

**UNITED WAY OF AMARILLO & CANYON**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
March 31, 2018 and 2017**



**JOHNSON & SHELDON, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**UNITED WAY OF AMARILLO & CANYON**

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Board of Directors  
United Way of Amarillo & Canyon  
Amarillo, Texas

### INDEPENDENT AUDITOR'S REPORT

#### Report on the Financial Statements

We have audited the accompanying financial statements of **United Way of Amarillo & Canyon** (the Organization), a not-for-profit organization, which comprise the statements of financial position as of March 31, 2018 and 2017, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. The audit for the year ended March 31, 2018 was also conducted in accordance with 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 audits 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 consolidated 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 the Organization 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 is presented for purposes of additional analysis 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* (Uniform Guidance) 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Supplemental Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information 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 audits 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 August 13, 2018 on our consideration of Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

*Johnson & Sheldon, PLLC*

**Johnson & Sheldon, PLLC**  
**Amarillo, Texas**

August 13, 2018



**FINANCIAL STATEMENTS**



**UNITED WAY OF AMARILLO & CANYON**

**STATEMENTS OF FINANCIAL POSITION**

**March 31, 2018 and 2017**

<b>Assets</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
Cash and cash equivalents	\$ 2,703,115	\$ 3,496,352
Certificates of deposit	181,945	489,078
Pledges receivable due within one year, net of allowance for uncollectible pledges of \$230,776 and \$253,856, respectively	1,935,616	2,481,246
Bequest receivable	223,831	351,282
Note receivable	287,164	129,383
Other receivables	155,873	86,774
Prepaid expenses	57,660	33,567
Property and equipment, net of accumulated depreciation of \$802,133 and \$761,094, respectively	176,419	211,081
Board designated cash	566,416	646,916
Financial investments	999,561	-
Beneficial interest in assets held by Amarillo Area Foundation:		
Restricted	385,912	357,183
Unrestricted	<u>157,022</u>	<u>132,253</u>
 Total Assets	 <u><u>\$ 7,830,534</u></u>	 <u><u>\$ 8,415,115</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 60,375	\$ 56,376
Allocations payable	1,655,088	1,709,202
Due to designated organizations	<u>398,398</u>	<u>592,030</u>
Total Liabilities	<u><u>2,113,861</u></u>	<u><u>2,357,608</u></u>
 <b>Net Assets</b>		
Unrestricted	4,764,345	5,053,408
Board designated	<u>566,416</u>	<u>646,916</u>
Total Unrestricted Net Assets	<u>5,330,761</u>	<u>5,700,324</u>
Temporarily restricted	<u>385,912</u>	<u>357,183</u>
Total Net Assets	<u><u>5,716,673</u></u>	<u><u>6,057,507</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 7,830,534</u></u>	 <u><u>\$ 8,415,115</u></u>

See accompanying notes and independent auditor's report



**UNITED WAY OF AMARILLO & CANYON**

**STATEMENTS OF ACTIVITIES**  
**Year Ended March 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenues and Support</b>		
Gross campaign results	\$ 3,540,115	\$ 3,957,013
Less donor designations	(572,991)	(704,534)
Less provision for uncollectible pledges	<u>(334,147)</u>	<u>(243,088)</u>
Net Campaign Revenues	<u>2,632,977</u>	<u>3,009,391</u>
Other contributions	50,606	49,994
Government grants	790,224	713,166
Service fee income	56,070	58,162
Investment income	40,711	17,970
Other income	<u>178,327</u>	<u>217,739</u>
Total Other Revenues	<u>1,115,938</u>	<u>1,057,031</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>3,748,915</u>	<u>4,066,422</u>
<b>Expenses</b>		
Program services:		
Gross funds awarded/distributed	2,306,338	2,626,561
Less donor designations	<u>(572,991)</u>	<u>(704,534)</u>
Net Funds Awarded/Distributed	<u>1,733,347</u>	<u>1,922,027</u>
Other program services	1,410,684	1,299,714
Supporting services	924,058	1,039,898
United Way of America dues	<u>50,389</u>	<u>49,852</u>
Total Expenses	<u>4,118,478</u>	<u>4,311,491</u>
Decrease in Unrestricted Net Assets	<u>(369,563)</u>	<u>(245,069)</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	2,592	1,829
Net earnings on investments	26,137	44,272
Net assets released from restriction	<u>-</u>	<u>-</u>
Increase in Temporarily Restricted Net Assets	<u>28,729</u>	<u>46,101</u>
<b>Decrease in Net Assets</b>	(340,834)	(198,968)
<b>Net Assets at Beginning of Year</b>	<u>6,057,507</u>	<u>6,256,475</u>
<b>Net Assets at End of Year</b>	<u>\$ 5,716,673</u>	<u>\$ 6,057,507</u>



