

**UNITED WAY OF THE
CONCHO VALLEY, INC.**

Financial Statements

March 31, 2023 and 2022

Together with Auditor's Report

UNITED WAY OF THE CONCHO VALLEY, INC.
March 31, 2023 and 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8-17

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, 2023, 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, 2023, 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 of 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 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 an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Oliver, Rainey & Wojtek, LLP

September 13, 2023

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash	\$ 269,275	\$ 373,684
Restricted Cash	-	12,522
Certificates of Deposit	457,344	705,340
Pledges Receivable - Net	347,330	372,734
Other Receivables	143	-
Prepaid Expenses	387	15,789
Total Current Assets	1,074,479	1,480,069
Endowment Assets		
Investments	2,142,481	2,176,894
Cash Surrender Value of Life Insurance	33,126	31,934
Total Endowment Assets	2,175,607	2,208,828
Property and Equipment - Net	78,834	100,778
TOTAL ASSETS	\$ 3,328,920	\$ 3,789,675

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 11,896	\$ 14,786
Designations Payable	54,482	42,042
Accrued Liabilities	6,322	2,852
Obligations Under Capital Lease - Current Portion	10,537	10,024
Total Current Liabilities	83,237	69,704
Long term Liabilities		
Obligations Under Capital Lease - Net of Current Portion	29,782	40,319
Total Long Term Liabilities	29,782	40,319
Total Liabilities	113,019	110,023
Net Assets		
Without Donor Restrictions		
Undesignated	208,686	561,878
Board Designated	2,096,481	2,130,894
Building Reserve	1,000	1,000
Property and Equipment	78,834	100,778
Total Without Donor Restrictions	2,385,001	2,794,550
With Donor Restrictions		
Restricted by Purpose or Time	784,900	839,102
Restricted in Perpetuity	46,000	46,000
Total With Donor Restrictions	830,900	885,102
Total Net Assets	3,215,901	3,679,652
TOTAL LIABILITIES AND NET ASSETS	\$ 3,328,920	\$ 3,789,675

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, 2023 and 2022

	March 31, 2023			March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Gross Campaign Result - Current	\$ -	\$ 877,227	\$ 877,227	\$ -	\$ 888,737	\$ 888,737
Less Donor Designations	-	(54,482)	(54,482)	-	(41,717)	(41,717)
Less Provision for Uncollectible	-	(37,845)	(37,845)	-	(26,331)	(26,331)
Net Campaign Revenue- Current	-	784,900	784,900	-	820,689	820,689
Gross Campaign Results - Prior	888,737	(888,737)	-	961,499	(961,499)	-
Additional Campaign Revenue from Prior Campaigns	39,408	-	39,408	39,393	-	39,393
Less Donor Designations	(41,717)	41,717	-	(53,968)	53,968	-
Less Provision for Uncollectible	(81,870)	26,331	(55,539)	(35,442)	59,531	24,089
Net Campaign Revenue - Prior	804,558	(820,689)	(16,131)	911,482	(848,000)	63,482
Campaign Sponsorships	9,475	-	9,475	1,645	-	1,645
Grant Income	-	61,411	61,411	76,056	11,944	88,000
Fundraising Revenue	79,792	-	79,792	62,225	-	62,225
Other Contributions	4,302	-	4,302	3,918	-	3,918
Gift in Kind Revenue	216,665	-	216,665	227,700	-	227,700
Investment Income	56,999	-	56,999	90,927	-	90,927
Realized (Loss) Gain on Investments	(51,321)	-	(51,321)	1,034	-	1,034
Unrealized Loss						
on Investments	(171,688)	-	(171,688)	(44,127)	-	(44,127)
Increase in Cash Surrender						
Value of Life Insurance	1,192	-	1,192	2,595	-	2,595
Miscellaneous Income	5,495	-	5,495	1,109	-	1,109
Assets Released from Restrictions	79,824	(79,824)	-	10,403	(10,403)	-
TOTAL SUPPORT AND REVENUE	\$ 1,035,293	\$ (54,202)	\$ 981,091	\$ 1,344,967	\$ (25,770)	\$ 1,319,197

