

United Way of Mid & South Jefferson County, Inc.
Financial Statements
Year Ended June 30, 2022



Independent Auditors Report

Officers and Board Members
United Way of Mid & South Jefferson County
Port Arthur, Texas

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the United Way of Mid & South Jefferson County which comprise the statement of financial position as of June 30, 2022 and the related statement of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all materials respects the financial position of the United Way of Mid & South Jefferson County as of June 30, 2022 and the results of its operations and its cash flows for the year 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 (GAAS). Our responsibility under the standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of United Way of Mid & South Jefferson County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with the 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 the 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 Mid & South Jefferson County ability to continue as a going concern for the next twelve months.

Auditors Responsibilities for the Audit of the Financial Statements

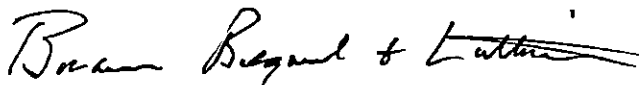
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that the audit conducted in accordance with GAAS 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, and intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individual

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements 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 Mid & South Jefferson County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used in the reasonableness of significant accounting estimates based by management 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 Mid & South Jefferson County's ability to continue as a going concern for a reasonable period of time.

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



Port Arthur, Texas

May 15, 2023

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

Assets	
Current Assets	
Cash and cash equivalents	\$ 3,470,631.13
Unconditional promises to give without donor restrictions	1,370,144.35
Accrued Interest receivable	2,939.32
Prepaid expenses	103,653.65
Prepaid insurance	<u>7,377.30</u>
Total current assets	<u>\$ 4,954,745.75</u>
Property and Equipment - Net	<u>\$ 240,493.23</u>
Total Assets	<u><u>\$ 5,195,238.98</u></u>
 Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 16,409.67
Accrued liabilities	-
Deferred Revenues	<u>-</u>
Total liabilities - all current	<u>\$ 16,409.67</u>
Net Assets	
Without donor restrictions	\$ 5,178,829.31
With donor restrictions	<u>-</u>
Total Net Assets	<u>\$ 5,178,829.31</u>
Total Liabilities and Net Assets	<u><u>\$ 5,195,238.98</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions	\$ 2,380,222.85	\$ -	\$ 2,380,222.85
Fund Raisers - Net of Expenses \$	252,872.04	-	252,872.04
Interest income - net of market adjustment	(12,168.00)	-	(12,168.00)
Other Revenues	8,956.00	-	8,956.00
Less: Donor Designated Funds	<u>(27,674.03)</u>	<u>-</u>	<u>(27,674.03)</u>
Total Revenues and Other Support	<u>\$ 2,602,208.86</u>	<u>\$ -</u>	<u>\$ 2,593,252.86</u>
			-
Expenses			
Program Services	\$ 1,595,032.02	\$ -	\$ 1,595,032.02
Management and General Services	61,347.38	-	61,347.38
Fund-raising	<u>101,314.51</u>	<u>-</u>	<u>101,314.51</u>
Total Expenses	<u>\$ 1,757,693.91</u>	<u>\$ -</u>	<u>\$ 1,757,693.91</u>
Change in Net Assets	\$ 844,514.95	\$ -	844,514.95
Net Assets at Beginning of Year	<u>4,334,314.36</u>	<u>-</u>	<u>4,334,314.36</u>
Net Assets at End of Year	<u>\$ 5,178,829.31</u>	<u>\$ -</u>	<u>\$ 5,178,829.31</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, 2022

	Program Services	Supporting Services	Fundraising	Total
Payments to Agencies and Other Projects	\$ 1,354,989.69	\$ -	\$ -	\$ 1,354,989.69
Campaign	-	-	4,274.19	4,274.19
Salaries	172,389.00	22,395.00	27,706.00	222,490.00
Retirement	15,313.00	1,963.00	2,356.00	19,632.00
Payroll Taxes	13,605.00	1,744.00	2,093.00	17,442.00
Accounting and Auditing	-	13,922.99	-	13,922.99
Office Supplies	2,148.00	2,506.00	2,506.00	7,160.00
Utilities	2,021.64	874.22	2,568.02	5,463.88
Building and Grounds	2,976.89	1,287.30	3,781.46	8,045.65
Depreciation Expense	4,565.90	1,974.44	5,799.93	12,340.27
Equipment Maintenance	2,135.64	923.52	2,712.84	5,772.00
Reference Materials	-	-	8,380.58	8,380.58
Meetings and Conferences	231.89	3,246.40	1,159.43	4,637.72
Transportation	725.52	151.15	634.83	1,511.50
Organizational Dues	4,884.56	2,112.24	6,204.71	13,201.51
United Way of America	15,048.59	6,507.50	19,115.78	40,671.87
Insurance	3,937.91	1,702.88	5,002.21	10,643.00
Advertising	-	-	6,540.57	6,540.57
Miscellaneous Expenses	58.79	36.74	478.96	574.49
Total Expenses	<u>\$ 1,595,032.02</u>	<u>\$ 61,347.38</u>	<u>\$ 101,314.51</u>	<u>\$ 1,757,693.91</u>

