

UNITED WAY OF CALHOUN COUNTY

PORT LAVACA, TEXAS

Financial Statements

March 31, 2023 and 2022

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Financial Statements
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Independent Auditors' Report

To the Board of Directors
of United Way of Calhoun County

Opinion

We have audited the accompanying financial statements of United Way of Calhoun County, (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Calhoun County as of March 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Calhoun County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Calhoun County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Calhoun County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Calhoun County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bumgardner, Morrison & Company, LLP

Bumgardner, Morrison & Company, LLP
Victoria, Texas
December 22, 2023

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statements of Financial Position
March 31, 2023 and 2022**

	2023	2022
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 528,775	\$ 474,098
Investments	182,641	180,093
Unconditional promises to give, net	65,120	72,263
Interest receivable	386	386
Prepaid expenses	1,521	3,043
Total Current Assets	778,443	729,883
Fixed Assets		
Furniture and equipment	8,619	7,319
Less: accumulated depreciation	(7,237)	(6,756)
Total Fixed Assets	1,382	563
Total Assets	\$ 779,825	\$ 730,446
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accrued liabilities	\$ 2,569	\$ 4,200
Agency allocation payable	284,000	252,000
Total Current Liabilities	286,569	256,200
Net Assets		
Without donor restrictions	493,214	456,909
With donor restrictions	42	17,337
Total Net Assets	493,256	474,246
Total Liabilities and Net Assets	\$ 779,825	\$ 730,446

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statements of Activities
Years Ended March 31, 2023 and 2022**

	2023	2022
Changes in net assets without donor restrictions		
Contributions		
Net campaign contributions	\$ 408,378	\$ 315,573
Sponsorship revenue	12,000	4,000
Charitable donations	-	87,500
In-kind donations	4,800	4,800
Investment income	2,548	2,962
Other income	118	123
Total revenues without donor restrictions	427,844	414,958
Net assets released from restrictions		
Satisfaction of purpose restriction	17,294	24,687
Total revenues and other support without donor restrictions	445,138	439,645
Expenses		
Program services	333,666	386,521
Supporting services		
Management and general	50,669	43,874
Fundraising	24,499	22,222
Total expenses	408,834	452,617
Increase (decrease) in net assets without donor restrictions	36,304	(12,972)
Changes in net assets with donor restrictions		
Contributions	-	30,500
Paycheck protection program forgiveness	-	8,702
Net assets released from donor restrictions	(17,294)	(24,687)
(Decrease) increase in net assets with donor restrictions	(17,294)	14,515
Increase in total net assets	19,010	1,543
Beginning Net Assets	474,246	472,703
Ending Net Assets	\$ 493,256	\$ 474,246

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statement of Functional Expenses
Year Ended March 31, 2023**

	Program Services	Supporting Services		2023 Total Expenses
		Management and General	Fundraising	
Agency allocations	\$ 302,085	\$ -	\$ -	\$ 302,085
Salaries and related expenses	25,750	16,631	11,266	53,647
Professional fees and contract services	450	11,150	450	12,050
Dues and subscriptions	1,643	1,643	1,643	4,929
Rent	-	4,800	-	4,800
Miscellaneous	637	291	291	1,219
Insurance	710	710	710	2,130
Telephone	664	664	664	1,992
Repairs and maintenance	-	1,014	1,884	2,898
Supplies	33	25	6,389	6,447
Depreciation	241	120	120	481
Internet	-	209	388	597
Advertising	328	-	491	819
Bank charges	-	71	71	142
Mileage	1,125	66	132	1,323
Bad Debt Expense	-	13,275	-	13,275
Total functional expenses	\$ 333,666	\$ 50,669	\$ 24,499	\$ 408,834

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statement of Functional Expenses, Continued
Year Ended March 31, 2022**

