

UNITED WAY OF CALHOUN COUNTY

PORT LAVACA, TEXAS

Financial Statements

March 31, 2022 and 2021

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Financial Statements
March 31, 2022 and 2021

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements	8-14



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Independent Auditors' Report

To the Board of Directors, 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, 2022 and 2021 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, 2022 and 2021, 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 audit 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; 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.

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 and Company, LLP

Bumgardner, Morrison & Company, LLP
Victoria, Texas
October 18, 2022

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Statements of Financial Position
March 31, 2022 and 2021

	2022	2021
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 474,098	\$ 323,793
Investments	180,093	177,131
Unconditional promises to give, net	72,263	111,246
Interest receivable	386	386
Prepaid expenses	3,043	2,474
Total Current Assets	729,883	615,030
Fixed Assets		
Furniture and equipment	7,319	7,319
Less: accumulated depreciation	(6,756)	(6,256)
Total Fixed Assets	563	1,063
Total Assets	\$ 730,446	\$ 616,093
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accrued liabilities	\$ 4,200	\$ 2,688
Agency allocation payable	252,000	132,000
Total Current Liabilities	256,200	134,688
Refundable advance - paycheck protection program	-	8,702
Total Liabilities	256,200	143,390
Net Assets		
Without donor restrictions	456,909	469,881
With donor restrictions	17,337	2,822
Total Net Assets	474,246	472,703
Total Liabilities and Net Assets	\$ 730,446	\$ 616,093

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, 2022 and 2021**

	2022	2021
Changes in net assets without donor restrictions		
Contributions		
Gross campaign contributions	\$ 315,573	\$ 346,948
Less: Amounts raised on behalf of others	-	(78)
Net campaign contributions	315,573	346,870
Sponsorship revenue	4,000	-
Charitable donations	87,500	-
In-kind donations	4,800	5,800
Investment income	2,962	2,973
Other income	123	128
Total revenues without donor restrictions	414,958	355,771
Net assets released from restrictions		
Satisfaction of purpose restriction	24,687	25,044
Total revenues and other support without donor restrictions	439,645	380,815
Expenses		
Program services	386,521	178,532
Supporting services		
Management and general	43,874	36,660
Fundraising	22,222	20,664
Total expenses	452,617	235,856
	(12,972)	144,959
Changes in net assets with donor restrictions		
Contributions	30,500	15,097
Paycheck protection program forgiveness	8,702	7,300
Net assets released from donor restrictions	(24,687)	(25,044)
	14,515	(2,647)
Increase in total net assets	1,543	142,312
Beginning Net Assets	472,703	330,391
Ending Net Assets	\$ 474,246	\$ 472,703

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, 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**

**Statement of Functional Expenses, Continued
Year Ended March 31, 2021**

	Program Services	Supporting Services		2021 Total Expenses
		Management and General	Fundraising	
Agency allocations	\$ 150,466	\$ -	\$ -	\$ 150,466
Salaries and related expenses	22,099	15,931	13,362	51,392
Professional fees and contract services	850	11,200	850	12,900
Dues and subscriptions	1,587	1,587	1,587	4,761
Rent	-	4,800	-	4,800
Miscellaneous	588	542	542	1,672
Insurance	640	640	640	1,920
Telephone	604	604	604	1,812
Repairs and maintenance	-	779	1,447	2,226
Supplies	98	98	98	294
Depreciation	250	125	125	500
Internet	-	220	409	629
Advertising	545	-	818	1,363
Bank charges	-	87	87	174
Mileage	805	47	95	947
Total functional expenses	<u>\$ 178,532</u>	<u>\$ 36,660</u>	<u>\$ 20,664</u>	<u>\$ 235,856</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, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 1,543	\$ 142,312
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	500	500
Gain on PPP loan forgiveness	(8,702)	-
Decrease (increase) in operating assets		
Unconditional promises to give	38,983	5
Prepaid expenses	(569)	3,196
Increase (decrease) in operating liabilities		
Accrued liabilities	1,512	1,205
Agency allocation payable	120,000	(133,000)
Net Cash Provided by Operating Activities	153,267	14,218
Cash Flows from Investing Activities		
Reinvestment of CD interest	(2,962)	(2,973)
Net Cash Used in Investing Activities	(2,962)	(2,973)
Cash Flows from Financing Activities		
Proceeds from refundable advance	-	8,702
Net Cash Provided by Financing Activities	-	8,702
Net Increase in Cash	150,305	19,947
Cash at Beginning of Year	323,793	303,846
Cash at End of Year	\$ 474,098	\$ 323,793

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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021 was \$500.

