575	-	9,936	144,881
2,826	472	-	3,298	23,582
414	1,163	-	1,577	2,921
6,035	1,024	-	7,059	65,966
7,498	5,006	-	12,504	33,885
796	2,172	-	2,968	10,759
1,896	1,427	-	3,323	47,744
632	14,622	-	15,254	37,656
5,279	909	-	6,188	8,950
488	307	-	795	7,446
-	-	-	-	21,660
1,203	624	-	1,827	2,884
-	-	-	-	19,923
<u>5,113</u>	<u>1,112</u>	<u>-</u>	<u>6,225</u>	<u>24,450</u>
300,352	101,169	-	401,521	3,016,180
-	-	21,392	21,392	21,392
<u>\$ 300,352</u>	<u>\$ 101,169</u>	<u>\$ 21,392</u>	<u>\$ 422,913</u>	<u>\$ 3,037,572</u>

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2017

	Program Services			
	Community Impact			
	Education	Health	Income	Total
Gross allocations to agencies	\$ 376,507	\$ 125,014	\$ 91,718	\$ 593,239
Less donor designations	(156,225)	(45,666)	(38,455)	(240,346)
Net allocations to agencies	220,282	79,348	53,263	352,893
Grants to other entities	914,523	-	-	914,523
Salaries and wages	474,193	-	171,329	645,522
Payroll related taxes	61,532	-	22,490	84,022
Employee benefits	61,030	-	25,453	86,483
Total payroll and related expenses	596,755	-	219,272	816,027
Advertising	26,317	-	14,494	40,811
Professional fees	34,208	-	6,507	40,715
Supplies	87,029	-	13,375	100,404
Telephone	7,771	-	1,004	8,775
Postage and shipping	243	-	336	579
Occupancy	56,286	-	302	56,588
Maintenance of equipment	10,757	-	1,815	12,572
Printing and publications	14,472	-	1,386	15,858
Local meals and travel	41,130	-	5,528	46,658
Conferences and conventions	31,324	-	1,827	33,151
Insurance	-	-	4	4
Subscriptions and dues	5,750	-	550	6,300
Financial and material assistance	2,047	-	9,589	11,636
Miscellaneous	637	-	62	699
Awards/Recognitions/Incentives	5,442	-	5,559	11,001
Depreciation expense	14,674	-	5,301	19,975
Total expenses before United Way				
Worldwide dues	2,069,647	79,348	340,174	2,489,169
United Way Worldwide dues	-	-	-	-
Total expenses	\$ 2,069,647	\$ 79,348	\$ 340,174	\$ 2,489,169

The accompanying Notes are an integral part of these financial statements.

Supporting Services

Management & General	Fundraising	Unallocated Payments to Affiliates	Total	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ 593,239
-	-	-	-	(240,346)
-	-	-	-	352,893
-	-	-	-	914,523
258,357	57,149	-	315,506	961,028
31,798	7,361	-	39,159	123,181
48,575	16,240	-	64,815	151,298
338,730	80,750	-	419,480	1,235,507
1,404	21,716	-	23,120	63,931
17,989	5,995	-	23,984	64,699
15,227	5,836	-	21,063	121,467
7,561	783	-	8,344	17,119
495	1,815	-	2,310	2,889
13,737	1,378	-	15,115	71,703
22,603	4,177	-	26,780	39,352
4,150	8,443	-	12,593	28,451
12,022	2,154	-	14,176	60,834
2,025	7,904	-	9,929	43,080
5,784	461	-	6,245	6,249
957	44	-	1,001	7,301
-	-	-	-	11,636
675	160	-	835	1,534
88	120	-	208	11,209
7,994	1,768	-	9,762	29,737
451,441	143,504	-	594,945	3,084,114
-	-	19,813	19,813	19,813
\$ 451,441	\$ 143,504	\$ 19,813	\$ 614,758	\$ 3,103,927

