

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Mid & South Jefferson County, Inc.
Port Arthur, Texas

We have audited the accompanying financial statements of United Way of Mid & South Jefferson County, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and the related statement of activities and changes in net assets, cash flows and schedule of expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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 audit. We conducted our audit 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 of 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 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Mid & South Jefferson County, Inc. as of June 30, 2020, the changes in its net assets, cash flows and schedule of expenses for the year ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Paul Bryant Hester". The signature is written in a cursive style with a long horizontal flourish at the end.

Port Arthur, Texas
May 17, 2021

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

Assets	
Current Assets	
Cash and cash equivalents	\$ 2,525,190.40
Unconditional promises to give without donor restrictions	992,018.96
Accrued Interest receivable	1,887.29
Prepaid insurance	<u>4,712.76</u>
Total current assets	\$ <u>3,523,809.41</u>
Property and Equipment - Net	\$ <u>261,478.19</u>
Total Assets	\$ <u><u>3,785,287.60</u></u>
 Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 19,640.46
Accrued liabilities	27.90
Note Payable - Payroll Protection Program	<u>52,700.00</u>
Total liabilities - all current	\$ <u>72,368.36</u>
Net Assets	
Without donor restrictions	\$ 3,712,919.24
With donor restrictions	<u>-</u>
Total Net Assets	\$ <u>3,712,919.24</u>
Total Liabilities and Net Assets	\$ <u><u>3,785,287.60</u></u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions	\$ 1,973,918.79	\$ -	\$ 1,973,918.79
Contributions - Hurricane Harvey	59,890.80	-	59,890.80
Fund Raisers	45,635.53	-	45,635.53
Interest income	<u>28,947.75</u>	<u>-</u>	<u>28,947.75</u>
Total Revenues and Other Support	<u>\$ 2,108,392.87</u>	<u>\$ -</u>	<u>\$ 2,108,392.87</u>
Expenses			
Program Services	\$ 1,408,621.83	\$ 38,322.17	\$ 1,446,944.00
Management and General Services	63,327.99	-	63,327.99
Fund-raising	<u>89,017.94</u>	<u>-</u>	<u>89,017.94</u>
Total Expenses	<u>\$ 1,560,967.76</u>	<u>\$ 38,322.17</u>	<u>\$ 1,599,289.93</u>
Change in Net Assets	\$ 547,425.11	\$ (38,322.17)	509,102.94
Net Assets at Beginning of Year	<u>3,165,494.13</u>	<u>38,322.17</u>	<u>3,203,816.30</u>
Net Assets at End of Year	<u>\$ 3,712,919.24</u>	<u>\$ -</u>	<u>\$ 3,712,919.24</u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

Cash Flows from Operating Activity:

Cash received from donars, grants and fundraisers	\$ 1,792,498.74
Cash paid to agencies, suppliers and employees	(1,595,996.35)
Interest received	<u>28,964.54</u>

Net Cash provided by (used for) Operating Activites	\$ <u>225,466.93</u>
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Cash Flows from Investment Activities:

Purchases of Depreciable Assets	<u>\$ (4,323.49)</u>
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Net Cash used for investing activities	<u>\$ (4,323.49)</u>
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Cash flows from financing activities:

Loan Proceeds	<u>\$ 52,700.00</u>
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Net cash provided by (used for) Financing Activities	\$ <u>52,700.00</u>
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Net Increase in Cash	\$ 273,843.44
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Cash at beginning of the year	<u>2,251,346.96</u>
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Cash at the end of the year	<u><u>\$ 2,525,190.40</u></u>
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The accompanying notes are an integral part of this statement.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2020

Reconciliation of net income to net cash provided by operating activities:	
Change in Net Assets	\$ <u>509,102.94</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	\$ 11,992.69
(Gain)Loss on sales/disposition of fixed assets	<u> </u>
Net Adjustments	\$ <u>11,992.69</u>
(Increase) Decrease in current assets:	
Accounts Receivable	\$ (286,358.58)
Prepaid Expenses	<u>(714.27)</u>
Net (Increase) Decrease in Current Assets	\$ <u>(287,072.85)</u>
Increase (Decrease) in Current Liabilities:	
Accounts Payable	\$ (5,067.35)
Accrued Liabilities	(2,900.70)
Deferred Revenues	<u>(587.80)</u>
Net Increase (Decrease) in Current Liabilities	\$ <u>(8,555.85)</u>
Net Cash provided by Operating Activities	\$ <u><u>225,466.93</u></u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2020

