

United Way of The Concho Valley, Inc.

Financial Statements

March 31, 2021 and 2020

Together with Auditor's Report

UNITED WAY OF THE CONCHO VALLEY, INC.
March 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the United Way of the Concho Valley, Inc.
San Angelo, Texas

Opinion

We have audited the accompanying financial statements of United Way of the Concho Valley, Inc. (the United Way), (a nonprofit organization) which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 the Concho Valley, Inc. as of March 31, 2021, and the changes in its net assets 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 audit in accordance with auditing standards generally accepted in the United States on America. Our responsibilities under those 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 the Concho Valley, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 of 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 the Concho Valley'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the Concho Valley'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.

Report on Summarized Comparative Information

We have previously audited the United Way of the Concho Valley's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Oliver, Rainey & Wojtek, LLP

July 12, 2021

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2021 and 2020

ASSETS

	2021	2020
Current Assets		
Cash	\$ 458,420	\$ 377,802
Restricted Cash	16,872	21,040
Investments - Other	699,854	697,395
Pledges Receivable - Net	337,810	418,758
Grant Receivables	-	10,000
Other Receivables	2,513	3,404
Prepaid Expenses	2,667	6,437
Total Current Assets	1,518,136	1,534,836
Endowment Assets		
Investments	2,235,390	1,693,403
Cash Surrender Value of Life Insurance	29,339	28,325
Total Endowment Assets	2,264,729	1,721,728
Property and Equipment - Net	54,792	48,127
TOTAL ASSETS	\$ 3,837,657	\$ 3,304,691

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 8,674	\$ 13,377
Designations Payable	56,481	56,032
Accrued Liabilities	4,275	2,596
Deferred Revenue	811	11,390
Total Current Liabilities	70,241	83,395
Net Assets		
Without Donor Restrictions		
Undesignated	611,362	580,834
Board Designated	2,189,390	1,647,403
Building Reserve	1,000	1,000
Property and Equipment	54,792	48,127
Total Without Donor Restrictions	2,856,544	2,277,364
With Donor Restrictions		
Restricted by purpose or time	864,872	897,932
Restricted in perpetuity	46,000	46,000
Total With Donor Restrictions	910,872	943,932
Total Net Assets	3,767,416	3,221,296
TOTAL LIABILITIES AND NET ASSETS	\$ 3,837,657	\$ 3,304,691

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

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended March 31, 2021 and 2020

	March 31, 2021			March 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Gross Campaign Result - Current	\$ -	\$ 961,499	\$ 961,499	\$ -	\$ 992,449	\$ 992,449
Less Donor Designations	-	(53,968)	(53,968)	-	(56,032)	(56,032)
Less Provision for Uncollectible	-	(59,531)	(59,531)	-	(59,525)	(59,525)
Net Campaign Revenue- Current	-	848,000	848,000	-	876,892	876,892
Gross Campaign Results - Prior	992,449	(992,449)	-	1,037,773	(1,037,773)	-
Less Donor Designations	(56,032)	56,032	-	(66,341)	66,341	-
Less Provision for Uncollectible	(43,742)	59,525	15,783	(24,396)	56,026	31,630
Net Campaign Revenue - Prior	892,675	(876,892)	15,783	947,036	(915,406)	31,630
Campaign Sponsorships	1,500	-	1,500	1,658	3,942	5,600
Grant Income	119,568	13,095	132,663	-	10,000	10,000
Fundraising Revenue	33,483	-	33,483	-	-	-
Other Contributions	6,458	-	6,458	11,322	3,777	15,099
Gift in Kind Revenue	222,010	-	222,010	196,645	-	196,645
Investment Income - Net	29,765	-	29,765	62,070	-	62,070
Realized Gain on Investments	294,477	-	294,477	27,073	-	27,073
Unrealized Gain (Loss)						
on Investments	333,712	-	333,712	(321,729)	-	(321,729)
Increase in Cash Surrender						
Value of Life Insurance	1,014	-	1,014	986	-	986
Gain on Extinguishment of Debt	18,613	-	18,613	-	-	-
Miscellaneous Income	2,070	-	2,070	91	-	91
Assets Released from Restrictions	17,263	(17,263)	-	13,695	(13,695)	-
TOTAL SUPPORT AND REVENUE	\$ 1,972,608	\$ (33,060)	\$ 1,939,548	\$ 938,847	\$ (34,490)	\$ 904,357

