

UNITED WAY OF CALHOUN COUNTY

PORT LAVACA, TEXAS

Financial Statements

March 31, 2021 and 2020

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PORT LAVACA, TEXAS

Financial Statements
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Independent Auditors' Report

To the Board of Directors, United Way of Calhoun County

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, 2021 and 2020 and the related statements of activities, 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.

Auditors' 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 audits 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 auditors' 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 entity'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 entity'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 United Way of Calhoun County as of March 31, 2021 and 2020 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.

Bumgardner, Morrison and Company, LLP

Bumgardner, Morrison & Company, LLP
Victoria, Texas
September 21, 2021

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

**Statements of Financial Position
March 31, 2021 and 2020**

	2021	2020
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 323,793	\$ 303,846
Investments	177,131	174,158
Unconditional promises to give, net	111,246	111,251
Interest receivable	386	386
Prepaid expenses	2,474	5,670
Total Current Assets	615,030	595,311
Fixed Assets		
Furniture and equipment	7,319	7,319
Less: accumulated depreciation	(6,256)	(5,756)
Total Fixed Assets	1,063	1,563
Total Assets	\$ 616,093	\$ 596,874
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accrued liabilities	\$ 2,688	\$ 1,483
Agency allocation payable	132,000	265,000
Total Current Liabilities	134,688	266,483
Refundable advance - paycheck protection program	8,702	-
Total Liabilities	143,390	266,483
Net Assets		
Without donor restrictions	469,881	324,922
With donor restrictions	2,822	5,469
Total Net Assets	472,703	330,391
Total Liabilities and Net Assets	\$ 616,093	\$ 596,874

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Contributions		
Gross campaign contributions	\$ 346,948	\$ 386,783
Less: Amounts raised on behalf of others	(78)	-
Net campaign contributions	<u>346,870</u>	<u>386,783</u>
Sponsorship revenue	-	4,250
In-kind donations	5,800	7,200
Investment income	2,973	2,733
Other income	128	130
Total revenues without donor restrictions	<u>355,771</u>	<u>401,096</u>
Net assets released from restrictions		
Satisfaction of purpose restriction	25,044	38,271
Total revenues and other support without donor restrictions	<u>380,815</u>	<u>439,367</u>
Expenses		
Program services	178,532	321,735
Supporting services		
Management and general	36,660	35,525
Fundraising	20,664	22,038
Total expenses	<u>235,856</u>	<u>379,298</u>
	144,959	60,069
Changes in net assets with donor restrictions		
Contributions	15,097	14,295
Paycheck protection program forgiveness	7,300	-
Net assets released from donor restrictions	(25,044)	(38,271)
	<u>(2,647)</u>	<u>(23,976)</u>
Increase in total net assets	142,312	36,093
Beginning Net Assets	<u>330,391</u>	<u>294,298</u>
Ending Net Assets	<u>\$ 472,703</u>	<u>\$ 330,391</u>

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, 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	\$ 178,532	\$ 36,660	\$ 20,664	\$ 235,856

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, 2020**

	Program Services	Supporting Services		2020 Total Expenses
		Management and General	Fundraising	
Agency allocations	\$ 294,096	\$ -	\$ -	\$ 294,096
Salaries and related expenses	20,037	14,445	12,116	46,598
Professional fees and contract services	1,200	11,900	1,200	14,300
Dues and subscriptions	1,587	1,587	1,587	4,761
Rent	-	4,800	-	4,800
Miscellaneous	369	369	369	1,107
Insurance	676	676	676	2,028
Telephone	596	596	596	1,788
Repairs and maintenance	-	431	800	1,231
Supplies	436	148	2,871	3,455
Depreciation	307	153	153	613
Internet	-	234	434	668
Advertising	633	-	950	1,583
Bank charges	-	70	70	140
Postage and shipping	63	14	12	89
Mileage	1,735	102	204	2,041
Total functional expenses	\$ 321,735	\$ 35,525	\$ 22,038	\$ 379,298