**UNITED WAY OF AMARILLO & CANYON**

**STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended March 31, 2018**

	Other Program Services				Supporting Services			
	211	Community Impact	CYD 79107	Total	Fundraising	Management and General	Total	2018
Salaries	\$ 295,079	\$ 228,151	\$ 138,562	\$ 661,792	\$ 368,255	\$ 115,645	\$ 483,900	\$ 1,145,692
Payroll taxes	22,390	17,307	10,512	50,209	27,936	8,014	35,950	86,159
Employee benefits	32,878	24,091	16,734	73,703	41,960	13,509	55,469	129,172
<b>Total Salaries and Related Benefits</b>	<b>350,347</b>	<b>269,549</b>	<b>165,808</b>	<b>785,704</b>	<b>438,151</b>	<b>137,168</b>	<b>575,319</b>	<b>1,361,023</b>
Campaign expenses	3,127	6,254	3,127	12,508	108,936	-	108,936	121,444
Occupancy	8,026	7,888	1,087	17,001	13,933	4,035	17,968	34,969
Specific assistance to individuals	2,984	5,967	2,984	11,935	-	-	-	11,935
Loaned executive expenses	-	-	-	-	54,857	-	54,857	54,857
Sub-contractor expenses	-	-	378,325	378,325	-	-	-	378,325
Training, travel and education	10,474	6,450	5,192	22,116	11,391	2,921	14,312	36,428
Office expenses	16,773	29,421	18,991	65,185	7,713	1,766	9,479	74,664
Rental and maintenance of equipment	19,224	14,952	3,284	37,460	22,965	5,889	28,854	66,314
Professional fees	2,091	9,920	2,091	14,102	13,987	3,587	17,574	31,676
Postage and shipping	350	84	28	462	1,500	4,515	6,015	6,477
Volunteer recognition	60	-	-	60	795	381	1,176	1,236
Local travel	180	1,208	180	1,568	1,364	3,068	4,432	6,000
Telephone	10,431	4,089	563	15,083	7,223	1,852	9,075	24,158
Miscellaneous expenses	1,221	1,709	354	3,284	1,310	13,845	15,155	18,439
Dues and subscriptions	1,381	1,865	881	4,127	1,376	2,768	4,144	8,271
Directors' & officers' liability insurance	-	-	-	-	-	1,173	1,173	1,173
Outsource Human Resources	56	404	56	516	714	183	897	1,413
Community Report	-	-	-	-	17,572	-	17,572	17,572
Contract Labor	1,500	23,325	-	24,825	1,252	-	1,252	26,077
United Way of Texas dues	-	-	-	-	11,252	-	11,252	11,252
<b>Total Expenses Before Depreciation and Amortization</b>	<b>428,225</b>	<b>383,085</b>	<b>582,951</b>	<b>1,394,261</b>	<b>716,291</b>	<b>183,151</b>	<b>899,442</b>	<b>2,293,703</b>
Depreciation and amortization	3,801	11,094	1,528	16,423	19,592	5,024	24,616	41,039
<b>Total Operating Expenses</b>	<b>\$ 432,026</b>	<b>\$ 394,179</b>	<b>\$ 584,479</b>	<b>\$ 1,410,684</b>	<b>\$ 735,883</b>	<b>\$ 188,175</b>	<b>\$ 924,058</b>	<b>\$ 2,334,742</b>