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, 2023 and 2022

	March 31, 2023			March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program Services						
Gross Funds Awarded/Distributed	\$ 735,875	\$ -	\$ 735,875	\$ 757,493	\$ -	\$ 757,493
Less Donor Designations	(54,482)	-	(54,482)	(41,717)	-	(41,717)
Net Funds Awarded/Distributed	681,393	-	681,393	715,776	-	715,776
Allocation Services	185,185	-	185,185	204,235	-	204,235
Other Program Services	74,429	-	74,429	4,200	-	4,200
Total Program Services	941,007	-	941,007	924,211	-	924,211
Supporting Services						
Supporting Services - Allocated	484,967	-	484,967	469,772	-	469,772
Unallocated Payments to National Organizations	18,868	-	18,868	12,978	-	12,978
Total Supporting Services	503,835	-	503,835	482,750	-	482,750
TOTAL EXPENSES	1,444,842	-	1,444,842	1,406,961	-	1,406,961
Change in Net Assets	(409,549)	(54,202)	(463,751)	(61,994)	(25,770)	(87,764)
Net Assets - Beginning of Year	2,794,550	885,102	3,679,652	2,856,544	910,872	3,767,416
Net Assets - End of Year	\$ 2,385,001	\$ 830,900	\$ 3,215,901	\$ 2,794,550	\$ 885,102	\$ 3,679,652

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, 2023 with Comparative Totals for the Year Ended March 31, 2022

	Allocation Services			Other Program Services				Supporting Services			2023 Total	2022 Total
	Marketing & Communication	Community Impact	Total	United We Read	HT Awareness Summit	Into the Warmth	Total	Organizational Administration	Fundraising	Total		
Operating Expenses												
Salaries	\$ 24,051	\$ 86,621	\$ 110,672	\$ -	\$ -	\$ -	\$ -	\$ 11,325	\$ 72,846	\$ 84,171	\$ 194,843	\$ 183,409
Payroll Taxes	1,665	6,451	8,116	-	-	-	-	822	5,356	6,178	14,294	14,140
Employee Benefits	1,663	1,937	3,600	-	-	-	-	569	3,370	3,939	7,539	8,188
Total Compensation	27,379	95,009	122,388	-	-	-	-	12,716	81,572	94,288	216,676	205,737
Advertising	-	-	-	-	-	-	-	-	216,665	216,665	216,665	227,700
Allocation Expense	-	681,393	681,393	-	-	-	-	-	-	-	681,393	715,776
Awards	-	-	-	-	-	-	-	-	1,600	1,600	1,600	1,745
Conferences & Meetings	2,028	2,554	4,582	-	-	-	-	694	4,162	4,856	9,438	7,068
Community Impact	9	3,629	3,638	-	-	26	26	483	19	502	4,166	-
Dues & Subscriptions	4,173	4,860	9,033	-	-	-	-	2,085	8,458	10,543	19,576	16,474
Equipment Maintenance	7,495	8,896	16,391	-	-	-	-	2,838	15,220	18,058	34,449	39,512
Event Catering/Food	-	-	-	-	-	-	-	-	5,028	5,028	5,028	8,594
Event Supplies	-	-	-	-	1,096	-	1,096	-	20,069	20,069	21,165	8,721
Event Speakers	-	-	-	-	-	-	-	-	1,928	1,928	1,928	7,750
Event Venue	-	-	-	-	-	-	-	-	10,631	10,631	10,631	6,534
Grant Expense	-	-	-	-	2,045	49,443	51,488	127	11,710	11,837	63,325	31,447
Insurance	4,866	5,528	10,394	-	-	-	-	3,065	9,178	12,243	22,637	20,264
Interest Expense	569	644	1,213	-	-	-	-	184	3,350	3,534	4,747	1,099
Miscellaneous/Finance Charges	12	14	26	-	-	-	-	2,616	(170)	2,446	2,472	8,117
Occupancy	2,562	3,097	5,659	-	-	-	-	942	5,211	6,153	11,812	10,579
Office Supplies	1,347	1,570	2,917	-	-	-	-	633	2,731	3,364	6,281	5,253
Postage & Shipping	257	299	556	-	-	-	-	127	520	647	1,203	889
Printing & Copying	2,193	988	3,181	-	-	-	-	290	1,718	2,008	5,189	5,981
Professional Fees	-	-	-	-	-	-	-	46,000	-	46,000	46,000	45,722
Supplies	341	397	738	-	-	-	-	116	9,279	9,395	10,133	6,940
Telephone & Networks	788	918	1,706	-	-	-	-	269	1,597	1,866	3,572	3,806
Travel	161	188	349	478	-	-	478	55	589	644	1,471	2,190
United We Read Books	-	-	-	21,341	-	-	21,341	-	-	-	21,341	4,200
Total Other Expenses	26,801	714,975	741,776	21,819	3,141	49,469	74,429	60,524	329,493	390,017	1,206,222	1,186,361
Depreciation Expense	1,097	1,317	2,414	-	-	-	-	3,292	16,238	19,530	21,944	14,863
TOTAL OPERATING EXPENSES	\$ 55,277	\$ 811,301	\$ 866,578	\$ 21,819	\$ 3,141	\$ 49,469	\$ 74,429	\$ 76,532	\$ 427,303	\$ 503,835	\$ 1,444,842	\$ 1,406,961