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

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED
For the Years Ended March 31, 2021 and 2020

	March 31, 2021			March 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program Services						
Gross Funds Awarded/Distributed	\$ 730,619	\$ -	\$ 730,619	\$ 758,000	\$ -	\$ 758,000
Less Donor Designations	(53,968)	-	(53,968)	(56,032)	-	(56,032)
Net Funds Awarded/Distributed	676,651	-	676,651	701,968	-	701,968
Allocation Services	268,860	-	268,860	150,564	-	150,564
Other Program Services	1,130	-	1,130	28,737	-	28,737
Total Program Services	946,641	-	946,641	881,269	-	881,269
Supporting Services						
Supporting Services - Allocated	433,401	-	433,401	421,736	-	421,736
Unallocated Payments to National Organizations	13,386	-	13,386	12,045	-	12,045
Total Supporting Services	446,787	-	446,787	433,781	-	433,781
TOTAL EXPENSES	1,393,428	-	1,393,428	1,315,050	-	1,315,050
Change in Net Assets	579,180	(33,060)	546,120	(376,203)	(34,490)	(410,693)
Net Assets - Beginning of Year	2,277,364	943,932	3,221,296	2,653,567	978,422	3,631,989
Net Assets - End of Year	\$ 2,856,544	\$ 910,872	\$ 3,767,416	\$ 2,277,364	\$ 943,932	\$ 3,221,296

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

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended March 31, 2021 with Comparative Totals for the Year Ended March 31, 2020

	Allocation Services			Other Program Services			Supporting Services			2021 Total	2020 Total
	Marketing & Communication	Community Impact	Total	Day of Caring	EFSP	Total	Organizational Administration	Fundraising	Total		
Operating Expenses											
Salaries	\$ 23,082	\$ 89,300	\$ 112,382	\$ -	\$ -	\$ -	\$ 11,592	\$ 74,217	\$ 85,809	\$ 198,191	\$ 262,377
Payroll Taxes	1,751	6,785	8,536	-	-	-	864	5,633	6,497	15,033	21,116
Employee Benefits	275	2,151	2,426	-	-	-	300	1,171	1,471	3,897	10,153
Total Compensation	25,108	98,236	123,344	-	-	-	12,756	81,021	93,777	217,121	293,646
Supplies	-	-	-	-	-	-	-	6,191	6,191	6,191	5,887
Advertising	-	-	-	-	-	-	-	222,010	222,010	222,010	197,715
Awards	-	-	-	-	-	-	-	-	-	-	2,310
Front Runner Club	-	-	-	-	-	-	-	-	-	-	260
Gift Card Expense	-	18,020	18,020	-	-	-	-	-	-	18,020	-
Loaned Executive	-	-	-	-	-	-	-	-	-	-	130
Printing & Copying	5,471	-	5,471	-	-	-	-	2,359	2,359	7,830	4,206
Postage & Shipping	283	925	1,208	-	-	-	442	1,479	1,921	3,129	1,669
Telephone & Networks	687	2,242	2,929	-	-	-	1,065	2,131	3,196	6,125	6,050
Occupancy	1,172	3,719	4,891	19	-	19	1,791	3,562	5,353	10,263	11,671
Office Supplies	480	1,628	2,108	-	-	-	710	1,426	2,136	4,244	4,188
Travel	49	115	164	9	5	14	54	1,112	1,166	1,344	3,481
Professional Fees	-	-	-	-	-	-	45,481	-	45,481	45,481	16,500
Insurance	944	3,093	4,037	10	8	18	3,107	2,921	6,028	10,083	9,985
Allocation Expense	-	676,651	676,651	-	-	-	-	-	-	676,651	701,968
Grant Expense	-	87,446	87,446	-	-	-	-	-	-	87,446	14,417
Conferences & Meetings	170	597	767	-	-	-	463	675	1,138	1,905	1,554
Power of the Purse	-	-	-	-	-	-	-	5,227	5,227	5,227	-
Miscellaneous/Finance Charges	-	778	778	-	790	790	1,848	5	1,853	3,421	1,369
Equipment Maintenance	3,864	12,619	16,483	-	-	-	7,916	17,719	25,635	42,118	20,407
Dues & Subscriptions	36	119	155	-	-	-	14,916	113	15,029	15,184	12,998
Total Other Expenses	13,156	807,952	821,108	38	803	841	77,793	266,930	344,723	1,166,672	1,016,765
Depreciation Expense	482	577	1,059	193	96	289	1,445	6,842	8,287	9,635	4,639
TOTAL OPERATING EXPENSES	\$ 38,746	\$ 906,765	\$ 945,511	\$ 231	\$ 899	\$ 1,130	\$ 91,994	\$ 354,793	\$ 446,787	\$ 1,393,428	\$ 1,315,050

