

UNITY PARTNERS

ACCOUNTANTS' COMPILATION REPORT

AND

FINANCIAL STATEMENTS

AUGUST 31, 2015 AND 2014

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THOMPSON, DERRIG & CRAIG, P.C.
Certified Public Accountants

ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of
Unity Partners
Bryan, Texas

We have compiled the accompanying statement of financial position of Unity Partners (a nonprofit organization) as of August 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the Schedule of Expenditures of Federal Awards on page 10 be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by us without audit or review and accordingly, we do not express an opinion or provide any assurance on it.

We have previously compiled Unity Partners' 2014 financial statements. The summarized comparative information presented herein as of and for the year ended August 31, 2014, is consistent, in all material respects, with the compiled financial statements from which it has been derived.

We are not independent with respect to Unity Partners.

THOMPSON, DERRIG & CRAIG, PC

March 23, 2016

Woody Thompson, CPA/CFP | Ronnie Craig, CPA | Dillard Leverkuhn, CPA | Lyn Kuciemba, CPA | James Larkin, CPA
Peggy Adcock, CPA | Sandy Beavers, CPA | Alline Briers, CPA | Priscilla Butler, CPA | Nicole Carlton, CPA | Gay Vick Craig, CPA
Kay Dobbins, CPA | Harrison Fox, CPA | Alice Monroe, CPA | A.J. Taylor, CPA | Lindsey Thomson, CPA | Marian Rose Varisco, CPA

UNITY PARTNERS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash	\$ 4,209	\$ 2,158
Accounts receivable	216,406	192,670
Prepaid expenses	<u>3,982</u>	<u>3,310</u>
Total current assets	<u>224,597</u>	<u>198,138</u>
Fixed assets, net of accumulated depreciation	<u>31,300</u>	<u>10,464</u>
TOTAL ASSETS	<u><u>\$ 255,897</u></u>	<u><u>\$ 208,602</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 22,046	\$ 25,042
Accrued payroll	28,288	6,850
Current portion of long-term debt	6,080	-
Line of credit	<u>113,650</u>	<u>84,400</u>
Total current liabilities	<u>170,064</u>	<u>116,292</u>
Long-term liabilities:		
Note payable, net of current portion	<u>19,641</u>	<u>-</u>
Total liabilities	<u>189,705</u>	<u>116,292</u>
Net assets:		
Unrestricted	48,491	75,017
Temporarily restricted	<u>17,701</u>	<u>17,293</u>
Total net assets	<u>66,192</u>	<u>92,310</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 255,897</u></u>	<u><u>\$ 208,602</u></u>

See accountants' compilation report and notes to the financial statements.

UNITY PARTNERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015
WITH COMPARATIVE TOTALS FOR 2014

			Totals	
	Unrestricted	Temporarily Restricted	2015	2014
SUPPORT AND REVENUES				
Contributions				
Donations	\$ 97,199	\$ 10,140	\$ 107,339	\$ 86,482
For Kids Sake	2,410	-	2,410	145
Citibank	-	-	-	26,160
Grants - Federal				
Texas Department of Protective and Regulatory Services	438,042	-	438,042	432,314
ASBV-HOPWA	59,576	-	59,576	72,455
ASBV-Ryan White	307,489	-	307,489	362,817
ASBV-State Services	80,176	-	80,176	11,942
City of College Station	25,451	-	25,451	5,000
City of Bryan	3,510	-	3,510	21,154
HUD - Section 8	25,849	-	25,849	33,373
Grants - Other	8,155	-	8,155	25,396
United Way	20,664	1,995	22,659	20,265
Donated materials and facilities	179,128	-	179,128	149,677
Net assets released from restrictions	11,727	(11,727)	-	-
Total support and revenue	<u>1,259,376</u>	<u>408</u>	<u>1,259,784</u>	<u>1,247,180</u>
EXPENSES				
Program services	1,109,824	-	1,109,824	1,080,978
Management and general	176,078	-	176,078	164,339
Total expenses	<u>1,285,902</u>	<u>-</u>	<u>1,285,902</u>	<u>1,245,317</u>
Change in net assets	(26,526)	408	(26,118)	1,863
Net assets at beginning of period	<u>75,017</u>	<u>17,293</u>	<u>92,310</u>	<u>90,447</u>
Net assets at end of period	<u>\$ 48,491</u>	<u>\$ 17,701</u>	<u>\$ 66,192</u>	<u>\$ 92,310</u>

See accountants' compilation report and notes to the financial statements.

