

Volunteer Houston

FINANCIAL STATEMENTS


December 31, 2015 and 2014



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**Volunteer Houston
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December 31, 2015 and 2014**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Volunteer Houston
Houston, Texas

We have audited the accompanying financial statements of Volunteer Houston (the Organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Volunteer Houston as of December 31, 2015 and 2014, 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.

Case, Riggs & Ingram, L.L.C.

Houston, Texas
August 18, 2016

Volunteer Houston Statements of Financial Position

<i>December 31,</i>	2015	2014
Assets		
Cash and cash equivalents	\$ 199,822	\$ 157,201
Accounts receivable	18,775	2,855
Prepaid expenses and deposits	-	5,175
Furniture and equipment, net	2,037	250
Total assets	\$ 220,634	\$ 165,481
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 6,323	\$ 234
Deferred revenue	31,500	-
Note payable	16,440	35,568
Total liabilities	54,263	35,802
Commitments and contingencies		
Net Assets		
Unrestricted	109,221	81,958
Temporarily restricted	57,150	47,721
Total net assets	166,371	129,679
Total liabilities and net assets	\$ 220,634	\$ 165,481

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

Volunteer Houston
Statement of Activities and Changes in Net Assets

<i>For the year ended December 31, 2015</i>	Unrestricted	Temporarily Restricted	Total
Revenue and other support			
Contributions	\$ 102,160	\$ 316,179	\$ 418,339
Special events revenue	169,858	-	169,858
Special events direct cost	(62,679)	-	(62,679)
Program service fees	119,756	-	119,756
Other revenue from governmental agencies	24,000	-	24,000
Gain on sale of furniture and equipment	500	-	500
Total revenue and other support	353,595	316,179	669,774
Net assets released from restrictions	306,750	(306,750)	-
Total revenues, other support and reclassifications	660,345	9,429	669,774
Expenses			
Program services	512,514	-	512,514
Management and general	61,617	-	61,617
Fundraising	58,951	-	58,951
Total expenses	633,082	-	633,082
Change in net assets	27,263	9,429	36,692
Net assets, beginning of year	81,958	47,721	129,679
Net assets, end of year	\$ 109,221	\$ 57,150	\$ 166,371

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

Volunteer Houston

Statement of Activities and Changes in Net Assets

<i>For the year ended December 31, 2014</i>	Unrestricted	Temporarily Restricted	Total
Revenue and other support			
Contributions	\$ 163,827	\$ 337,437	\$ 501,264
Special events revenue	129,068	-	129,068
Special events direct cost	(29,747)	-	(29,747)
Program service fees	56,799	-	56,799
Other revenue from governmental agencies	24,000	-	24,000
Total revenue and other support	343,947	337,437	681,384
Net assets released from restrictions	353,895	(353,895)	-
Total revenues, other support and reclassifications	697,842	(16,458)	681,384
Expenses			
Program services	483,716	-	483,716
Management and general	63,615	-	63,615
Fundraising	58,306	-	58,306
Total expenses	605,637	-	605,637
Change in net assets	92,205	(16,458)	75,747
Net assets, beginning of year	(10,247)	64,179	53,932
Net assets, end of year	\$ 81,958	\$ 47,721	\$ 129,679

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

Volunteer Houston Statement of Functional Expenses

For the year ended December 31, 2015

Expenses	Program services	Management and General	Fundraising	Total Expenses
Salaries	\$ 183,199	\$ 38,533	\$ 38,442	\$ 260,174
Assistance to agencies	173,190	-	-	173,190
Occupancy	43,422	1,587	1,312	46,321
Payroll taxes	17,735	3,385	3,351	24,471
Employee benefits	11,231	5,168	4,365	20,764
Office expense	10,643	114	1,879	12,636
Printing	2,774	20	1,733	4,527
Information technology	6,413	110	122	6,645
Telecommunications	3,650	-	-	3,650
Program supplies	30,797	-	-	30,797
Service fees	10,738	12,700	5,568	29,006
Advertising	3,300	-	419	3,719
Insurance	4,694	-	-	4,694
Meetings and training	5,654	-	1,410	7,064
Interest expense	925	-	-	925
Postage	1,232	-	275	1,507
Travel	1,780	-	-	1,780
Membership dues	1,075	-	75	1,150
Depreciation	62	-	-	62
Total expenses	\$ 512,514	\$ 61,617	\$ 58,951	\$ 633,082