See accompanying notes and independent auditor's report



# UNITED WAY OF AMARILLO & CANYON

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2017

	Other Program Services				Supporting Services			
	211	Community Impact	CYD 79107	Total	Fundraising	Management and General	Total	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Salaries	273,895	211,359	122,255	607,509	405,746	125,430	531,176	1,138,685
Payroll taxes	22,434	17,312	10,014	49,760	26,677	10,274	36,951	86,711
Employee benefits	31,178	22,756	14,359	68,293	36,979	16,975	53,954	122,247
<b>Total Salaries and Related Benefits</b>	<b>327,507</b>	<b>251,427</b>	<b>146,628</b>	<b>725,562</b>	<b>469,402</b>	<b>152,679</b>	<b>622,081</b>	<b>1,347,643</b>
Management fees	-	-	-	-	-	-	-	-
Campaign expenses	4,214	8,427	4,214	16,855	155,738	-	155,738	172,593
Occupancy	8,055	8,300	1,116	17,471	14,648	6,296	20,944	38,415
Specific assistance to individuals	4,055	5,566	2,783	12,404	-	-	-	12,404
Loaned executive expenses	-	-	-	-	46,430	-	46,430	46,430
Sub-contractor expenses	-	-	293,970	293,970	-	-	-	293,970
Training, travel and education	15,819	13,899	3,911	33,629	16,494	4,447	20,941	54,570
Office expenses	12,267	45,313	24,496	82,076	7,369	2,955	10,324	92,400
Rental and maintenance of equipment	14,577	9,774	2,513	26,864	22,006	5,958	27,964	54,828
Professional fees	1,605	7,693	1,605	10,903	14,320	4,198	18,518	29,421
Postage and shipping	152	103	200	455	1,917	5,264	7,181	7,636
Volunteer recognition	-	35	-	35	1,267	786	2,053	2,088
Local travel	206	678	206	1,090	1,718	2,156	3,874	4,964
Telephone	15,534	3,301	436	19,271	6,477	3,072	9,549	28,820
Miscellaneous expenses	23,110	4,298	1,905	29,313	9,826	17,345	27,171	56,484
Dues and subscriptions	7,720	2,074	835	10,629	1,460	1,277	2,737	13,366
Directors' & officers' liability insurance	-	-	-	-	-	1,273	1,273	1,273
Outsourced Human Resources	125	927	125	1,177	1,635	662	2,297	3,474
Community report	-	-	-	-	16,876	-	16,876	16,876
United Way of Texas Dues	-	-	-	-	11,960	-	11,960	11,960
Contract Labor	-	-	-	-	-	-	-	-
<b>Total Expenses Before Depreciation and Amortization</b>	<b>434,946</b>	<b>361,815</b>	<b>484,943</b>	<b>1,281,704</b>	<b>799,543</b>	<b>208,368</b>	<b>1,007,911</b>	<b>2,289,615</b>
Depreciation and amortization	3,371	12,904	1,735	18,010	22,770	9,217	31,987	49,997
<b>Total Operating Expenses</b>	<b>\$ 438,317</b>	<b>\$ 374,719</b>	<b>\$ 486,678</b>	<b>\$ 1,299,714</b>	<b>\$ 822,313</b>	<b>\$ 217,585</b>	<b>\$ 1,039,898</b>	<b>\$ 2,339,612</b>

See accompanying notes and independent auditor's report



# UNITED WAY OF AMARILLO & CANYON

## STATEMENTS OF CASH FLOWS Years Ended March 31, 2018 and 2017

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets	\$ (340,834)	\$ (198,968)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	41,039	49,997
Increase (decrease) provision for uncollectibles	(23,080)	814
Unrealized gains on investments	(26,137)	(44,272)
Realized (gains) losses on investments	(18,016)	876
Reinvested interest on certificates of deposit	(426)	(406)
(Increase) decrease in operating assets:		
Pledges receivable, net	568,710	118,778
Bequest receivable	127,451	-
Other receivables	(69,099)	(28,161)
Prepaid expenses	(24,093)	(3,953)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	3,999	(76,344)
Allocations payable	(54,114)	(485,186)
Due to designated organizations	(193,632)	(31,836)
Deferred revenues	-	(25,018)
Net Cash Used for Operating Activities	(8,232)	(723,679)
<b>Cash Flows from Investing Activities</b>		
Purchases of equipment and software	(6,377)	(19,257)
Advances on note receivable	(157,781)	(19,418)
Net retirements (additions) to investments	(701,347)	(9,020)
Net Cash Used for Investing Activities	(865,505)	(47,695)
<b>Net Decrease in Cash and Cash Equivalents</b>	(873,737)	(771,374)
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,143,268	4,914,642
<b>Cash and Cash Equivalents, End of Year</b>	\$ 3,269,531	\$ 4,143,268
<b>Schedule of Cash and Cash Equivalents</b>		
Undesignated	\$ 2,703,115	\$ 3,496,352
Board Designated	566,416	646,916
Total Cash and Cash Equivalents	\$ 3,269,531	\$ 4,143,268