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

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in Net Assets	\$ 546,120	\$ (410,693)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	9,635	4,639
Realized Gain on Investments	(294,477)	(27,074)
Unrealized (Gain) Loss on Investments	(333,712)	321,729
Decrease (Increase) in Pledges Receivable	80,948	(10,447)
Decrease (Increase) in Grant Receivable	10,000	(10,000)
Decrease (Increase) in Other Receivable	891	(3,404)
Decrease (Increase) in Prepaid Expenses	3,770	(3,306)
(Decrease) Increase in Deferred Revenue	(10,579)	11,140
(Decrease) Increase in Accounts Payable	(4,703)	8,634
Increase (Decrease) in Accrued Vacation Payable	1,679	(13,645)
Decrease in Sponsorship Payable	-	(900)
Increase (Decrease) in Allocations Payable	449	(13,852)
	10,021	(147,179)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows From Investing Activities		
Capital Expenditures	(16,300)	(13,123)
Proceeds from Maturities of Certificates of Deposit	248,538	248,539
Purchase of Certificates of Deposit	(250,997)	(258,804)
Proceeds from Sale of Investments	114,931	267,472
Purchases of Investments	(28,729)	(51,696)
Increase in Cash Surrender Value of Life Insurance	(1,014)	(986)
	66,429	191,402
Net Cash Provided by Investing Activities		
Net Increase in Cash, Cash Equivalents, and Restricted Cash	76,450	44,223
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	398,842	354,619
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 475,292	\$ 398,842
Supplemental Disclosures of Cash Flows Information		
Cash paid during the period for:		
Interest	\$ -	\$ -
Federal Income Taxes	\$ -	\$ -

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

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

Organization

United Way of the Concho Valley, Inc. ("United Way") is an independent not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. United Way was formed to support community based human service programs. The stated mission of United Way is "to increase the organized capacity of people to care for one another." This is accomplished by raising funds through a community-wide campaign and distributing funds to local non-profit organizations.

Basis of Accounting

The financial statements of the United Way have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

United Way's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted for acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

United Way's donor-restricted endowment funds, including the unspent appreciation of the endowment fund and the portion of United Way's donor-restricted endowment funds that the Organization is committed to maintaining in perpetuity are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Certificates of Deposit

Certificates of deposit bear interest rates ranging from 0.20% to 0.90% (1.00% to 2.25% at March 31, 2020) and will all mature during the next fiscal year. Any penalties for early withdrawal would not have a material effect on the financial statements. Certificates of deposit are included in investments-other on the statement of financial position. See also Note 3.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

Pledges Receivable

Unconditional promises to give are recorded as pledge receivables and contribution revenue when the promise is made. Pledge receivables and related contributions are recorded at their net realizable value based on amounts expected to be collected from donors. The valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledge receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. Specific accounts are written off only upon notification from donors that the pledges are no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written off after one year. Conditional promises to give are not included as support until the conditions are substantially met.

Donated Services

United Way receives services from a large number of volunteers who give significant amounts of their time to United Way's programs, fund-raising campaigns, and management. No amounts have been reflected in the financial statements for these volunteer services. Donated services are recognized as contributions 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 if not donated. For the years ended March 31, 2021 and 2020, United Way received donated advertising services in the amount of \$222,010 and \$196,645, respectively. These advertising services are expensed as incurred.