UNITY PARTNERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2015
WITH COMPARATIVE TOTALS FOR 2014

			Totals	
	Program	Management and general	2015	2014
Client services	\$ 199,952	\$ -	\$ 199,952	\$ 193,953
Consulting	15,604	-	15,604	16,470
Conventions and seminars	6,404	-	6,404	5,794
Depreciation	4,241	4,241	8,481	2,650
Dues and subscriptions	1,264	-	1,264	1,694
Employee benefits	58,707	10,897	69,604	63,951
Equipment rental	5,334	5,332	10,666	9,443
Food distributed (donated)	89,676	-	89,676	68,141
Insurance	7,446	7,446	14,891	12,665
Interest	3,138	3,138	6,275	3,485
Meals	-	14,659	14,659	14,364
Miscellaneous	1,124	1,123	2,247	3,431
Office supplies	12,906	1,434	14,340	24,164
Printing	3,262	-	3,262	245
Payroll taxes	46,046	8,547	54,593	54,423
Postage	1,667	1,667	3,333	2,503
Professional fees	11,043	11,043	22,085	20,845
Promotion	4,689	-	4,689	3,165
Rent	69,859	7,762	77,621	79,276
Repairs and maintenance	11,828	1,314	13,142	12,612
Salaries	505,495	93,827	599,322	588,964
Shared maintenance fees	4,625	-	4,625	4,149
Telephone	23,585	2,621	26,206	22,770
Training	-	-	-	8,636
Travel and lodging	12,669	-	12,669	17,023
Utilities	9,263	1,029	10,292	10,501
	<u>\$1,109,824</u>	<u>\$ 176,078</u>	<u>\$ 1,285,902</u>	<u>\$1,245,317</u>

See accountants' compilation report and notes to the financial statements.

UNITY PARTNERS
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (26,118)	\$ 1,863
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Loss on disposition of assets	-	1,928
Depreciation	8,481	2,650
Changes in operating assets and liabilities:		
Accounts receivable	(23,736)	(81,292)
Prepaid expenses	(671)	13
Accounts payable and accrued expenses	<u>18,442</u>	<u>715</u>
Net cash provided (used) by operating activities	<u>(23,602)</u>	<u>(74,123)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(29,318)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(29,318)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(4,679)	-
Proceeds from note payable	30,400	-
Payments on line of credit	(816,306)	(808,500)
Proceeds from line of credit	<u>845,556</u>	<u>883,600</u>
Net cash provided (used) by financing activities	<u>54,971</u>	<u>75,100</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>2,051</u>	<u>977</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>2,158</u>	<u>1,181</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 4,209</u></u>	<u><u>\$ 2,158</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 6,275</u>	<u>\$ 3,485</u>

See accountants' compilation report and notes to the financial statements.

UNITY PARTNERS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies

Organization

Unity Partners (formerly Project Unity) is a not-for-profit corporation organized in 1999 to promote collaborative partnerships among and between community-based programs to provide unbiased access to support services to residents of the local community, to develop and provide direct services to fill gaps not offered by other agencies, and to promote leadership development among citizens in the community. The organization does not have stock or equity holders, offers no memberships, and is administered by a board of directors of concerned local citizens.

Basis of Accounting

The financial statements of Unity Partners have been prepared using the accrual method of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial statement presentation

Unity Partners 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.

Fixed assets and depreciation

Unity Partners capitalizes, at cost, all significant expenditures for fixed assets over \$5,000. Donated equipment is recorded at fair value at the date of donation. Property and equipment are depreciated using the double-declining method over their estimated useful lives.

Maintenance and repairs are charged to expense as incurred; major improvements are capitalized.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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.

See accountants' compilation report.

UNITY PARTNERS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

Unity Partners generally considers all highly liquid temporary investments with an initial maturity of three months or less to be cash equivalents.

Use of estimates

Management of Unity Partners has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying amounts of cash equivalents, accounts receivable, current liabilities and notes payable approximate fair value because of the short maturity of those instruments.

Note 2 – Donated Facilities and Materials

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Unity Partners. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Unity Partners receives donated services, materials, and use of facilities from various local businesses, and various individuals.

The value of donated services and materials included as contributions and corresponding expenses or fixed assets for the year ended August 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Food	\$ 89,676	\$ 68,141
Rent	40,310	42,742
Client services	<u>49,142</u>	<u>38,794</u>
	<u>\$ 179,128</u>	<u>\$ 149,677</u>

See accountants' compilation report.