See accompanying notes and independent auditor's report



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 1 - DESCRIPTION OF ORGANIZATION

#### **Organization**

The United Way, Inc., dba United Way of Amarillo & Canyon (the Organization) is a not-for-profit organization that develops and distributes resources to address human service needs in Amarillo and Canyon, Texas. Through a workplace fund drive conducted primarily by volunteers, the Organization raises money from individuals and organizations to make it possible for services to be provided both by the Organization and other Amarillo and Canyon not-for-profit health and human services organizations. Virtually all of the Organization's funds are derived from contributions of residents and businesses in the Amarillo and Canyon area.

Through its operations, the Organization conducts the following programs:

#### **211**

In 2003, United Way HelpLine became United Way's 2-1-1 Texas, a public/private partnership of the United Way of Amarillo and Canyon and the Texas Health and Human Services Commission. As such, the Organization serves the top 26 counties of the Texas Panhandle as the Area Information Center providing free information and referrals to health and human services and community organizations.

#### **Community Impact**

The program reviews the stewardship of partner agencies and program funding requests of those agencies to determine funding recommendations in the context of the needs of the Amarillo and Canyon communities.

#### **Community Youth Development 79107**

The Community Youth Development (CYD) program focuses on reducing the high incidence of violent juvenile crime in areas of Texas. Effective September 1, 2010, United Way became the new fiscal agent responsible for managing the Amarillo CYD program, focusing on the 79107 zip code.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities - Overall* (ASC 958). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization shows restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

#### **Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Annual Campaign Contributions**

The Organization conducts an annual fund-raising campaign in the fall to support programs in the subsequent year. Campaign contributions are used to fund agency allocations and the Organization's programs and supporting services.

Annual fall campaign results are reduced by pledges or cash collected on behalf of others, or pledged (designated) to a specific organization and by a provision for uncollectible pledges. Net campaign results are reflected as an increase to unrestricted net assets, as campaign monies are released from restriction on the first day of the new calendar year which is before the end of the fiscal year. Cash or pledges received in the current calendar year for the prior year campaign are recorded as unrestricted as they have no time restrictions.

The Organization provides for probable uncollected amounts through a charge to earnings and a credit to an allowance based on a three-year historical average. Balances that are still outstanding after three years are written off through a charge to the allowance and a credit to pledges receivable.

#### **Other Contributions**

Contributions, grants received and unconditional promises to give are measured at their fair values and are reported as revenues and support. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose for the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions and grants whose restrictions are completely satisfied in the same reporting period are reported as unrestricted support. The Organization reports donations of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized if such service enhances the value of the Organization's non-financial assets. The value is also recognized if the service provided required specialized skills, the provider of the service possessed such skills and the service would have been purchased by the Organization if it had not been donated. Donated goods and services are recorded at their estimated fair market value as of the date of the gift or service. During the fiscal years ended March 31, 2018 and 2017, in-kind donations, the majority of which was multimedia and advertising, totaled approximately \$6,000 and \$15,000, respectively, which are recorded in other contributions in the statement of activities.

#### **Investment Earnings**

The Organization holds certain investments that are classified as temporarily restricted net assets. Interest and dividend income, as well as realized gains and losses on investments classified as temporarily restricted are recorded as increases and decreases in unrestricted net assets in the period in which they occur.



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property and Equipment

The Organization capitalizes all long-lived assets with values in excess of \$1,000. No assets have been pledged as collateral.

Land, buildings and equipment are stated at cost, or if acquired by gift, at the estimated fair market value at the date of gift. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Building and improvements	10 - 30 years
Furniture and equipment	5 - 10 years
Software and computer equipment	5 - 10 years

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs are allocated between development, general and administrative, or grants and program services based on evaluations of the related activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

#### Financial Investments and Fair Value Measurements

The Organization accounts for investments under FASB ASC Topic 958, *Not-for-Profit Entities - Overall* (ASC 958). Under ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

The Organization complies with FASB ASC Topic 820 *Fair Value Measurements and Disclosures - Overall* (ASC 820), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement.