Donor Designations

Annual campaign gifts in which the United Way agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions and are deducted from gross campaign results to arrive at contribution revenue. In accordance with the United Way Worldwide membership requirements, these designations are presented as part of gross campaign results and gross agency distributions on the statement of activities, but are then deducted to arrive at United Way's actual revenue and expense under accounting principles generally accepted in the United States of America (US GAAP).

The United Way allocates amounts to agencies April through March of the year following the balance sheet date. Therefore, the allocation expense related to the 2020 campaign will be recognized during the year ended March 31, 2022. In contrast, donor designations for the 2020 campaign are recognized as expense for the year ended March 31, 2021.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major betterments and additions are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are charged to expense currently. Purchases of property & equipment that cost more than \$5,000 shall be capitalized. Depreciation of property and equipment is determined using the straight-line method, based on estimated useful lives of 3 to 39 years.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies - Continued

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on a time study analysis of time and effort.

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Realized and unrealized investment gains and losses are included in the change in net assets. These gains and losses and other investment income are reflected in the statement of activities as changes in net assets without donor restrictions.

The fair values of the investments, as reported in the Statement of Financial Position, are based on the quoted market prices for those investments as reported on their year-end fund statements. Market risk could occur and is dependent on the future changes in market prices of the various investments held.

Compensated Absences

Employees accrue vacation and sick leave based on their anniversary date. If an employee is unable to use all earned vacation in a twelve-month period based on their anniversary date, the employee may request a carry forward of up to 40 hours of vacation to the next twelve-month period with the signed approval of the Chief Executive Officer. Sick leave is earned at a rate of one day per month of service beginning the month of hire. A maximum of 120 days of sick leave may be accrued for any employee. Unused sick leave is not payable on termination of employment and therefore not accrued in the financial statements.

Income Taxes

United Way is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization's Form 990's are no longer subject to examination by taxing authorities for fiscal years before March 31, 2018.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the United Way's financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Advertising Costs

Advertising costs are expensed as incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 2 - Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, United Way considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Statements of Financial Position that sum to the amounts shown in the Statements of Cash Flows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 458,420	\$ 377,802
Cash Restricted From Campaign Events	3,777	11,040
Cash Restricted For COVID-19 Relief Efforts	3,095	10,000
Cash Restricted For Winter Storm	10,000	-
	<u>\$ 475,292</u>	<u>\$ 398,842</u>

Note 3 - Pledges Receivable

United Way conducts annual fundraising campaigns to raise funds for allocations to be paid to participating health and human care agencies during the succeeding calendar year. Pledges receivable as of March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Pledges Receivable	\$ 397,341	\$ 478,283
Allowance for Uncollectible Amounts	<u>(59,531)</u>	<u>(59,525)</u>
Pledges Receivable - Net	<u>\$ 337,810</u>	<u>\$ 418,758</u>

Note 4 - Investments

Investment return for the years ended March 31, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Investment Income	\$ 37,533	\$ 70,025
Net Realized Gains	294,477	27,073
Net Unrealized Gains (Losses)	333,712	(321,729)
Management Fees	<u>(7,768)</u>	<u>(7,955)</u>
Total Investment Gain (Loss) Income Without Donor Restrictions	<u>\$ 657,954</u>	<u>\$ (232,586)</u>

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 5 - Property and Equipment

Property and equipment at March 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 7,500	\$ 7,500
Building and Improvements	194,570	194,570
Furniture and Equipment	88,298	71,997
Software	37,459	37,459
	327,827	311,526
Less: Accumulated depreciation	(273,035)	(263,399)
Property and Equipment, Net	\$ 54,792	\$ 48,127

Note 6 - Concentration of Credit Risk

Pledges receivable are due from contributors concentrated in San Angelo, Texas, and the immediate surrounding area.

For the year ended March 31, 2021, the United Way received approximately 15% of its total pledges from one company.

