

**UNITY PARTNERS**

**ACCOUNTANTS' COMPILATION REPORT**

**AND**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2016 AND 2015**

## TABLE OF CONTENTS

	<u>Page No.</u>
Accountants' Compilation Report .....	1
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6-9
Schedule of Expenditures of Federal Awards .....	10
Notes to Schedules of Expenditures of Federal Awards .....	11



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

## ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors  
Unity Partners  
Bryan, Texas

Management is responsible for the accompanying financial statements of Unity Partners (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Schedule of Federal Expenditures of Federal Awards on page 10 be presented to supplement the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

We have previously compiled Unity Partners' 2015 financial statements. The summarized comparative information presented herein as of and for the year ended August 31, 2015, 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, P.C.**

March 14, 2017

Woody Thompson, CPA/CFP | Ronnie Craig, CPA | Dillard Leverkus, CPA | Lyn Kuciemba, CPA | James Larkin, CPA  
Peggy Adcock, CPA | Sandy Beavers, CPA | Alline Briers, CPA | Priscilla Butler, CPA | Gay Vick Craig, CPA | Kay Dobbins, CPA | Harrison Fox, CPA  
Emily Hogan, CPA | Logan Kendrick, CPA | Alice Monroe, CPA | Esther Parra, CPA | A.J. Taylor, CPA | Marian Rose Varisco, CPA

**UNITY PARTNERS**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 3,873	\$ 4,209
Accounts receivable	179,454	216,406
Prepaid expenses	<u>3,758</u>	<u>3,982</u>
Total current assets	<u>187,085</u>	<u>224,597</u>
Fixed assets, net of accumulated depreciation	<u>19,384</u>	<u>31,300</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 206,469</u></u>	<u><u>\$ 255,897</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 38,099	\$ 22,046
Accrued payroll	33,388	28,288
Current portion of long-term debt	6,080	6,080
Line of credit	<u>23,500</u>	<u>113,650</u>
Total current liabilities	<u>101,067</u>	<u>170,064</u>
Long-term liabilities:		
Note payable, net of current portion	<u>13,444</u>	<u>19,641</u>
Total liabilities	<u>114,511</u>	<u>189,705</u>
Net assets:		
Unrestricted	64,055	48,491
Temporarily restricted	<u>27,903</u>	<u>17,701</u>
Total net assets	<u>91,958</u>	<u>66,192</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 206,469</u></u>	<u><u>\$ 255,897</u></u>

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

**UNITY PARTNERS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**  
**WITH COMPARATIVE TOTALS FOR 2015**

			Totals	
	Unrestricted	Temporarily Restricted	2016	2015
<b>SUPPORT AND REVENUES</b>				
Contributions				
Donations	\$ 105,404	\$ 13,200	\$ 118,604	\$ 107,339
For Kids Sake	2,410	-	2,410	2,410
Citibank	-	-	-	-
Grants - Federal				
Texas Department of Protective and Regulatory Services	460,275	-	460,275	438,042
ASBV-HOPWA	62,297	-	62,297	59,576
ASBV-Ryan White	362,883	-	362,883	307,489
ASBV-State Services	78,443	-	78,443	80,176
City of College Station	3,000	-	3,000	25,451
City of Bryan	30,000	-	30,000	3,510
HUD - Section 8	32,221	-	32,221	25,849
Grants - Other	2,150	-	2,150	8,155
United Way	30,972	2,061	33,033	22,659
Donated materials and facilities	202,659	-	202,659	179,128
Net assets released from restrictions	5,059	(5,059)	-	-
Total support and revenue	<u>1,377,773</u>	<u>10,202</u>	<u>1,387,975</u>	<u>1,259,784</u>
<b>EXPENSES</b>				
Program services	1,161,372	-	1,161,372	1,109,824
Management and general	200,837	-	200,837	176,078
Total expenses	<u>1,362,209</u>	<u>-</u>	<u>1,362,209</u>	<u>1,285,902</u>
Change in net assets	15,564	10,202	25,766	(26,118)
Net assets at beginning of period	<u>48,491</u>	<u>17,701</u>	<u>66,192</u>	<u>92,310</u>
Net assets at end of period	<u>\$ 64,055</u>	<u>\$ 27,903</u>	<u>\$ 91,958</u>	<u>\$ 66,192</u>

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

**UNITY PARTNERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**  
**WITH COMPARATIVE TOTALS FOR 2015**

			Totals	
	Program	Management and general	2016	2015
Client services	\$ 204,467	\$ -	\$ 204,467	\$ 199,952
Consulting	8,188	-	8,188	15,604
Conventions and seminars	7,225	-	7,225	6,404
Depreciation	5,957	5,958	11,915	8,481
Dues and subscriptions	3,697	-	3,697	1,264
Employee benefits	56,725	13,149	69,874	69,604
Equipment rental	5,429	5,427	10,856	10,666
Food distributed (donated)	117,600	-	117,600	89,676
Insurance	8,459	8,459	16,918	14,891
Interest	3,012	3,012	6,024	6,275
Meals	-	4,413	4,413	14,659
Miscellaneous	2,046	2,045	4,091	2,247
Office supplies	16,552	1,839	18,391	14,340
Printing	38	-	38	3,262
Payroll taxes	42,208	9,784	51,992	54,593
Postage	1,165	1,165	2,330	3,333
Professional fees	12,060	12,060	24,120	22,085
Promotion	4,010	-	4,010	4,689
Rent	70,558	7,840	78,398	77,621
Repairs and maintenance	13,894	1,544	15,438	13,142
Salaries	517,840	120,039	637,879	599,322
Shared maintenance fees	4,878	-	4,878	4,625
Telephone	28,003	3,111	31,114	26,206
Travel and lodging	18,430	-	18,430	12,669
Utilities	8,932	992	9,924	10,292
	<u>\$1,161,372</u>	<u>\$ 200,837</u>	<u>\$ 1,362,209</u>	<u>\$1,285,902</u>