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

Volunteer Houston Statement of Functional Expenses

For the year ended December 31, 2014

Expenses	Program services	Management and General	Fundraising	Total Expenses
Salaries	\$ 164,618	\$ 39,561	\$ 43,075	\$ 247,254
Assistance to agencies	160,918	-	-	160,918
Occupancy	47,946	2,592	1,369	51,907
Payroll taxes	13,920	3,230	3,696	20,846
Employee benefits	6,769	5,381	1,781	13,931
Office expense	10,685	151	553	11,389
Printing	2,921	-	1,901	4,822
Information technology	20,541	-	-	20,541
Telecommunications	8,615	-	-	8,615
Program supplies	23,994	-	-	23,994
Service fees	4,500	12,700	-	17,200
Advertising	3,174	-	1,737	4,911
Insurance	4,805	-	-	4,805
Meetings and training	4,737	-	3,959	8,696
Interest expense	2,174	-	-	2,174
Postage	1,579	-	235	1,814
Travel	745	-	-	745
Membership dues	1,075	-	-	1,075
Total expenses	\$ 483,716	\$ 63,615	\$ 58,306	\$ 605,637

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

Volunteer Houston Statements of Cash Flows

<i>For the years ended December 31,</i>	2015	2014
Operating activities		
Change in net assets	\$ 36,693	\$ 75,747
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	62	-
Gain on sale of furniture and equipment	(500)	-
Changes in operating assets and liabilities		
Accounts receivable	(15,920)	576
Prepaid expenses and deposits	5,175	-
Accounts payable and accrued expenses	6,088	(204)
Deferred revenue	31,500	-
Net cash provided by operating activities	63,098	76,119
Investing activities		
Proceeds from sale of furniture and equipment	500	-
Purchase of furniture and equipment	(1,849)	-
Net cash used in investing activities	(1,349)	-
Financing activities		
Proceeds from note payable	-	39,629
Payments on note payable	(19,128)	(56,796)
Net cash used in financing activities	(19,128)	(17,167)
Net increase in cash and cash equivalents	42,621	58,952
Cash and cash equivalents, beginning of year	157,201	98,249
Cash and cash equivalents, end of year	\$ 199,822	\$ 157,201
Supplemental disclosure of cash information		
Cash paid for interest	\$ 925	\$ 2,174
Supplemental disclosure of non-cash investing activities		
Write off of fully depreciated furniture and equipment	\$ 32,250	\$ -

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

Volunteer Houston

Notes to Financial Statements

NOTE 1: ORGANIZATION

Volunteer Houston (the Organization) is a nonprofit, tax-exempt organization that connects people to their volunteer passions. In 2015, the Organization mobilized over 50,000 volunteers in over 4.8 million hours of volunteer service. Based on the Independent Sector's value of a volunteer hour, this resulted in a gift of \$118 million dollars to our community.

Mission: To effectively engage people and resources in volunteering and service.

Vision: Volunteer Houston strengthens the spirit of volunteerism for the benefit of the communities we serve.

Programs

Volunteer Connection – A service that connects volunteers to opportunities to volunteer with area nonprofits through print, TV, and web-based media. This service connects over 50,000 volunteers annually.

A Visit From St. Nicholas – This program spreads the holiday cheer to kids who might not experience it otherwise. Targeting Title 1 schools in Houston and the Bay Area, St. Nicholas makes the holidays special for 7,000 elementary schoolers each year. Volunteers stuff backpacks with toys and books to help combine learning and fun for these kids. Through this program, students learn the value and importance of community service and celebrate the spirit of volunteering.

Disaster Relief Services – The Organization's partnership with various county offices of emergency management and our area's Voluntary Organizations Active in Disaster (VOAD) group keeps Volunteer Houston engaged in supporting disaster preparedness and response efforts. In the aftermath of a disaster, the Organization stands ready to serve as a Volunteer Reception Center- recruiting, training, and deploying volunteers to support relief and recovery efforts.

Greater Houston Service Awards – This program honors volunteers who have gone above and beyond the call of service by making an exceptional impact in the Houston community. Started in 1984, the Greater Houston Service Awards recognizes Houstonians through a competitive nomination process in 15 categories. The selected nominees are recognized at the annual luncheon attended by nonprofits, corporate partners, government officials, and individuals.

LEAD Program - This program nurtures youth of diverse backgrounds by developing them into high achievers and servant leaders. The program areas target the next generation of volunteers and puts them on a path of service and success. Our three main projects are:

- **ExxonMobil Community Summer Jobs Program** – Since 1997, ExxonMobil has provided paid internships to college undergraduates to work for Houston area nonprofits during the summer thus impacting 70 nonprofits.
- **Shell Summer Internship Program** – Since 2006, Shell Oil has provided paid internships to college undergraduates to work for Houston area nonprofits during the summer thus impacting 40 nonprofits.

Volunteer Houston

Notes to Financial Statements

NOTE 1: ORGANIZATION (Continued)

- **Teens in Service** – Since 2010, Teens in Service has provided service and leadership opportunities for local area high schools during the summer months

Veteran Services – The program helps veterans reintegrate into society through service work. Veteran Services programs recruit and train veteran volunteer leaders who support ongoing service efforts. In turn, each veteran volunteer leads programs and projects in their communities.