	Program Services	Supporting Services		2022 Total Expenses
		Management and General	Fundraising	
Agency allocations	\$ 355,060	\$ -	\$ -	\$ 355,060
Salaries and related expenses	24,733	15,973	10,821	51,527
Professional fees and contract services	250	10,250	250	10,750
Dues and subscriptions	2,498	2,498	2,498	7,494
Rent	-	4,800	-	4,800
Miscellaneous	611	290	287	1,188
Insurance	695	695	695	2,085
Telephone	570	570	570	1,710
Repairs and maintenance	-	999	1,856	2,855
Supplies	485	182	3,916	4,583
Depreciation	250	125	125	500
Internet	-	213	395	608
Advertising	398	-	596	994
Bank charges	-	99	99	198
Mileage	971	57	114	1,142
Bad Debt Expense	-	7,123	-	7,123
Total functional expenses	<u>\$ 386,521</u>	<u>\$ 43,874</u>	<u>\$ 22,222</u>	<u>\$ 452,617</u>

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

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Statements of Cash Flows
Years Ended March 31, 2023 and 2022**

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 19,010	\$ 1,543
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	481	500
Gain on PPP loan forgiveness	-	(8,702)
Decrease (increase) in operating assets		
Unconditional promises to give	7,143	38,983
Prepaid expenses	1,522	(569)
Increase (decrease) in operating liabilities		
Accrued liabilities	(1,631)	1,512
Agency allocation payable	32,000	120,000
Net Cash Provided by Operating Activities	58,525	153,267
Cash Flows from Investing Activities		
Reinvestment of CD interest	(2,548)	(2,962)
Purchase of fixed assets	(1,300)	-
Net Cash Used in Investing Activities	(3,848)	(2,962)
Net Increase in Cash	54,677	150,305
Cash at Beginning of Year	474,098	323,793
Cash at End of Year	\$ 528,775	\$ 474,098

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

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements
March 31, 2023 and 2022

Note 1 **Summary of Significant Accounting Policies**

Organization

The United Fund of Calhoun County was formed in October 1957 and was later renamed United Way of Calhoun County (the Organization) in December 1998. The purpose of the Organization is to bring together, in a united appeal, all possible campaigns of community accepted health, welfare, and recreational agencies, including local, state, and national service organizations.

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

Financial statement presentation follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. The net assets of the Organization are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all investments with original maturities of three months or less to be cash equivalents. However, such items that meet this definition but that are designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash equivalents for cash flow reporting purposes.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2023 and 2022

Note 1 **Summary of Significant Accounting Policies, Continued**

Property and Equipment

Property and equipment acquisitions are recorded at cost if purchased or the fair market value at the date of donation. If donors stipulate how long the assets must be used, then the donations are recorded as contributions with donor restrictions. In the absence of such stipulations, donations of property and equipment are recorded as contributions without donor restrictions. Property and equipment with cost or estimated value in excess of \$500 are capitalized. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Depreciation expense for the years ended March 31, 2023 and 2022 was \$481 and \$500, respectively.

Contributions

The Organization accounts for contributions in accordance with the guidance of ASC 958 such that contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions.

Donor Designations

Designated funds contributed by companies and its participating employees to the Organization during the years ended March 31, 2023 and 2022, were made payable to specified organizations, both member and non-member agencies. The allocation to member agencies is subject to the Organization's approval; however, this does not apply to non-member agencies. Therefore, the Organization's contributions on the financial statements are reduced by designations to non-member agencies.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as contributions with donor restrictions.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets released from restrictions.

Donated Facilities and Services

Donated facilities provided by the International Bank of Commerce are used by the Organization for its administrative activities and are recorded in the financial statements at the fair market value and shown as an expense in the years ending March 31, 2023 and 2022.

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Notes to Financial Statements, Continued
March 31, 2023 and 2022**

Note 1 Summary of Significant Accounting Policies, Continued

Contributed Services

Donated services are recognized as contributions in accordance with the guidance of ASC 958 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 the Organization. Although the Organization receives numerous hours of volunteer assistance during its annual pledge campaign, the nature of these services does not meet the criteria established in ASC 958 for recognition; therefore, the value of these services has not been recorded in the financial statements.