Realized gains or losses on investments represent the difference between the book value of investments and the sales proceeds, net of selling costs. Unrealized gains or losses represent the difference between the beginning of year values or purchase date during the year and end of year values.

#### Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which are insured by the Federal Deposit Insurance Corporation up to certain limits. From time to time, the Organization may have balances in bank accounts which exceed the federally insured limits. The Organization does not anticipate any loss associated with balances in excess of the federally insured limits.

#### Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Federal Income Taxes**

The Organization is exempt from federal income tax under section 501(a) as an organization described in section 501(c)(3) of the Internal Revenue Code (the Code), and has been determined not to be a private foundation under section 509(a) of the Code. As a result, income taxes are not included in the accompanying financial statements.

The Organization complies with FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes* (ASC 740), which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal tax authorities for years ending before March 31, 2015.

#### **Subsequent Events**

Management of the Organization has evaluated subsequent events through August 13, 2018, the date the financial statements were available to be issued.

#### **Recent Accounting Pronouncement**

ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU will be effective for the Organization beginning October 1, 2019 with early adoption permitted. The Organization has not elected early-adoption, and does not expect the ASU to have a significant impact on the Organization's financial statements.



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Recent Accounting Pronouncement (continued)

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the effect that the standard will have on the financial statements.

### NOTE 3 - RETIREMENT PLAN

Eligible employees of the Organization are covered by a simplified employee pension plan, which is administered by John Hancock Retirement Plan Services. Retirement plan contributions included in employee benefits for the years ended March 31, 2018 and 2017 were \$33,388 and \$33,423, respectively. There is no obligation for an amount in excess of the annual contribution.

### NOTE 4 - HARRINGTON FOUNDATION AGREEMENT

In July 1988, the Organization entered into an agreement with the Don and Sybil Harrington Foundation (the Foundation) whereby the Organization would receive 3% of the Foundation's annual net income available for distribution. For the years ended March 31, 2018 and 2017, the Organization received \$36,660 and \$36,660, respectively, which is included in other income in the Statements of Activities.

### NOTE 5 - NOTE RECEIVABLE

The Organization carries a note receivable from Guyon Saunders Resource Center (GSRC). The note has no stated maturity date and is non-interest bearing. Per the bylaws of GSRC, in the event of the dissolution of GSRC, all assets would be disbursed to the Organization thus securing the note receivable.

### NOTE 6 - PROPERTY AND EQUIPMENT

A building at 2207 Line Avenue, valued originally at approximately \$67,000, was donated to the Organization by the City of Amarillo in 1962. The deed conveying this property contains a reversionary clause to be effective if the property should cease to be used by the Organization.



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 6 - PROPERTY AND EQUIPMENT (continued)

Property and equipment is summarized as follows at year end:

	<u>2018</u>	<u>2017</u>
Land	\$ 25,000	\$ 25,000
Buildings and improvements	356,051	356,051
Furniture and equipment	166,177	166,177
Software and computer equipment	<u>431,324</u>	<u>424,947</u>
	978,552	972,175
Less accumulated depreciation and amortization	<u>(802,133)</u>	<u>(761,094)</u>
Net property and equipment	<u>\$ 176,419</u>	<u>\$ 211,081</u>

Depreciation and amortization expense for the years ended March 31, 2018 and 2017 was \$41,039 and \$49,997, respectively.

### NOTE 7 - BENEFICIAL INTEREST IN ASSETS

During 1982, a grant for \$75,000 was received from the Harrington Foundation. The grant was conditional on the Organization matching the grant and establishing an investment fund with the Amarillo Area Foundation and is restricted for projects which strengthen the infra-structure, such as improvements and technology. The temporarily restricted balance of this fund as of March 31, 2018 and 2017 was \$279,676 and \$258,103, respectively.

During 2003, the Organization established another investment fund with the Amarillo Area Foundation for the purpose of obtaining gifts or commitments to endow an annual gift through the annual campaign. As of March 31, 2018 and 2017, the temporarily restricted balance of this fund was \$106,236 and \$99,080, respectively.