	Program Services	Supporting Services	Fundraising	Total
Payments to Agencies	\$ 1,184,189.55	\$ -	\$ -	\$ 1,184,189.55
Campaign	-	-	17,143.19	17,143.19
Salaries	203,945.78	34,743.25	5,259.65	243,948.68
Retirement	14,836.94	760.79	520.62	16,118.35
Payroll Taxes	16,416.55	2,823.53	421.49	19,661.57
Accounting and Auditing	-	11,750.00	-	11,750.00
Office Supplies	1,379.62	1,609.56	1,609.56	4,598.74
Postage and Shipping	1,340.57	579.71	1,702.89	3,623.17
Utilities	1,894.76	819.35	2,406.85	5,120.96
Building and Grounds	2,517.94	1,088.84	3,198.46	6,805.24
Depreciation Expense	4,437.30	1,918.83	5,636.56	11,992.69
Equipment Maintenance	4,378.62	1,893.46	5,562.03	11,834.11
Reference Materials	-	-	2,488.06	2,488.06
Meetings and Conferences	96.96	1,357.50	484.82	1,939.28
Transportation	854.01	177.92	747.26	1,779.19
Organizational Dues	2,973.30	1,285.75	3,776.90	8,035.95
United Way of America	2,948.44	1,275.00	3,745.32	7,968.76
Insurance	2,602.98	1,125.61	3,306.49	7,035.08
Advertising	-	-	5,848.58	5,848.58
Banking Fees	-	-	1,504.41	1,504.41
VITA Expense	1,940.46	-	-	1,940.46
Fundraising Expenses	-	-	23,488.35	23,488.35
Miscellaneous Expenses	190.22	118.89	166.45	475.56
Total Expenses	<u>\$ 1,446,944.00</u>	<u>\$ 63,327.99</u>	<u>\$ 89,017.94</u>	<u>\$ 1,599,289.93</u>

See accompanying notes to financial statement

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. Summary of Significant Accounting Policies

United Way of Mid & South Jefferson County is a local organization supported primarily by local businesses and individuals.

United Way of Mid & South Jefferson County is organized under the laws of the State of Texas and has received an exemption from the Internal Revenue Service from federal income taxes under Section 501(a), as an entity described in Section 501 (c)(3) of the Internal Revenue Code of 1996, as amended. No provision for income taxes is provided in these financial statements.

Public Support – Annual fundraising is conducted in the fall to raise money for allocations to agencies in the subsequent fiscal year. The allocation for year 2020 is based on the results of the fall 2019 campaign. In United Way’s annual fundraising process, public support promised but not received at June 30, 2020 less an estimate for uncollectible amounts, is recorded as pledges receivable. Pledges receivable are considered due and collectible within one year.

Net Uncollectible Pledges – The majority of pledges are made to the campaign through payroll deduction. If contributors change jobs and fail to reassign their pledges through their new employers, these pledges are not collected. Uncollectible pledges are reduced by any recovery of pledges previously written off.

Allocation to Agencies – All allocations are authorized by the volunteer board of trustees after consideration by volunteers serving on the budget and allocations committee. The United Way supports 23 health and human service programs in Jefferson County and gift cards for victims of Tropical Storm Harvey and Hurricane Imelda.

Donor Directed and Restricted Gifts – Like most local United Ways, United Way of Mid & South Jefferson County gives donors the option of designating their gifts to other United Ways across the country.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The organization considers cash and cash equivalents to include cash and certificates of deposit.

Contributions

All promises to give (contributions) are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net Assets

Net assets are classified as net assets – without donor restrictions and net assets – with donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by donor or law.