Income Taxes

The Organization is currently exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has not conducted unrelated business activities. Thus, there is no provision for income taxes in the accompanying financial statements. As of March 31, 2023, the Organization's federal returns generally remain open for the last three years.

Adoption of Accounting Pronouncements

Effective April 1, 2022, the Organization adopted the provisions of ASU 2016-02, Leases (Topic 842). The new standard requires a lessee to recognize in the statement of financial position a lease liability and a right-of-use asset representing its right to use the underlying asset for the term lease. The ASU also requires expanded disclosures related to the amount, timing, and uncertainty of cash flows arising from leases.

Operating Leases

The organization has entered into an operating lease for office equipment and has determined the liability associated with this agreement to be immaterial to the financial statements.

Note 2 Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. As of January 1, 2013, the Federal Deposit Insurance Corporation (FDIC) insures all bank account balances up to \$250,000. The Organization maintains its cash deposits at one financial institution. At March 31, 2023 and 2022, the Organization's uninsured cash balances totaled \$278,775 and \$224,097, respectively. The Organization has not experienced any losses on its cash equivalents. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

The Organization has a dependence on activities in the regional area of Calhoun County, Texas; therefore, negative effects on the local economy could greatly impact its operations and support received.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2023 and 2022

Note 3 **Investments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.

Level 3 – Inputs to the valuation methodology are unobservable in the market and require significant management judgment or estimation to measure fair value.

As asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The Organization's assets measured at fair value on a recurring basis by level within the fair value hierarchy as of March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Certificates of Deposit	<u>\$ 182,641</u>	<u>\$ 180,093</u>
Total investments	<u>\$ 182,641</u>	<u>\$ 180,093</u>

Certificates of deposit are valued at amortized cost plus accrued interest, which approximates fair value, and are classified as Level 2 assets.

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Notes to Financial Statements, Continued
March 31, 2023 and 2022**

Note 4 Promises to Give

Contributions are recognized at their fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within the campaign year are recorded at their net realizable value which approximates fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All unconditional promises to give at March 31, 2023 and 2022, are undesignated.

The Organization uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Unconditional promises to give at March 31, 2023 and 2022, were as follows:

	2023	2022
Promises to give, current		
2022-2023 Nielson Campaign	\$ 73,602	\$ -
2021-2022 Todd Campaign	-	68,060
2020-2021 Caruthers Campaign	-	13,189
	73,602	81,249
Less: allowance for uncollectible promises	(8,482)	(8,986)
Net Pledges Receivable	\$ 65,120	\$ 72,263

Note 5 Refundable Advance

In February 2021, the Organization received an unsecured bank loan of \$8,702 funded through the Federal Paycheck Protection Program (PPP). Under the guidelines of the Small Business Administration (SBA), the PPP loan principal and interest were forgiven in July 2021 and has been recognized as income in the year ending March 31, 2022. Forgiven interest expense was immaterial to the financial statements and not recorded.

Note 6 Functional Allocation of Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited based on estimates of time and effort.

**UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS**

**Notes to Financial Statements, Continued
March 31, 2023 and 2022**

Note 7 Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended March 31, 2023 and 2022 as follows:

	2023	2022
Satisfaction of purpose restrictions:		
Born Learning Trail Grant	\$ 16,957	\$ -
COVID-19 support	337	2,485
Paycheck protection program	-	8,702
Winter Weather Relief Funds	-	3,500
2-1-1 Grant	-	10,000
Total Net Assets Released from Restrictions	\$ 17,294	\$ 24,687

Note 8 Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	2023	2022
Subject to expenditure for specified purpose:		
COVID-19 support	\$ -	\$ 337
Born Learning Trail Grant	42	17,000
Total Net Assets with Donor Restrictions	\$ 42	\$ 17,337

Note 9 Liquidity of Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	\$ 528,775	\$ 474,098
Investments	182,641	180,093
Unconditional promises to give, net	65,120	72,263
Interest receivable	386	386
Total	\$ 776,922	\$ 726,840

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2023 and 2022

Note 10 **Subsequent Events**

Subsequent events have been evaluated through December 22, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.