The Organization has granted variance power to Amarillo Area Foundation whereby the Board of Directors of the Amarillo Area Foundation may modify the terms and conditions of the above beneficial interests at its sole discretion.

### NOTE 8 - NET ASSETS

At March 31, 2018 and 2017, the Executive Board of the Organization had designations of \$566,416 and \$646,916, respectively, of its unrestricted net assets to be used for community impact programs.

### NOTE 9 - RELATED PARTY TRANSACTIONS

During 2018, the Organization acted as the Principal Combined Fund Organization for the Amarillo and Canyon State Employees Charitable Campaign. The campaign was charged approximately \$19,000 in donor designation fees for campaign and administrative support for the year ended March 31, 2018.



# UNITED WAY OF AMARILLO & CANYON

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018 and 2017

### NOTE 9 - RELATED PARTY TRANSACTIONS (continued)

During 2017, the Organization acted as the Principal Combined Fund Organization for the Amarillo and Canyon Combined Federal Campaign and the State Employees Charitable Campaign. These campaigns were charged approximately \$24,000 in donor designation fees for campaign and administrative support for the year ended March 31, 2017.

Subsequent to March 31, 2017, the Organization no longer acted as the Principal Combined Fund Organization for the Amarillo and Canyon Combined Federal Campaign as the federal government assumed these duties. The donor designation fees charged the campaigns are included in service fee income in the Statements of Activities.

From time to time, the Organization purchases goods or services from entities affiliated with various committee members or volunteers. Management believes all of these transactions have been conducted on an arm's length basis and no preferential treatment has been afforded the Organization by the vendors.

### NOTE 10 - FAIR VALUE MEASUREMENTS

The Organization complies with FASB ASC Topic 820, *Fair Value Measurements - Overall* (ASC 820), which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all assets and liabilities that are being measured and reported on a fair value basis. As defined in ASC 820, 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. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.



**UNITED WAY OF AMARILLO & CANYON**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018 and 2017**

**NOTE 10 - FAIR VALUE MEASUREMENTS** (continued)

Level 3: Unobservable inputs that are not corroborated by market data. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- The carrying amount of cash equivalents approximates fair value because of the short-term nature and liquidity of the financial instrument.
- Indexed funds are valued at the closing price on the last business day of the year.
- Investments in pooled accounts are valued at the Organization’s ownership percentage of the quoted market values of the securities owned in the account, as reported by the Amarillo Area Foundation.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy.

<u>Description</u>	<b>2018</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Beneficial interests in assets held by Amarillo Area Foundation	\$ 542,934	\$ -	\$ -	\$ 542,934
Money market funds	553,805	553,805	-	-
Indexed funds - fixed funds	162,749	162,749	-	-
Indexed funds - equity funds	271,018	271,018	-	-
Indexed funds - alternative	<u>11,989</u>	<u>11,989</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,542,495</u>	<u>\$ 999,561</u>	<u>\$ -</u>	<u>\$ 542,934</u>



**UNITED WAY OF AMARILLO & CANYON**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018 and 2017**

**NOTE 10 - FAIR VALUE MEASUREMENTS** (continued)

<u>Description</u>	<b>2017</b>			
	<b>Fair Value Measurements Using</b>			
	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Beneficial interests in assets held by Amarillo Area Foundation	\$ 489,436	\$ -	\$ -	\$ 489,436

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	<u>2018</u>	<u>2017</u>
Balance at April 1	\$ 489,436	\$ 437,020
Contributions	2,592	1,829
Investment income	5,075	7,191
Realized gains (losses)	19,694	(876)
Unrealized gains (losses)	<u>26,137</u>	<u>44,272</u>
Balance at March 31	<u>\$ 542,934</u>	<u>\$ 489,436</u>

Unrealized gains (losses) on Level 3 assets are included in net earnings on investments in the Statements of Activities.

**Process of Measuring Fair Value of Level 3 Assets**

The Finance Director, under the supervision of the Executive Committee, determines the fair value measurement of financial assets classified as Level 3. Quarterly investment statements are reviewed by the Finance Director to evaluate the reasonableness of the classification of Level 3 investments by Amarillo Area Foundation.