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (121,746)	\$ (295,386)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	24,450	29,737
Change in value of beneficial interest in assets held by others	(5,234)	(5,369)
(Increase) decrease in operating assets:		
Pledges receivable, net	206,782	77,865
Grants receivable	(23,817)	(35,188)
Other receivables	1,142	127
Increase (decrease) in operating liabilities:		
Accounts payable	21,970	(4,698)
Accrued expenses	(10,087)	13,101
Refundable grant advances	16,857	(4,702)
Agency allocations payable	(3,962)	17,798
Donor designations payable	(211,885)	65,038
Net cash used by operating activities	(105,530)	(141,677)
Cash flows from investing activities:		
Payments for property and equipment	(2,421)	(4,027)
Purchases of certificates of deposit	(2,684)	(343)
Redemption of certificates of deposit	50,000	-
Net cash provided (used) by investing activities	44,895	(4,370)
Net decrease in cash and cash equivalents	(60,635)	(146,047)
Cash and cash equivalents at beginning of year	354,875	500,922
Cash and cash equivalents at end of year	\$ 294,240	\$ 354,875

The accompanying Notes are an integral part of these financial statements.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The North Texas Area United Way, Inc. (United Way), a Texas nonprofit corporation founded in 1924, is a voluntary health and welfare organization governed by a volunteer Board of Directors. Its mission is to improve lives by mobilizing the caring power of community.

The United Way accomplishes this mission by focusing on the building blocks of a good life – education that leads to a stable job, adequate income through retirement and good health. The organization addresses complex human service challenges in partnership with other funders, public and private organizations, and service providers resulting in quantifiable, sustainable responses that strengthen and improve communities in the Wichita Falls area. These activities may include, but are not limited to:

- Researching human service issues, conducting community planning, stakeholder meetings, surveys and assessments;
- Leveraging and distributing resources to community service providers;
- Measuring, tracking and articulating systemic, program, and client outcomes and results;
- Developing, formulating and influencing effective responses to human service issues through advocacy efforts, in accordance with all applicable federal and state statutes restricting activities of tax-exempt non-profits;
- Encouraging and facilitating partnerships, collaborations, and initiatives that reduce service duplication and fragmentation, share information, build linkages and otherwise unite citizens, and the public/private, and not-for-profit sectors to change systems to address root causes that will prevent the long term dependency on social service programs.

United Way holds itself and its partners accountable for achieving positive results in improving life outcomes for children, families and older adults and being transparent in reporting results to donors and the community at large.

In addition to the above activities, the United Way is the Local Campaign Manager (LCM) for the State Employee Charitable Campaign. Furthermore, the United Way was the Principal Combined Fundraising Organization (PCFO) for the Combined Federal Campaign of North Texas until December 31, 2017. As such, the United Way complies with the rules and regulations, audit and reporting requirements set forth by the governing entities for those campaigns.

North Texas Area United Way, Inc. is a member in good standing with United Way Worldwide and, as such, meets rigorous branding, accounting, ethical, auditing and operating standards.

Basis of Presentation

The accompanying financial statements of the United Way are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and 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 as follows:

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Basis of Presentation (Cont'd.)

Unrestricted net assets include those economic resources of the United Way which are expendable for any purpose in performing the primary objectives of the United Way. They are not subject to donor-imposed restrictions, even though their use may be limited in other respects, such as by contract or board appropriation.

Temporarily restricted net assets include those assets whose use by the United Way is limited by donor-imposed stipulations that expire by either passage of time or actions of the United Way.

Permanently restricted net assets include those assets required to be maintained in perpetuity due to donor-imposed restrictions. The United Way had no permanently restricted net assets at March 31, 2018 and 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporarily restricted net assets are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

The United Way considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge revenue balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management calculates the provision for uncollectible pledges based on a 5 year historical average of uncollected pledges as a percentage of gross pledges, including donor designations. Specific accounts are written-off only upon notification from the donors that the pledges are no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written-off after two years.

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. Contributions that are restricted by a 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.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Contributions (Cont'd.)

The United Way solicits pledges from donors during its annual campaign held each fall. These pledges are solicited to provide support for the allocations to United Way agencies in the following year. Since the allocations for the following year are recognized as a current expense when made in the year the campaign is conducted, the United Way considers the support from these pledges to be released from restrictions during the reporting period.

Donor Designations

Included in the United Way's gross annual campaign pledges are pledges designated by donors for direct distribution to another beneficiary. Since those designated pledges constitute agency transactions, they are deducted from gross campaign results to arrive at net campaign revenue on the statement of activities. In addition, those same designated pledges are also deducted from gross allocations to agencies to arrive at net allocations to agencies shown on the statement of functional expenses and included in the statement of activities.

Donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way Worldwide membership standards as outlined in their publication titled *United Way Worldwide Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds)*.

United Way pledges received from donors who have elected to pay designated agencies directly or use a third-party administrator to make such payments are not included in pledges receivable, gross annual campaign pledges, or gross allocations to agencies because those donations are paid directly by the donor to the agency or third-party administrator for distribution to the designated agency.

Investments

Investments consist of certificates of deposit with original maturities of more than three months, carried at cost.

Property and Equipment

The United Way follows the policy of capitalizing, at cost, expenditures for property and equipment equal to or greater than \$500. Lesser expenditures and maintenance and repairs are expensed when incurred. If property and equipment is acquired by gift, it is recorded at fair market value at the date of the gift. Contributions of property and equipment are reported as unrestricted contributions 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 contributions. 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.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Property and Equipment (Cont'd.)

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of assets, which are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Computer equipment	3 – 5 years
Furniture and fixtures	5 – 10 years
Buildings and improvements	5 – 40 years

Refundable Grant Advances

United Way oftentimes receives advances of funds from grantors upon being awarded grants. Such advances are accounted for as a liability instead of contribution revenue when 1) the grant instrument includes a right of return provision whereby unspent funds remaining at the end of the grant period are to be returned to the grantor, 2) the grant instrument gives the grantor the right to audit United Way's records and request repayment for unbudgeted purchases, or 3) the grant instrument includes other stipulations that make the grant award conditional instead of unconditional. The liability is reduced and revenues recognized over the grant period as eligible expenditures are incurred or other performance benchmarks met.

Agency Allocations Payable

Agency allocations payable represent amounts that are due to United Way's network of agencies. United Way records agency allocations payable upon approval by the Board of Directors.

Contributed Goods and Services

Donated materials are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. The United Way recognized donated materials valued at \$4,665 and \$17,033 during the years ended March 31, 2018 and 2017, respectively. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. The United Way recognized donated services valued at \$46,265 and \$60,777 during the years ended March 31, 2018 and 2017, respectively.

In addition to the above, a number of volunteers donated a total of 5,259 and 4,298 hours of time to the United Way's many activities during the years ended March 31, 2018 and 2017, respectively, with 3,455 and 3,286 hours received for the VITA program in those years, respectively. No amounts have been reflected in the financial statements for these contributed services because the nature of the services does not meet the specified criteria for recognition. However, management estimates the fair value of the services received to be \$126,960 and \$101,261 for the years ended March 31, 2018 and 2017, respectively, based on the hours received and standard volunteer rates published by independent outside organizations.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program services or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, many expenses relate to more than one function and must be allocated using a reasonable methodology. Those expenses are allocated to the various functions and programs based on the timesheet study method recommended by the United Way Worldwide. Under that method, each employee's salary and related costs are allocated to the various functions based on the hours worked in each functional classification by that employee. All other indirect expenses are allocated to the functional categories based on the percentage of time spent in the aggregate by all employees in each functional classification.

Advertising Costs

Advertising costs are expensed as incurred by or donated to the United Way.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Concentrations of Credit Risk

The Organization has deposits with financial institutions in the form of cash and certificates of deposit. Those deposits did not exceed insured limits at March 31, 2018 and 2017.

Contractual Restrictions on Cash and Cash Equivalents

Certain grants and the governmental campaigns described in Note 8 require that the United Way maintain separate bank accounts for each of those activities. The amounts in those separate bank accounts had a total bank balance of \$23,681 and book balance of \$23,681 as of March 31, 2018. As of March 31, 2017, those accounts had a total bank balance of \$75,817 and a total book balance of \$52,501.

Subsequent Events

The date to which events occurring after March 31, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 6, 2018, which is the date on which the financial statements were available to be issued.