Services

Corporate Services – The Organization’s corporate services division is a fee-based service that provides partial and full project management to help achieve a company’s corporate social responsibility goals.

VISTA Intermediary Program – This service provides nonprofit agencies with a VISTA member for a year to aid in capacity building. VISTAs are recruited and monitored by Volunteer Houston and assigned to nonprofits for their year of service. Volunteer Houston assesses a service and management fee from the nonprofit agencies.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization’s support and revenue is reported for accounting purposes in separate classes of net assets based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted** - net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- **Temporarily Restricted** - net assets whose use by the Organization is subject to donor imposed stipulations that can be fulfilled by action of the Organization pursuant to those stipulations or that expire by the passage of time.

Support that is restricted by the donor and is to be used in future periods or for a specific purpose is reported as an increase in temporarily restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash equivalents.

Volunteer Houston Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable represent amounts owed to the Organization which are expected to be collected during the next twelve months. Management considers all remaining accounts receivable at December 31, 2015 and 2014, to be collectible therefore no allowance for doubtful accounts has been provided.

Furniture and Equipment

Furniture and equipment acquisitions greater than \$1,000 is recorded at cost if purchased or, if donated, at fair value at the date of the gift. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

At December 31, 2015, furniture and equipment cost and accumulated depreciation totaled \$2,849 and \$812, respectively. At December 31, 2014, furniture and equipment cost and accumulated depreciation totaled \$33,250 and \$33,000, respectively.

Deferred Revenue

Deferred revenue consists of program service fees received in advance and will be recognized as revenue when services are provided.

Contributions

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor.

Contributions received with donor stipulations are reported as temporarily restricted support. When a donor restriction expires, temporarily restricted net assets are released to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Program Service Fees

Revenues from program services are recognized when the related services are provided.

Donated Services and Materials

Donated services and materials, such as printing and program supplies, are recorded as in-kind contributions in the accompanying financial statements at their estimated fair market values at the date of receipt, if an objective basis is available to measure the value of such services and materials. If not available, amounts are not recorded in the financial statements. In-kind contributions totaled approximately \$50,400 and \$17,100 for the years ended December 31, 2015 and 2014, respectively. These amounts have been reported as contribution revenue and printing, advertising and program supplies on the statement of activities and statement of functional expenses.

Volunteer Houston Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A substantial number of volunteers have contributed significant amounts of time in conjunction with the program services and administration of the Organization for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified specifically as program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to more than one function are allocated based on various determinations by management.

Fair Value Considerations

The Organization uses fair value to measure financial and certain nonmonetary financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability. The Organization's financial instruments (primarily cash and cash equivalents, receivables, and payables) are carried in the accompanying financial statements at amounts, which reasonably approximate fair value.

Federal Income Taxes

The Organization is a non-profit, charitable corporation as defined by Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes. The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2015 and 2014, management believes there were no uncertain tax positions.

Concentration of Credit Risk

At various times during the year, the Organization's cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents, due to the financial strength of the financial institutions where deposits are held.

Contributions received from one corporation represent 20% of total revenue and other support for the year ended December 31, 2015. Contributions received from two corporations represent 30% of total revenue and other support for the year ended December 31, 2014.

Volunteer Houston Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the 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. Estimates that have the most impact on financial position and results of operations primarily relate to the allocation of expenses among functional areas. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were available for issuance on August 18, 2016. No matters were identified affecting the accompanying financial statements or related disclosures.

NOTE 3: NOTE PAYABLE

The Organization has a note payable agreement with BB&T Bank with a maturity date of October 6, 2016 and is secured by personal property and payable in monthly installments of \$1,671 of principal and interest (fixed annual rate of 3.4%). At December 31, 2015 and 2014, the total principal balance outstanding was \$16,440 and \$35,568, respectively. The outstanding balance on the note will be paid in full in 2016.

NOTE 4: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

<i>December 31,</i>	2015	2014
Internship Program	\$ 49,000	\$ 47,721
St. Nick's Event	5,000	-
Technology and Database Expansion Program	3,150	-
	\$ 57,150	\$ 47,721

During the years ended December 31, 2015 and 2014, temporarily restricted net assets of \$306,750 and \$353,895 were released from donor restrictions by satisfying the donor restrictions, respectively.



Volunteer Houston Notes to Financial Statements

NOTE 5: COMMITMENTS

The Organization leases equipment and other assets under operating lease agreements expiring in various years through July 2018. The Organization leases office space under an operating lease agreement which expires in March 2017.

Future minimum rental payments for these operating leases are as follows: 2016 - \$45,192, 2017 - \$13,192, and 2018 - \$1,582. Rental expense totaled approximately \$46,000 and \$57,000 for the years ended December 31, 2015 and 2014, respectively.

NOTE 6: EMPLOYEE BENEFIT PLAN

Employees of the Organization may participate in an Internal Revenue Code section 403(b) retirement savings plan, established in 2003. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.