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, 2022 and 2021, 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, 2022 and 2021. Donated services provided by Something More Media for social media services are recorded in the financial statements at the fair market value and shown as an expense in year ending March 31, 2021.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2022 and 2021

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, 2022, the Organization's federal returns generally remain open for the last three years.

Recent Financial Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The organization is evaluating the impact of the new standard on 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, 2022 and 2021, the Organization's uninsured cash balances totaled \$224,097 and \$75,908, 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, 2022 and 2021

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, 2022 and 2021 are as follows:

	2022	2021
Certificates of Deposit	\$ 180,093	\$ 177,131
Total investments	<u>\$ 180,093</u>	<u>\$ 177,131</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, 2022 and 2021**

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, 2022 and 2021, 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, 2022 and 2021, were as follows:

	2022	2021
Promises to give, current		
2021-2022 Todd Campaign	\$ 68,060	\$ -
2020-2021 Caruthers Campaign	13,189	113,109
2019-2020 Sizer Campaign	-	11,534
	81,249	124,643
Less: allowance for uncollectible promises	(8,986)	(13,397)
Net Pledges Receivable	\$ 72,263	\$ 111,246

Note 5 Refundable Advance

In April 2020, the Organization received an unsecured bank loan of \$7,300 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 December 2020 and are shown on the statement of activities as an increase in net assets with restrictions in the year ending March 31, 2021. In February 2021, the Organization received an additional PPP loan of \$8,702, which was granted full forgiveness by the SBA 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, 2022 and 2021

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, 2022 and 2021 as follows:

	2022	2021
Satisfaction of purpose restrictions:		
Hurricane Harvey relief	\$ -	\$ 2,869
COVID-19 support	2,485	14,875
Paycheck protection program	8,702	7,300
Winter Weather Relief Funds	3,500	-
2-1-1 Grant	10,000	-
Total Net Assets Released from Restrictions	\$ 24,687	\$ 25,044

Note 8 **Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted as follows:

	2022	2021
Subject to expenditure for specified purpose:		
COVID-19 support	\$ 337	\$ 2,822
Born Learning Trail Grant	17,000	-
Total Net Assets with Donor Restrictions	\$ 17,337	\$ 2,822

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:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	\$ 474,098	\$ 323,793
Investments	180,093	177,131
Unconditional promises to give, net	72,263	111,246
Interest receivable	386	386
Total	\$ 726,840	\$ 612,556

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, 2022 and 2021

Note 10 **Subsequent Events**

Subsequent events have been evaluated through October 18, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Internal Control Letter

To the Board of Directors and Management of United Way of Calhoun County

In planning and performing our audit of the financial statements of United Way of Calhoun County (the Organization) as of and for the year ended March 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we considered to be material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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. We consider the following deficiency in the Organization's internal control to be a significant deficiency:

Internal Control over Financial Reporting

Observation: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting in order to prepare financial statements in accordance with generally accepted accounting principles. The Organization's internal controls are not sufficient to prevent or detect and correct, on a timely basis, a material misstatement in the financial statements. A significant number of adjustments were required to properly report the financial statements in accordance with generally accepted accounting principles. Adjustments were recorded to beginning net assets, PPP loan forgiveness, additional revenue, payroll accrual, accounts receivable allowance, and several other areas.

Potential Effect: Weak internal controls could result in material misstatements in the financial statements.

Recommendation: Implement policies and procedures to ensure that accounts are periodically analyzed and reconciled, transactions are recorded to the correct account, and year-end closing and audit entries are reviewed and recorded in a timely manner, to prepare financial statements in accordance with generally accepted accounting principles.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Bumgardner, Morrison and Company, LLP

Bumgardner, Morrison & Company, LLP
Victoria, Texas
October 18, 2022



CPAs • Tax • Audit & Accounting

Empowering Peace of Mind

Communication with Those Charged with Governance

To the Board of Directors
United Way of Calhoun County

We have audited the financial statements of United Way of Calhoun County for the year ended March 31, 2022, and we will issue our report thereon dated October 18, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 30, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Calhoun County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance method to determine uncollectible pledge amounts is based on prior years' experience and management's analysis of specific promises made. We evaluated the key factors and assumptions used to develop the allowance method in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule is a summarization of misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of United Way of Calhoun County and is not intended to be and should not be used by anyone other than these specified parties.

Bumgardner, Morrison and Company, LLP

Bumgardner, Morrison and Company, LLP
Victoria, Texas
October 18, 2022