**SUPPLEMENTAL INFORMATION**



**UNITED WAY OF AMARILLO & CANYON**

**SCHEDULE OF PROGRAM FUNDING BY IMPACT AREA**

**Years Ended March 31, 2018 and 2017**

**Multiple Year Funding/Community Impact Target Areas**

	<u>2018</u>	<u>2017</u>
<b>HEALTH</b>		
Amarillo Recovery from Alcohol & Drugs, Drug & Alcohol Recovery	\$ 24,150	\$ 24,150
Epilepsy Foundation West Texas, Epilepsy Clinic	4,830	4,830
Family Support Services, Counseling	60,400	60,400
Jan Werner Adult Day Care Center, Adult Day Care Program	65,550	65,550
Salvation Army Case Management	7,590	7,590
TTUHS - Nurse Family Partnership	6,900	6,900
Wesley Community Center, Senior Citizen Program	8,970	8,970
Total	178,390	178,390

<b>EDUCATION</b>		
Amarillo ISD - Set for Success Adult Education GED Program	10,000	-
Boys & Girls Club / Academic Success	360,000	360,000
Boy Scouts, Golden Spread Council / Cub Scouts	51,333	-
Boy Scouts, Golden Spread Council / Scoutreach	51,333	-
Boy Scouts, Golden Spread Council / Venturing/COPE Program	51,334	135,000
Buckner Children & Family Services, Transition Center	18,000	18,000
Coalition of Health Services - Potter-Randall County Texas Home Visiting Program	-	2,000
Family Support Services of Amarillo / Education	85,000	85,000
Girl Scouts of Texas Oklahoma Plains, Inc. / Girls at School	71,000	71,000
Junior Achievement of the High Plains, Junior Achievement	-	10,000
Wesley Community Center /Wesley Wrestling Club	13,500	13,500
Wesley Community Center / "Behind the Scenes" Youth Modeling Program	21,600	21,600
Total	733,100	716,100

<b>INCOME</b>		
Amarillo Area Adult Literacy Council, Adult Literacy	-	18,285
Childrens Learning Centers of Amarillo, Inc. / Low Income Child Care Assistance	193,200	193,200
Family Support Services / Veteran's Resource Center	17,940	17,940
Goodwill of Northwest Texas, Job Training/Placement	103,500	103,500
Total	314,640	332,925

<b>BASIC NEEDS</b>		
American Red Cross, TX Panhandle, Disaster Services	36,500	37,500
Catholic Charities of the TX Panhandle, Inter-Faith Hunger Project	71,000	72,000
Family Care Foundation, Dental Assistance	-	10,000
Family Support Services, Crisis Services/Family Violence	33,000	34,000
Family Support Services, Crisis Services/Sexual Assault	24,500	25,500
PRPC/Area Agency on Aging, FoodNet	77,216	77,000
The Salvation Army, Emergency Shelter Operations	66,500	67,500
The Salvation Army, Emergency Financial Services	52,175	53,175
Total	360,891	376,675

<b>POVERTY PREVENTION INITIATIVE</b>		
Padres Collaboradores	22,000	22,000
Family Support Services	58,500	58,000
Total	80,500	80,000

See independent auditor's report



**UNITED WAY OF AMARILLO & CANYON**

**SCHEDULE OF PROGRAM FUNDING BY IMPACT AREA**

**Years Ended March 31, 2018 and 2017**

(continued)

	<u>2018</u>	<u>2017</u>
<b>AFTER SCHOOL PILOT PROGRAMS</b>		
Maverick Boys & Girls Club / Glenwood Elementary School	-	81,909
Maverick Boys & Girls Club / Lee Elementary School	-	81,909
Total	-	163,818
Youth Allocations	32,650	36,958
Guyon Saunders Resource Center	33,176	37,161
Total Allocations	\$ 1,733,347	\$ 1,922,027

**Schedule of Donor Designations**

Program Providers	145,063	146,740
Non-Program Providers	259,185	318,880
Combined Federal Campaign	-	84,905
State Employee Charitable Campaign	168,743	154,009
Total Designations	\$ 572,991	\$ 704,534