The United Way maintains its cash and short-term investments in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At March 31, 2021 and 2020, United Way's deposits exceeded the insured limit by approximately \$211,570 and \$139,253, respectively.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 7 - Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash	\$ 475,292	\$ 398,842
Investments - Other	699,854	697,395
Pledges Receivable - Net	337,810	418,758
Grant Receivable	-	10,000
Other Receivable	2,513	13,404
Endowment Investments	2,235,390	1,693,403
Cash Surrender Value of Life Insurance	29,339	28,325
Financial Assets At Year-end	<u>3,780,198</u>	<u>3,260,127</u>
Less Those Unavailable For General Expenditures Within One Year, Due To:		
Donor-restricted From Campaign Events	3,777	11,040
Donor-restricted For COVID-19 Relief Efforts	3,095	10,000
Donor-restricted For Winter Storm Relief Efforts	10,000	-
Donor-restricted From Campaign Pledges	848,000	876,892
Donor-restricted For Endowment Funds Held In Perpetuity	46,000	46,000
Board Designated Endowments	2,189,390	1,647,403
Board Designated Building Reserve	1,000	1,000
Cash Surrender Value of Life Insurance	29,339	28,325
Financial Assets Available To Meet Cash Needs		
For General Expenditure Within One Year	<u>\$ 649,597</u>	<u>\$ 639,467</u>

The United Way Board of Directors has designated the endowments, less the endowment funds held in perpetuity, for operating purposes as specified by the board. Because of the Board of Directors designation, those endowment funds are not available for general expenditure within the next year; however, the board could make them available, if necessary. Management considers a general expenditure to be any expense not directly tied to one of the programs.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 8 - Restrictions/Limitations on Net Assets

Board Designated Net Assets

The governing board of United Way has designated the following as net assets without donor restrictions funds which represent resources currently available for use, both corpus and accumulated investment return, but expendable only for those operating purposes as specified by the Board of Directors. See also Note 12. Designated funds consisted of the following at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Hirschfeld Endowment	\$ 496,909	\$ 376,267
Keener Endowment	418,455	316,852
United Way Endowment	562,866	415,710
Mary June Beck Endowment	<u>711,160</u>	<u>538,574</u>
Total	<u>\$ 2,189,390</u>	<u>\$ 1,647,403</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Campaign Events	\$ -	\$ 7,263
Campaign Pledges	848,000	876,892
Grants	<u>16,872</u>	<u>13,777</u>
Total	<u>\$ 864,872</u>	<u>\$ 897,932</u>

Also included in net assets with donor restrictions is an endowment corpus to be held in perpetuity, the income of which is expendable to support general operations. In accordance with the Alice Ward Endowment Trust agreement, the initial contribution of \$46,000 should remain in perpetuity and is therefore reflected as a net asset with donor restrictions at March 31, 2021 and 2020 in the accompanying Statement of Financial Position, as well as in accordance with donor specific allocation directions.

Note 9 - Retirement Plan

United Way of the Concho Valley, Inc. has a defined contribution plan as permitted under Section 408(k) of the Internal Code which is available to all eligible participants. Employees become eligible after one year of service or January 1st of the following year, whichever comes sooner. During the year ended March 31, 2021 and 2020, United Way contributed 6% of each eligible participant's base salary into the plan. Total retirement expense for 2021 and 2020 was \$3,897 and \$10,153, respectively.

Note 10 - Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. As of March 31, 2021 and 2020, the United Way has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 11 - Fair Value Measured on Recurring Basis

Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements*, establishes a 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 Organization's investments are valued on a recurring basis using Level 1 and Level 2 measurements.

Fair values of assets and liabilities measured on a recurring basis at March 31, 2021 and 2020 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
<u>March 31, 2021</u>			
Endowment Investments	\$ 2,235,390	\$ 2,235,390	\$ -
Cash Value of Life Insurance	29,339	-	29,339
<u>March 31, 2020</u>			
Endowment Investments	1,693,403	\$ 1,693,403	\$ -
Cash Value of Life Insurance	28,325	-	28,325

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 12 - Allocations to Agencies