See accompanying notes to financial statement

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

Cash Flows from Operating Activity:	
Cash received from donars, grants and fundraisers	\$ 2,193,832.47
Cash paid to agencies, suppliers and employees	(1,852,851.49)
Interest received	<u>(13,904.36)</u>
Net Cash provided by (used for) Operating Activites	 \$ <u>327,076.62</u>
 Cash Flows from Investment Activies:	
Purchases of Depreciable Assets	<u>\$ (3,672.27)</u>
 Net Cash used for investing activities	 <u>\$ (3,672.27)</u>
 Cash flows from financing activities:	
Loan Proceeds	<u>\$ -</u>
Net cash provided by (used for) Financing Activities	 <u>\$ -</u>
 Net Increase in Cash	 \$ 323,404.35
 Cash at beginning of the year	 <u>3,147,226.78</u>
 Cash at the end of the year	 <u><u>\$ 3,470,631.13</u></u>

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, 2022

Reconciliation of net income to net cash provided by operating activities:	
Change in Net Assets	<u>\$ 844,514.95</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	<u>\$ 12,340.28</u>
Net Adjustments	<u>\$ 12,340.28</u>
(Increase) Decrease in current assets:	
Accounts Receivable	\$ (300,858.60)
Prepaid Expenses	<u>(109,811.29)</u>
Net (Increase) Decrease in Current Assets	<u>\$ (410,669.89)</u>
Increase (Decrease) in Current Liabilities:	
Accounts Payable	\$ 577.07
Accrued Liabilities	-
Deferred Revenues	(119,685.79)
Grant Advance - Paycheck Protection Program	<u>-</u>
Net Increase (Decrease) in Current Liabilities	<u>\$ (119,108.72)</u>
Net Cash provided by Operating Activities	<u><u>\$ 327,076.62</u></u>

The accompanying notes are an integral part of this statement.

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies

United Way of Mid & South Jefferson County is a local organization supported primary 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 2022 is based on the results of the fall 2021 campaign. In United Way’s annual fundraising process, public support promised but not received at June 30, 2022 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 24 health and human service programs in Jefferson County.

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. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

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, 2022 include the following unconditional promises to give:

	<u>2022</u>
Total Gross Contributions Receivable	\$1,556,917.28

UNITED WAY OF MID & SOUTH JEFFERSON COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

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Less: Allowance for Uncollectible Contributions	<u>186,772.93</u>
Contributions Receivable – Net	<u>\$1,370,144.35</u>

Net contributions receivable at June 30, 2022 is due according to the following schedule:

	<u>2022</u>
Less than one year	<u>\$1,370,144.35</u>
Total	<u>\$1,370,144.35</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, 2022 consist of the following:

	<u>2022</u>
Land	\$ 9,620.00
Building	294,047.87
Furniture, Fixtures and Equipment	<u>31,174.93</u>
Total	\$ 334,842.80
Less: Accumulated Depreciation	<u>94,349.57</u>
Property and Improvements – Net	<u>\$ 240,493.23</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 \$19,632.00 for 2022.

5. Investments

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements, establishes a framework

for measuring fair value under U.S. GAAP. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measured date. ASC 820 requires the valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three levels of fair-value hierarchy under ASC 820 are described below:

Level 1: Inputs to the valuation methodology are based on unadjusted quoted price for identical assets or liabilities in active markets the Organization has the ability to access.

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair-value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no change in the methodologies used at June 30, 2022.

Investments are valued at either quoted market prices, which represent the net asset value of shares held by the Organization at period-end, the closing price reported on the active market on which the individual securities are traded, original cost plus reinvested interest, or based on information regarding the value of the underlying assets as reported by the investment advisor.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective future fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets as of June 30, 2022.

	<u>Cost</u>	<u>Market</u>	<u>Fair Value Level</u>
Certificates of Deposit	\$ 1,595,947.97	\$ 1,580,690.43	1
Mutual Funds	250,000.00	250,000.00	1

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 for their program support during 2022 with regular allocations and special grants:

Salvation Army	\$ 24,282.00
Rape & Suicide Crisis Center	21,318.00
Nutrition & Services for Seniors	96,000.00
United Board of Missions	46,000.00
Y.M.C.A.	139,167.00
Southeast Texas Hospice	28,380.00
Richard L. Shorkey Education and & Rehabilitation Center	32,700.00
Samaritan Counseling Center	95,000.00
Groves Senior Citizen Association	10,292.00
Family Services of Southeast Texas	85,000.00
Community Care-Prayer Outreach	66,000.00
Catholic Charities	120,972.00
Capland Center for Communication Disorders	55,000.00
Boy's Haven	11,439.00
Boys Scouts of America	30,833.00
Southeast Texas Council on Alcohol And Drug Abuse	65,000.00

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JUNE 30, 2022

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Girl Scouts of America	25,000.00
Port Neches Senior Citizen Center	10,809.00
Willie Carter Outreach	38,300.00
Communities in Schools	87,307.00
Adaptive Sports	42,333.00
Southeast Texas Food Bank	85,000.00
CASA of Southeast Texas	43,000.00
Stable Spirit	<u>35,000.00</u>
Total	<u>\$ 1,294,132.00</u>

7. 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 15, 2023, management has taken measures to prepare for the impact.

8. Subsequent Events

Management has evaluated subsequent events through May 15, 2023, the date which the financial statements were available to be issued.

There are no litigation or claims pending at this time.