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, 2021 and 2020**

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 142,312	\$ 36,093
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	500	613
Decrease (increase) in		
Unconditional promises to give	5	(1,895)
Prepaid expenses	3,196	(1,740)
Increase (decrease) in		
Accrued liabilities	1,205	(104)
Agency allocation payable	(133,000)	(7,000)
Net Cash Provided by Operating Activities	14,218	25,967
Cash Flows from Investing Activities		
Reinvestment of CD interest	(2,973)	(2,733)
Net Cash Used in Investing Activities	(2,973)	(2,733)
Cash Flows from Financing Activities		
Proceeds from refundable advance	8,702	-
Net Cash Provided by Financing Activities	8,702	-
Net Increase in Cash	19,947	23,234
Cash at Beginning of Year	303,846	280,612
Cash at End of Year	\$ 323,793	\$ 303,846

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020 was \$500 and \$613, 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, 2021 and 2020, 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. 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.

UNITED WAY OF CALHOUN COUNTY
PORT LAVACA, TEXAS

Notes to Financial Statements, Continued
March 31, 2021 and 2020

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, 2021, 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, 2021 and 2020, the Organization's uninsured cash balances totaled \$75,908 and \$55,561, 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, 2021 and 2020

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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Certificates of Deposit	<u>\$ 177,131</u>	<u>\$ 174,158</u>
Total investments	<u><u>\$ 177,131</u></u>	<u><u>\$ 174,158</u></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, 2021 and 2020**

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, 2021 and 2020, 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, 2021 and 2020, were as follows:

	2021	2020
Promises to give, current		
2020-2021 Caruthers Campaign	\$ 113,109	\$ -
2019-2020 Sizer Campaign	11,534	122,048
2018-2019 Rangnow Campaign	-	7,992
Miscellaneous pledges receivable	-	2,600
	124,643	132,640
Less: allowance for uncollectible promises	(13,397)	(21,389)
Net Pledges Receivable	\$ 111,246	\$ 111,251

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). PPP loan principal and interest may be forgiven, in whole or in part, if funds are used for the intended purposes within the guidelines set by the Small Business Administration. This loan was forgiven in December 2020 and is shown as an increase in net assets with donor restrictions on the statement of activities. Forgiven interest expense was immaterial to the financial statements and not recorded.

In February 2021, the Organization received an additional PPP loan of \$8,702. The loan bears interest at 1.0% and matures February 10, 2026. No payments have been made or accruals recorded for accrued interest. Management believes the entire loan will be forgiven and will recognize as income any forgiveness granted upon approval by the lender. See subsequent event footnote for loan forgiveness information.

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, 2021 and 2020**

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, 2021 and 2020 as follows:

	2021	2020
Satisfaction of purpose restrictions:		
Hurricane Harvey relief	\$ 2,869	\$ 38,271
COVID-19 support	14,875	-
Paycheck protection program	7,300	-
Total Net Assets Released from Restrictions	\$ 25,044	\$ 38,271

Note 8 Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	2021	2020
Subject to expenditure for specified purpose:		
Hurricane Harvey relief	\$ -	\$ 2,869
COVID-19 support	2,822	2,600
Total Net Assets with Donor Restrictions	\$ 2,822	\$ 5,469

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:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 323,793	\$ 303,846
Investments	177,131	174,158
Unconditional promises to give, net	111,246	111,251
Interest receivable	386	386
Total	\$ 612,556	\$ 589,641

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, 2021 and 2020

Note 10 **Subsequent Events**

COVID-19 adversely affected the economies and financial markets of many countries during 2021, resulting in an economic downturn that impacted the Organization's financial results for 2021. The pandemic is still ongoing, and the financial impact on 2022 operating results cannot be reasonably estimated at this time. Potential impacts to the Organization's business include disruptions or restrictions on its employees' ability to work and potential loss of future contributions and/or grants.

The Organization was granted loan forgiveness in full by the SBA in July 2021 for the refundable advance reported in Note 5 and will recognize the forgiveness as income in the year ending March 31, 2022.

Subsequent events have been evaluated through September 21, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.