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

UNITED WAY OF THE CONCHO VALLEY, INC.
STATEMENTS OF CASH FLOWS
March 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ (463,751)	\$ (87,764)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation	21,944	14,863
Realized Loss (Gain) on Investments	51,321	(1,034)
Unrealized Loss on Investments	171,688	44,127
Changes in Assets and Liabilities		
Pledges Receivable	25,404	(34,924)
Other Receivables	(143)	2,511
Prepaid Expenses	15,402	(13,122)
Deferred Revenue	-	(811)
Accounts Payable	(2,890)	6,112
Accrued Vacation Payable	3,470	(1,423)
Allocations Payable	12,440	(14,439)
Net Cash Used in Operating Activities	(165,115)	(85,904)
Cash Flows From Investing Activities		
Capital Expenditures	-	(6,475)
Proceeds from Maturities of Certificates of Deposit	705,340	234,000
Purchase of Certificates of Deposit	(457,344)	(239,486)
Proceeds from Sale of Investments	116,167	112,481
Purchases of Investments	(56,153)	(97,076)
Endowment Contributions	(248,610)	-
Increase in Cash Surrender Value of Life Insurance	(1,192)	(2,595)
Net Cash Provided by Investing Activities	58,208	849
Cash Flows From Financing Activities		
Principal Payments Under Capital Lease Obligations	(10,024)	(4,031)
Net Cash Used in Financing Activities	(10,024)	(4,031)
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(116,931)	(89,086)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	386,206	475,292
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 269,275	\$ 386,206
Supplemental Disclosures of Cash Flows Information		
Cash Paid During the Period for:		
Interest	\$ -	\$ -
Federal Income Taxes	\$ -	\$ -
Acquisition of Equipment		
Cost of Equipment	\$ -	\$ (54,374)
Capital Lease Obligation	-	54,374
Cash Down Payment for Equipment	\$ -	\$ -

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, 2023 and 2022

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 3.31% (0.20% to 0.35% at March 31, 2022) 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 statements of financial position. See also Note 4.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

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, 2023 and 2022, United Way received donated advertising services in the amount of \$216,665 and \$227,700, 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 2022 campaign will be recognized during the year ended March 31, 2024. In contrast, donor designations for the 2022 campaign are recognized as expense for the year ended March 31, 2023.

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 and 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, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies – Continued

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statements 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 Statements 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 Statements of Activities as changes in net assets without donor restrictions.