Donated Services

No amounts have been reflected in the financial statements for donated services. The organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the organization with specific campaign solicitations and committee assignments.

2. Contributions Receivable

Contributions receivable at June 30, 2020 include the following unconditional promises to give:

	<u>2020</u>
Total Gross Contributions Receivable	\$1,151,847.75
Less: Allowance for Uncollectible Contributions	<u>159,828.79</u>
Contributions Receivable – Net	<u>\$ 992,018.96</u>

Net contributions receivable at June 30, 2020 is due according to the following schedule:

	<u>2020</u>
Less than one year	<u>\$ 992,018.96</u>
Total	<u>\$ 992,018.96</u>

3. Property and Improvement

The organization records all purchases of long-lived, tangible property and equipment at cost. Property and improvements are depreciated over their estimated useful lives by the straight-line method. Donated assets are recorded at their market value at the date of the gift. Property and improvements at June 30, 2018 consist of the following:

	<u>2020</u>
Land	\$ 9,620.00
Building	292,242.30
Furniture, Fixtures and Equipment	<u>29,308.23</u>
Total	\$ 331,170.53
Less: Accumulated Depreciation	<u>69,692.34</u>
Property and Improvements – Net	<u>\$ 261,478.19</u>

4. Retirement Plan

All current employees of the organization participate in a defined contribution retirement plan. The plan requires contributions of 12% of eligible employees' salaries. The organization made retirement plan contributions of \$16,118.35 for 2020.

5. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. According, certain costs have been allocated among the programs and supporting services benefited.

6. United Way of Mid & South Jefferson County, Inc. supported the following agencies during 2020 with regular allocations and special grants:

Salvation Army	\$ 47,800.00
Rape & Suicide Crisis Center	20,700.00
Nutrition & Services for Seniors	75,000.00
United Board of Missions	36,000.00
Y.M.C.A.	107,500.00
Southeast Texas Hospice	15,000.00
Southeast Texas Council on Alcohol and Drug Abuse	55,000.00
Richard L. Shorkey Education and & Rehabilitation Center	34,575.00
Samaritan Counseling Center	80,350.00
Groves Senior Citizen Association	10,800.00
Family Services of Southeast Texas	100,000.00
Community Care-Prayer Outreach	50,000.00
Catholic Charities	106,734.40
Capland Center for Communication Disorders	76,877.00
Boy's Haven	15,000.00
Boys Scouts of America	55,000.00
Girl Scouts of America	20,000.00
Port Neches Senior Citizen Center	8,158.00
Willie Carter Outreach	24,000.00
Communities in Schools	79,600.00
Adaptive Sports	22,500.00
Southeast Texas Food Bank	75,000.00
CASA of Southeast Texas	30,000.00
Hurricane Imelda Relief	18,350.00
Other Local Relief	<u>20,245.15</u>
Total	<u>\$ 1,184,189.55</u>

7. Note Payable

The Coronavirus Aid, Relief and Economic Security Act, also known as the CARES Act, is a \$2.2-trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by Donald Trump in March 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The Paycheck Protection Program (PPP) is a \$669-billion business loan program established by

the CARES Act and administer by the Small Business Administration (SBA). The purpose of the Paycheck Protection Program and subsequent loan forgiveness is to provide economic relief to small businesses and certain other entities that have been adversely impacted by the COVID-19 pandemic. As of June 30, 2020, United Way of Mid & South Jefferson County, Inc. has received \$52,700 in PPP loan proceeds. Subsequent to year end, this loan has been forgiven by the Small Business Administration.

8. Uncertainty

Beginning in March 2020, local U.S and world governments have encouraged self-isolation to reduce the spread of global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government action to mitigate them. Accordingly, it is possible that the Organization's financial position and results of future operations could be adversely affected, however, the extent of potential impact will depend on the future developments. While the situation with COVID-19 is still unfolding as of May 17, 2021, management has taken measures to prepare for the impact.

9. Subsequent Events

Management has evaluated subsequent events through May 17, 2021, the date which the financial statements were available to be issued.

There are no litigation or claims pending at this time.