Estimates

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

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable (all due within one year) consist of the following at March 31, 2018:

	<u>Pledges Due</u>	<u>Less Allowance for Uncollectible Accounts</u>	<u>Pledges Receivable Balance</u>
Campaign pledges receivable:			
2017 United Way campaign	\$178,215	(\$30,176)	\$148,039
2017 governmental campaigns	<u>41,796</u>	<u>-</u>	<u>41,796</u>
Totals	<u>\$220,011</u>	<u>(\$30,176)</u>	<u>\$189,835</u>

Pledges receivable (all due within one year) consist of the following at March 31, 2017:

	<u>Pledges Due</u>	<u>Less Allowance for Uncollectible Accounts</u>	<u>Pledges Receivable Balance</u>
Campaign pledges receivable:			
2016 United Way campaign	\$217,386	(\$32,611)	\$184,775
2016 governmental campaigns	<u>211,842</u>	<u>-</u>	<u>211,842</u>
Totals	<u>\$429,228</u>	<u>(\$32,611)</u>	<u>\$396,617</u>

NOTE 3 - GRANTS RECEIVABLE

Grants receivable consist of the following at March 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Receivable for:		
2-1-1 Program	\$ 49,955	\$ 55,933
VITA Program	26,999	6,570
HOPES	68,129	76,290
Texas Home Visiting	215,472	208,884
Texas School Readiness	33,267	21,493
University of North Texas	<u>14,495</u>	<u>15,330</u>
Totals	<u>\$408,317</u>	<u>\$384,500</u>

All amounts are scheduled to be collected within one year. Management does not consider there to be any significant risk associated with collection of these balances.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In September 2004, the United Way transferred \$25,000 to the Wichita Falls Area Community Foundation (Foundation) to establish a fund to provide current income and long-term protection for the United Way. Under the terms of the agreement, the United Way may withdraw and use the investment return generated by the transferred assets for its charitable purposes in accordance with the spending rate established by the Foundation. The United Way may withdraw from the fund amounts in excess of the established spending rate in any year as determined by the Board of Directors of the Foundation provided one of the following conditions is met: (1) the distribution is for the purpose of enabling the United Way to acquire or renovate a capital asset; (2) the United Way is faced with unexpected financial needs that are not likely to recur, and the distribution will enable the United Way to meet those needs. However, such distributions may not exceed 75% of corpus in any one year.

At the time of the transfer, the United Way granted variance power to the Foundation. That power gives the Foundation the right to distribute the investment return to another not-for-profit organization of its choice if the United Way ceases to exist or if the governing board of the Foundation determines that support of the United Way is no longer possible or practical of accomplishment. Under the terms of the agreement, however, such power does not become effective earlier than at least thirty days after the Foundation notifies the United Way in writing of (1) its intent to exercise such power and (2) the manner in which the Foundation proposes to vary the purposes, uses or methods of administration of the fund.

At March 31, 2018 and 2017, the fund had a value of \$73,385 and \$68,151, respectively, which is reported in the statements of financial position as beneficial interest in assets held by others.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 98,758	\$ 98,758
Property and equipment being depreciated:		
Building and improvements	491,787	491,787
Furniture and fixtures	33,426	33,426
Computer equipment	<u>89,183</u>	<u>86,762</u>
Total property and equipment	713,154	710,733
Less accumulated depreciation	<u>(331,606)</u>	<u>(307,156)</u>
Property and equipment, net	<u>\$381,548</u>	<u>\$403,577</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 6 - UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at March 31, 2018 and 2017:

	2018	2017
Unappropriated – available for general use	\$822,341	\$938,676
Board appropriated for specific purposes:		
VITA Program	27,506	30,633
2-1-1 Program	-	1,500
Total board appropriations	27,506	32,133
Total unrestricted net assets	\$849,847	\$970,809

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of March 31, 2018 and 2017:

	2018	2017
TRIAD Program	\$24,060	\$24,060
Prosperity Hub	500	1,284
Race for the Stars	5,998	5,998
Total	\$30,558	\$31,342

Net assets were released from restriction in 2018 and 2017 through the United Way incurring the following expenditures:

	2018	2017
Prosperity Hub	\$ 784	\$ -

NOTE 8 - GOVERNMENTAL CAMPAIGNS

Under contractual agreements, the United Way conducts local fundraising campaigns in the Wichita Falls area on behalf of the Combined Federal Campaign of North Texas (through December 31, 2017) and State Employee Charitable Campaign. Through these governmental campaigns, donors designate their gifts to a wide variety of charitable organizations and the United Way distributes the campaign proceeds accordingly. Because the United Way acts as an agent for these campaigns, it cannot recognize contribution revenue or allocation expense on the statement of activities related to these transactions. For presentation purposes, specific donor designations to the United Way's agencies are included in gross annual campaign pledges and gross allocations to agencies, and then deducted from each to reflect amounts actually available for use by the United Way.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2018 AND 2017

NOTE 8 - GOVERNMENTAL CAMPAIGNS (CONT'D.)