The fair values of the investments, as reported in the Statements 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 990s, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed.

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, 2022, 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

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>2023</u>	<u>2022</u>
Cash	\$ 269,275	\$ 373,684
Cash Restricted For COVID-19 Relief Efforts	-	2,500
Cash Restricted For United We Read	-	6,469
Cash Restricted For Winter Storm	-	3,553
	<u>\$ 269,275</u>	<u>\$ 386,206</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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Pledges Receivable	\$ 392,236	\$ 419,203
Allowance for Uncollectible Amounts	(44,906)	(46,469)
Pledges Receivable - Net	<u>\$ 347,330</u>	<u>\$ 372,734</u>

Note 4 - Investments

Investment return for the years ended March 31, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Investment Income	\$ 64,976	\$ 99,461
Net Realized Gains	(51,321)	1,034
Net Unrealized (Losses) Gains	(171,688)	(44,127)
Management Fees	(7,977)	(8,534)
Total Investment Gain on Income Without Donor Restrictions	<u>\$ (166,010)</u>	<u>\$ 47,834</u>

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

Note 5 - Property and Equipment

Property and equipment at March 31, 2023 and 2022 consisted of the following:

	2023	2022
Land	\$ 7,500	\$ 7,500
Building and Improvements	194,570	194,570
Furniture and Equipment	99,543	142,673
Software	6,838	43,933
	308,451	388,676
Less: Accumulated Depreciation	(229,617)	(287,898)
Property and Equipment, Net	\$ 78,834	\$ 100,778

Note 6 - Concentration of Credit Risk

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

For the years ended March 31, 2023 and March 31, 2022, the United Way received approximately 10% and 12%, respectively, 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, 2023 and 2022, United Way's deposits exceeded the insured limit by approximately \$157,931 and \$287,604, respectively.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

Note 7 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and Restricted Cash	\$ 269,275	\$ 386,206
Certificates of Deposit	457,344	705,340
Pledges Receivable - Net	347,330	372,734
Other Receivable	143	-
Endowment Investments	2,142,481	2,176,894
Cash Surrender Value of Life Insurance	33,126	31,934
	<u>3,249,699</u>	<u>3,673,108</u>
Financial Assets At Year-end		
Less Those Unavailable For General Expenditures Within One Year, Due To:		
Donor-restricted From United We Read	-	6,469
Donor-restricted For COVID-19 Relief Efforts	-	2,500
Donor-restricted For Winter Storm Relief Efforts	-	3,553
Donor-restricted For Salaries	-	5,891
Donor-restricted From Campaign Pledges	784,900	820,689
Donor-restricted For Endowment Funds Held In Perpetuity	46,000	46,000
Board Designated Endowments	2,096,481	2,130,894
Board Designated Building Reserve	1,000	1,000
Cash Surrender Value of Life Insurance	33,126	31,934
	<u>2,965,407</u>	<u>3,048,730</u>
Financial Assets Available To Meet Cash Needs For General Expenditure Within One Year	<u>\$ 288,192</u>	<u>\$ 624,178</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.

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 13. Designated funds consisted of the following at March 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Hirschfeld Endowment	\$ 422,526	\$ 484,368
Keener Endowment	355,819	407,897
United Way Endowment	713,431	545,414
Mary June Beck Endowment	604,705	693,215
	<u>\$ 2,096,481</u>	<u>\$ 2,130,894</u>
Total		

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

Note 8 - Restrictions/Limitations on Net Assets – Continued

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of March 31, 2023 and 2022:

	2023	2022
Campaign Pledges	\$ 784,900	\$ 820,689
Grants	-	18,413
Total	\$ 784,900	\$ 839,102

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, 2023 and 2022 in the accompanying Statements 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, 2023 and 2022, United Way contributed 6% of each eligible participant's base salary into the plan. Total retirement expense for 2023 and 2022 was \$7,539 and \$8,188, 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, 2023 and 2022, the United Way has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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 2 measurements.