Once the annual campaign is completed, the Board of Directors allocates campaign receipts to member agencies based upon requests, needs, and available resources. Below is a summary of amounts allocated to the individual agencies for the years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Adult Literacy Council	\$ -	\$ 16,491
Alcohol and Drug Abuse Council	55,971	55,891
Boys & Girls Club of Menard	29,902	29,977
Boys & Girls Club of San Angelo	52,199	53,240
Children's Advocacy Center	79,545	81,294
Concho Valley Home for Girls	44,435	38,590
Concho Valley Regional Food Bank	33,196	34,660
Galilee Community Development Agency	24,440	27,815
Girl Scouts of Central Texas	42,188	42,975
ICD Family Shelter	27,763	32,370
Ozona Community Center	34,354	35,000
San Angelo Early Childhood Center	50,564	52,009
Sonrisas Therapeutic Riding, Inc.	29,673	28,898
Texas Southwest Council of Boy Scouts of America	18,986	18,707
West Texas Counseling & Guidance Center	87,588	86,457
YMCA	<u>65,847</u>	<u>67,594</u>
Net Allocations to Agencies	<u>\$ 676,651</u>	<u>\$ 701,968</u>

Note 13 - Endowments

Board-Designated Endowments

As of March 31, 2021 and 2020, the Board of Directors had designated \$2,189,390 and \$1,647,403 of net assets without donor restrictions as general endowment funds to support the mission of the United Way. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

The Board of Directors may withdraw 5% annually of the Endowment Fund's value at a specified date. Any withdrawal in excess of 5% must have a 90% majority vote of the Board of Directors. In establishing the spending policy, the United Way considered the long-term expected investment return on its endowments. Accordingly, over the long term, the United Way expects the spending policy to allow its general endowment funds to grow at an average of 5% annually.

To achieve this objective, the United Way has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested with the San Angelo Area Foundation. Actual returns in any given year may vary.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 13 - Endowments – Continued

Board-Designated Endowments - Continued

Composition of and changes in endowment net assets for the years ended March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Board-Designated Endowment Net Assets, Beginning of Year	\$ 1,647,403	\$ 2,157,834
Net Investment Income	28,627	51,696
Net Appreciation (Depreciation)	628,189	(294,656)
Contributions	100	-
Amounts Appropriated for Expenditure	<u>(114,929)</u>	<u>(267,471)</u>
Board-Designated Endowment Net Assets, End of Year	<u>\$ 2,189,390</u>	<u>\$ 1,647,403</u>

Donor-designated Endowment

The Board of Directors of United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring United Way to follow the donor’s instructions. As mentioned in Note 7, the Alice Ward Endowment Trust agreement requires United Way to maintain the initial contribution of \$46,000 in perpetuity. The earnings on this endowment fund are included in the Board-Designated Endowments.

Note 14 - Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 “Leases (Topic 842)” The FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments and a right-to-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. ASU 2016-02 retains a distinction between finance leases (i.e. capital leases under current GAAP). The amendments of this ASU are effective for reporting periods beginning after December 15, 2021, with early adoption permitted. An entity will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is currently assessing the impact the adoption of ASU 2016-02 will have on its financial statements.

Note 15 - Paycheck Protection Program

On April 9, 2020, the United Way was granted a loan from First Financial Bank, N.A. in the amount of \$18,613 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, mortgage interest, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2021 and 2020

Note 15 - Paycheck Protection Program – Continued

The United Way was legally released from being the primary obligor by the bank on December 3, 2020. The PPP loan was forgiven in full. The amount forgiven is included on the Statement of Activities and Changes in Net Assets as Gain on Extinguishment of Debt.

Note 16 - New Accounting Guidance Implementations

FASB ASC 606

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The United Way adopted the requirements of the new guidance as of April 1, 2020. The effect of applying this guidance was not significant to the financial statements.

ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The United Way adopted the requirements of the new guidance as of April 1, 2020. The effect of applying this guidance was not significant to the financial statements.

Note 17 - Evaluation of Subsequent Events

The United Way has evaluated subsequent events through July 12, 2021, the date which the financial statements were available to be issued. No events have occurred up to the date that would require adjustment to, or disclosure in, the financial statements.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could continue to negatively impact the United Way. Future potential impacts may include a delay or failure to collect pledge commitments, which could result in an increase in pledge loss. Another potential impact could include further decline in the fair market value of investments. The future effects of these issues are unknown.