As of March 31, 2018 and 2017, cash balances held on behalf of the governmental campaigns and maintained in separate bank accounts totaled \$23,681 and \$52,501, respectively. Pledges receivable and donor designations payable related to governmental campaigns are \$41,796 and \$52,718, respectively as of March 31, 2018, and \$211,842 and \$264,063, respectively as of March 31, 2017.

For its administration of the Combined Federal Campaign of North Texas (through December 31, 2017) and State Employee Charitable Campaign, the United Way charges administrative fees to each governmental campaign in accordance with the contractual agreement governing that campaign. These fees totaled \$12,000 and \$46,676 for the years ended March 31, 2018 and 2017, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLANS

Tax-Sheltered Annuity Program

All employees of United Way are eligible to participate in a tax-sheltered annuity program. Participating employees agree to a reduced salary and the United Way then pays the difference into the annuity plan on behalf of the employees. Income tax on these amounts is deferred until participants receive proceeds from the annuity. Currently, no employees are participating in this program.

Simplified Employee Pension Plan

The United Way also has a noncontributory simplified employee pension plan in which all employees are eligible to participate. The United Way contributes five percent of the eligible employee's salary to the plan. In addition to the plan, the United Way also contributes one percent of the president's salary to a secondary plan. The contributions for the years ended March 31, 2018 and 2017 totaled \$39,999 and \$45,490, respectively.

NOTE 10 - CONCENTRATIONS

The United Way is dependent upon its annual campaign held in the Wichita Falls, Texas area for a significant portion of its support and revenue. That campaign accounted for 15% and 18% of United Way's total public support and revenue for the years ended March 31, 2018 and 2017, respectively. Also, United Way received one governmental grant from a single grantor that comprised 47% and 46% of the total public support and revenue for the years ended March 31, 2018 and 2017, respectively. A significant decrease in these sources of public support and revenue could have a material adverse effect on the United Way.

INTERNAL CONTROL AND COMPLIANCE SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

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DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
North Texas Area United Way, Inc.
Wichita Falls, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Texas Area United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Texas Area United Way, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Texas Area United Way, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness - Finding 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Texas Area United Way, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Texas Area United Way, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 6, 2018



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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A. PAUL FLEMING, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
North Texas Area United Way, Inc.
Wichita Falls, Texas

Report on Compliance for the Major Federal Program

We have audited North Texas Area United Way, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Texas Area United Way, Inc.'s major federal program for the year ended March 31, 2018. North Texas Area United Way, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for North Texas Area United Way, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Texas Area United Way, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of North Texas Area United Way, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, North Texas Area United Way, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2018.

Report on Internal Control over Compliance

The management of North Texas Area United Way, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Texas Area United Way, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Texas Area United Way, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 6, 2018

NORTH TEXAS AREA UNITED WAY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

2. Federal Awards

Internal control over major program:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.505	Affordable Care Act – Maternal, Infant and Early Childhood Home Visiting Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

NORTH TEXAS AREA UNITED WAY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.) FOR THE YEAR ENDED MARCH 31, 2018

B. Financial Statement Findings

Finding 2018-001 – Material Weakness in Financial Reporting – Material Audit Adjustments

Criteria or Specified Requirement

Management is responsible for establishing and maintaining effective internal control over financial reporting to ensure the North Texas Area United Way, Inc.'s (United Way) financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition Found

During our audit, we identified misstatements in the United Way's accounting records. Three misstatements were individually material while the total misstatements were also material in the aggregate to the United Way's financial statements. The misstatements occurred in the accounting records of the Combined Federal Campaign (CFC) and the State Employee Charitable Campaign (SECC). The misstatements required adjustments to decrease pledges receivables by \$96,890, decrease donor allocations payable by \$94,372, decrease gross campaign revenues by \$80,837, and decrease donor designations by \$78,319.

Cause

The United Way made errors in adjusting the general ledgers to adjust pledges receivables, donor allocations payable, gross campaign revenue and donor designations for the CFC and the SECC.

Effect

Prior to the application of audit procedures, the material misstatements of the United Way's financial statements were not detected and corrected by the internal control procedures put in operation by the United Way's management.