See independent auditor's report



# UNITED WAY OF AMARILLO & CANYON

## ADMINISTRATIVE EXPENSE PERCENTAGE CALCULATION

Years Ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Administrative Expense</b>		
Fundraising expense	\$ 735,883	\$ 753,383
Management and general	188,175	297,645
Less gift in-kind expense	<u>(6,625)</u>	<u>(13,262)</u>
Total Administrative Expense	<u>\$ 917,433</u>	<u>\$ 1,037,766</u>
<b>Revenue and Other Support</b>		
Unrestricted total revenue	\$ 3,748,915	\$ 4,066,422
Donor designations	572,991	704,534
Provision for uncollectible	334,147	243,088
Less gift in-kind income	<u>(6,625)</u>	<u>(13,262)</u>
Total Revenue and Other Support	<u>\$ 4,649,428</u>	<u>\$ 5,000,782</u>
Administrative Expense Percentage	<u>19.73%</u>	<u>20.75%</u>

See independent auditor's report



**SINGLE AUDIT REPORTS**



**UNITED WAY OF AMARILLO & CANYON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2018**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through Texas Department of Health Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program*	10.561	1742638006	\$ <u>60,130</u>
Total SNAP Cluster			60,130
Temporary Assistance for Needy Families (TANF)*	93.558	1742638006	<u>60,130</u>
Total TANF Cluster			60,130
Refugee and Entrant Assistance – State Administered Programs	93.566	1742638006	60,130
Children’s Health Insurance Program (CHIP)	93.767	1742638006	60,130
Medical Assistance Program*	93.778	1742638006	<u>60,130</u>
Total Medicaid Cluster			60,130
Total U.S. Department of Agriculture			<u>300,650</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
Passed through Texas Department of Human Services			
Promoting Safe and Stable Families	93.556	1742639167-A1	473,838
Childcare and Development Block Grant*	93.575	1742638006	<u>15,736</u>
Total CCDF Cluster			15,736
Total U.S. Department of Health & Human Services			<u>489,574</u>
Total Federal Expenditures			<u>\$ 790,224</u>

\* Clustered Programs



**UNITED WAY OF AMARILLO & CANYON**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2018**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of United Way of Amarillo & Canyon (the Organization) under programs of the federal government for the year ended March 31, 2018 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

*Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Organization. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.





**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**

Board of Directors  
United Way of Amarillo & Canyon  
Amarillo, Texas

### **INDEPENDENT AUDITOR'S REPORT**

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 **United Way of Amarillo & Canyon** (the Organization), a not-for-profit 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 August 13, 2018.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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 Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 result 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 the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson & Sheldon, PLLC*

**Johnson & Sheldon, PLLC**  
**Amarillo, Texas**

August 13, 2018





**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

Board of Directors  
United Way of Amarillo & Canyon  
Amarillo, Texas

### INDEPENDENT AUDITOR'S REPORT

#### **Report on Compliance for Each Major Federal Program**

We have audited **United Way of Amarillo & Canyon's** (the Organization), a not-for-profit organization, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended March 31, 2018. The Organization'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 each of the Organization's major federal programs 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 the Organization'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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2018.

**Report on Internal Control Over Compliance**

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 the Organization'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.

*Johnson & Sheldon, PLLC*

**Johnson & Sheldon, PLLC**  
**Amarillo, Texas**

August 13, 2018



**UNITED WAY OF AMARILLO & CANYON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2018**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified?	Yes	X	None Reported
Noncompliance material to financial statements noted?	Yes	X	No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	Yes	X	No
Significant deficiency(ies) identified?	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 in accordance with section 2 CFR 200.516(a)?	Yes	X	No
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Identification of major federal programs:

CFDA Number(s)

93.556

Name of Federal Program or Cluster

Promoting Safe and Stable Families

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

	Yes	X	No
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**UNITED WAY OF AMARILLO & CANYON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**Year Ended March 31, 2018**

**II. FINANCIAL STATEMENT FINDINGS**

None Noted.

**III. FEDERAL AWARDS FINDINGS**

None Noted.





*We fight for the Health, Education and Financial Stability of every person in our community.*

**CORRECTIVE ACTION PLAN  
Year Ended March 31, 2018**

There was no requirement for a corrective action plan since there were no audit findings for the current year.



*We fight for the Health, Education and Financial Stability of every person in our community.*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended March 31, 2018**

There was no requirement for a summary schedule of prior audit findings since this is the Organizations' first year for a single audit.