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

**UNITY PARTNERS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 25,766	\$ (26,118)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	11,915	8,481
Changes in operating assets and liabilities:		
Accounts receivable	36,952	(23,736)
Prepaid expenses	224	(671)
Accounts payable and accrued expenses	<u>21,153</u>	<u>18,442</u>
Net cash provided (used) by operating activities	<u>96,010</u>	<u>(23,602)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>-</u>	<u>(29,318)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(29,318)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	(6,197)	(4,679)
Proceeds from note payable	-	30,400
Payments on line of credit	(1,048,249)	(816,306)
Proceeds from line of credit	<u>958,100</u>	<u>845,556</u>
Net cash provided (used) by financing activities	<u>(96,346)</u>	<u>54,971</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(336)</u>	<u>2,051</u>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>4,209</u>	<u>2,158</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 3,873</u></u>	<u><u>\$ 4,209</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 6,024</u>	<u>\$ 6,275</u>

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

**UNITY PARTNERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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, 2016 AND 2015**

**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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Food	\$ 117,600	\$ 89,676
Rent	40,310	40,310
Client services	<u>44,749</u>	<u>49,142</u>
	<u>\$ 202,659</u>	<u>\$ 179,128</u>

See accountants' compilation report.

**UNITY PARTNERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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, 2016 and 2015 consists of the following:

	2016	2015
TDPRS	\$ 75,570	\$ 99,785
ASBV-HOPWA	6,110	10,227
ASBV-Ryan White	46,615	57,977
ASBV-State Services	3,443	10,030
BVCOG - Section 8	27,925	25,848
City of College Station	-	1,500
City of Bryan	7,291	-
Other	-	600
United Way	12,500	10,439
	<u>\$ 179,454</u>	<u>\$ 216,406</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, 2016. The line is secured by inventory and equipment. The balance due on this line of credit at August 31, 2016 and 2015 was \$23,500 and \$113,650, respectively. The interest paid for the years ended August 31, 2016 and 2015 was \$4,701 and \$6,275, 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:

2017	\$ 6,080
2018	6,080
2019	6,080
2020	1,284
	<u>\$ 19,524</u>

See accountants' compilation report.

**UNITY PARTNERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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, 2016 and 2015 was \$64,179 and \$57,402, respectively. Future payments due under these leases are as follows:

2017	\$	64,669
------	----	--------

**Note 8 – Restricted Net Assets**

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

	<u>2016</u>	<u>2015</u>
United Way	\$ 12,500	\$ 10,439
Other	<u>15,403</u>	<u>7,262</u>
	<u>\$ 27,903</u>	<u>\$ 17,701</u>

**Note 9 – Subsequent Events**

Management has evaluated subsequent events through March 14, 2017 the date the financial statements were available to be issued.

See accountants' compilation report.

**UNITY PARTNERS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

Federal Grantor/ Pass-through Grantor	Federal CFDA Number	Federal Contract Number	Pass-through Entity Identifying Number	Federal Award
Program Title				
<i>U.S. Department of Health and Human Services:</i>				
Texas Department of Family and Protective Services - Promoting Safe and Stable Families	93.556	N/A	24111249	\$ 460,275
Brazos Valley Council of Governments - Ryan White Title II Funds	93.917	2015-001443-02	5602-559-01	178,226
Ryan White Title II Funds	93.917	2016-001443-00	5605-559-01	150,551
Ryan White Title II Funds (State Services)	93.917	2016-003761-00	5603-SS-559-01	78,443
Ryan White Title II Funds (Supplemental)	93.917	2016-001443-00	5605-559-01-S	<u>34,106</u>
				<u>901,601</u>
<i>U.S. Department of Housing and Urban Development:</i>				
Brazos Valley Council of Governments -	14.241	2014-002569-00	5601-558-01	26,130
HOPWA	14.241	2016-002569-00	5604-559-01	36,167
Brazos Valley Council of Government - Section 8FY14 Funds	14.871	N/A	N/A	14,735
Brazos Valley Council of Government - Section 8 Funds	14.871	N/A	N/A	17,486
City of Bryan - CDBG	14.218	N/A	N/A	30,000
City of College Station - CDBG funds	14.218	N/A	N/A	<u>3,000</u>
				<u>127,518</u>
				<u><u>\$ 1,029,119</u></u>

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, 2016**

**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 *Government Auditing Standards* issued by the Comptroller General of the United States (the *Uniform Guidance*). 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, 2016, 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.