Recommendation

We recommend that management more thoroughly review the general ledger balances and reconcile them to the supporting records and calculations during year-end close.

Views of Responsible Officials and Planned Corrective Action

Please refer to the Corrective Action Plan prepared by the United Way's management.

C. Federal Award Findings and Questioned Costs

None

NORTH TEXAS AREA UNITED WAY, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2018**

There were no prior year findings.



NORTH TEXAS AREA UNITED WAY, INC.

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED MARCH 31, 2018

Finding 2018-001 – Material Weakness in Financial Reporting – Material Audit Adjustments

The Director of Resource Development and the Chief Financial Officer (CFO) will reconcile funds received for both NTAUW Campaign and SECC on a monthly basis. This will ensure we balance between QuickBooks and Donation Tracker monthly. This will also allow the CFO to maintain SECC and NTAUW Campaign ongoing, allowing for timely adjustments, especially prior to our annual audit. This should eliminate any material adjustments needed by the auditing firm.

Matt Yell, CEO, is the official responsible for implementing this corrective action.

NORTH TEXAS AREA UNITED WAY, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2018**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures	Amounts Provided to Subrecipients
<u>U. S. Department of Agriculture:</u>				
Passed Through Texas Health and Human Services Commission:				
Food Stamps	10.561	529-16-0006-00009B	\$ 9,366	\$ -
Food Stamps	10.561	529-16-0006-00009E	11,490	-
Total CFDA Number 10.561			<u>20,856</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>20,856</u>	<u>-</u>
<u>U. S. Department of Treasury:</u>				
Direct Program:				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	17VITA0252	47,874	-
Total U. S. Department of Treasury			<u>47,874</u>	<u>-</u>
<u>U. S. Department of Health and Human Services:</u>				
Passed Through Texas Health and Human Services Commission:				
Affordable Care Act - Maternal, Infant and Early Childhood Home Visiting Program	93.505	529-14-0109-0001D	606,582	390,106
Affordable Care Act - Maternal, Infant and Early Childhood Home Visiting Program	93.505	530-18-0003	768,203	480,273
Total CFDA Number 93.505			<u>1,374,785</u>	<u>870,379</u>
Temporary Assistance for Needy Families	93.558	529-16-0006-00009B	9,365	-
Temporary Assistance for Needy Families	93.558	529-16-0006-00009E	11,490	-
Total CFDA Number 93.558			<u>20,855</u>	<u>-</u>
Refugee and Entrant Assistance	93.566	529-16-0006-00009B	9,366	-
Refugee and Entrant Assistance	93.566	529-16-0006-00009E	11,490	-
Total CFDA Number 93.566			<u>20,856</u>	<u>-</u>
Child Care and Development Block Grant	93.575	529-16-0006-00009B	2,801	-
Child Care and Development Block Grant	93.575	529-16-0006-00009F	3,932	-
Total CFDA Number 93.575			<u>6,733</u>	<u>-</u>
Children's Health Insurance Program	93.767	529-16-0006-00009B	9,366	-
Children's Health Insurance Program	93.767	529-16-0006-00009E	11,490	-
Total CFDA Number 93.767			<u>20,856</u>	<u>-</u>
Medical Assistance Program	93.778	529-16-0006-00009B	9,366	-
Medical Assistance Program	93.778	529-16-0006-00009E	11,490	-
Total CFDA Number 93.778			<u>20,856</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,464,941</u>	<u>870,379</u>
<u>U. S. Corporation for National and Community Service:</u>				
Passed Through University of North Texas:				
AmeriCorps	94.006	GF40025-11	9,191	-
Total U. S. Corporation for National and Community Service			<u>9,191</u>	<u>-</u>
Totals			<u>\$ 1,542,862</u>	<u>\$ 870,379</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED MARCH 31, 2018

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the North Texas Area United Way, Inc. (United Way) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the United Way, it is not intended to and does not present the financial position, changes in net assets or cash flows of the United Way.

Note 2 - FEDERAL ASSISTANCE RECONCILIATION

Statement of Activities:

Governmental grants	\$2,114,731
Less non-federal governmental grants	(<u>571,869</u>)
Total per Schedule of Expenditures of Federal Awards	<u>\$1,542,862</u>

Note 3 - DE MINIMIS INDIRECT COST RATE

United Way elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.