UNITY PARTNERS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 3 – Tax Status

Unity Partners is a tax-exempt non-profit organization under Internal Revenue Code Section 501(c)(3) and has been classified as an organization that is not a private foundation under Section 509(a). Unity Partners believes it has appropriate support for any tax positions taken, and, as such, has no uncertain tax positions that are material to the financial statements. Information returns are subject to review by the Internal Revenue Service for three years after they are filed.

Note 4 – Accounts Receivable

Accounts receivable at August 31, 2015 and 2014 consists of the following:

	2015	2014
TDPRS	\$ 99,785	\$ 119,559
ASBV-HOPWA	10,227	4,630
ASBV-Ryan White	57,977	45,301
ASBV-State Services	10,030	5,854
BVCOG - Section 8	25,848	2,702
City of College Station	1,500	2,500
City of Bryan	-	2,702
Other	600	978
United Way	10,439	8,444
	<u>\$ 216,406</u>	<u>\$ 192,670</u>

Note 5 – Line of Credit

Unity Partners has a \$140,000 line of credit with Wells Fargo Bank Texas that matures in July 2015. The line bears interest at the bank's prime rate plus 2.5% which was 5.75% at August 31, 2015. The line is secured by inventory and equipment. The balance due on this line of credit at August 31, 2015 and 2014 was \$113,650 and \$84,400, respectively. The interest paid for the years ended August 31, 2015 and 2014 was \$6,275 and \$3,485, respectively.

Note 6 – Note Payable

During the year ended August 31, 2015, Unity Partners borrowed \$30,400 from a local bank to purchase a van for use in operations. The loan bears interest at 5.25% and matures in November 2019. The loan requires monthly principal payments of \$506.67 plus interest, and is secured by the van. Future maturities are as follows:

2016	\$ 6,080
2017	6,080
2018	6,080
2019	6,080
2020	1,401
	<u>\$ 25,721</u>

See accountants' compilation report.

UNITY PARTNERS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Note 7 – Operating Lease Commitment

Unity Partners leases copiers and office space under agreements which are classified as operating leases. Rent expense incurred under these leases for the years ended August 31, 2015 and 2014 was \$57,402 and \$56,626, respectively. Future payments due under these leases are as follows:

2016	\$	57,542
2017	\$	57,542
2018	\$	3,180

Note 8 – Restricted Net Assets

Temporarily restricted net assets consist of amounts for future period expenses, as shown below:

	2015	(Restated) 2014
United Way	\$ 10,439	\$ 8,444
Other	7,262	8,849
	<u>\$ 17,701</u>	<u>\$ 17,293</u>

Temporarily restricted net assets at August 31, 2014 were restated to reflect the prior period balance of donor restricted contributions unspent.

Note 9 – Subsequent Events

Management has evaluated subsequent events through March 23, 2016 the date the financial statements were available to be issued.

UNITY PARTNERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Award
<i>U.S. Department of Health and Human Services:</i>			
Texas Department of Family and Protective Services - Texas Families Together & Safe Strengthening Families Initiative	93.556	24111249	\$ 438,042
Brazos Valley Council of Governments - Ryan White Title II Funds	93.917	5600-559-01	270,926
Ryan White Title II Funds (State Services)	93.917	5598-559-01	80,176
Ryan White Title II Funds (Supplemental)	93.917	5596-554-01	36,563
			<hr/>
			825,707
<i>U.S. Department of Housing and Urban Development:</i>			
Brazos Valley Council of Governments - HOPWA	14.241	5597-559-01	20,339
	14.241	5599-591-01	39,237
Brazos Valley Council of Government - Section 8 Funds	14.871	n/a	25,849
City of Bryan - CDBG	14.218	B-13-MC-48-0006	3,510
City of College Station - CDBG funds			25,451
			<hr/>
			114,386
			<hr/>
			\$ 940,093

See accountants' compilation report and notes to schedule of expenditures of federal awards.

UNITY PARTNERS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unity Partners and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The accrual basis of accounting is described in Note 1 of the financial statements note disclosures.

Note 3 – Contingencies

Allowable expenditures of federal awards are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of Unity Partners.

Note 4 – Insurance in Effect

For the year ended August 31, 2015, the following insurance was in effect:

General liability	\$1,000,000
Commercial auto liability	\$1,000,000
Directors & officers	\$1,000,000
Fidelity bond	\$ 50,000
Volunteers	\$ 25,000
Commercial property fire	coverage varies, but sufficient to cover contents

See accountants' compilation report.