Fair values of assets and liabilities measured on a recurring basis at March 31, 2023 and 2022 are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)
<u>March 31, 2023</u>		
Endowment Investments	\$ 2,142,481	\$ 2,142,481
Cash Value of Life Insurance	33,126	33,126
<u>March 31, 2022</u>		
Endowment Investments	\$ 2,176,894	\$ 2,176,894
Cash Value of Life Insurance	31,934	31,934

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Alcohol and Drug Abuse Council	\$ 68,351	\$ 62,537
Boys & Girls Club of Menard	20,024	29,975
Boys & Girls Club of San Angelo	34,465	57,678
Children's Advocacy Center	102,558	92,674
Concho Valley Community Action Association	49,884	24,846
Concho Valley Home for Girls	-	3,697
Concho Valley Regional Food Bank	37,963	41,958
Galilee Community Development Agency	28,976	26,417
Girl Scouts of Central Texas	4,357	28,567
ICD Family Shelter	23,640	37,521
Ozona Community Center	36,059	34,169
San Angelo Clubhouse	36,879	22,717
San Angelo Early Childhood Center	48,776	54,634
Sonrisas Therapeutic Riding, Inc.	15,509	25,088
Texas Southwest Council of Boy Scouts of America	-	817
West Texas Counseling & Guidance Center	100,859	95,775
YMCA	73,093	76,706
Net Allocations to Agencies	<u>\$ 681,393</u>	<u>\$ 715,776</u>

Note 13 - Endowments

Board-Designated Endowments

As of March 31, 2023 and 2022, the Board of Directors had designated \$2,096,481 and \$2,130,894 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, 2023 and 2022

Note 13 - Endowments - Continued

Composition of and changes in endowment net assets for the years ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Board-Designated Endowment Net Assets, Beginning of Year	\$ 2,130,894	\$ 2,189,390
Net Investment Income	56,153	97,076
Net Appreciation (Depreciation)	(223,009)	(43,093)
Contributions	248,610	-
Amounts Appropriated for Expenditure	<u>(116,167)</u>	<u>(112,479)</u>
Board-Designated Endowment Net Assets, End of Year	<u><u>\$ 2,096,481</u></u>	<u><u>\$ 2,130,894</u></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 8, 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 Statements 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 has determined that there is no impact from the adoption of ASU 2016-02 on its financial statements.

Note 15 - Obligations Under Capital Lease

During November of 2021, the Association entered into a capital lease for the purchase of a copier with a term of five years. The current lease meets the requirements of a capital lease and, accordingly, has been recorded as such.

Property under capital lease at March 31, 2023 had a cost of \$54,374 and accumulated depreciation of \$10,875. For the year ended March 31, 2023, amortization expense of \$4,531 was included in depreciation expense on the Statements of Functional Expenses. The present value of minimum lease payments at December 31, 2023 is \$40,319.

UNITED WAY OF THE CONCHO VALLEY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
March 31, 2023 and 2022

Note 15 - Obligations Under Capital Lease – Continued

The following is a schedule by year of future minimum payments required under the capital leases together with the present value of the leases as of March 31, 2023.

March 31,	
2024	\$12,313
2025	12,313
2026	12,313
2027	<u>7,183</u>
Total minimum capital lease payments	44,122
Less: Interest	<u>(3,803)</u>
Present value of minimum lease payments	<u><u>\$ 40,319</u></u>

Note 16 - Evaluation of Subsequent Events

Management evaluates events occurring subsequent to the statement of financial position date, through the date the financial statements are eligible to be issued, to determine whether the events require recognition or disclosure in the financial statements. If a subsequent event evidences conditions existing at the statement of financial position date, the effects are recognized in the financial statements (recognized subsequent event). If a subsequent event evidences conditions arising after the statement of financial position date, the effects are not recognized in the financial statements but rather disclosed in the notes to the financial statements (non-recognized subsequent events). The effects of subsequent events are only recognized if material, or disclosed if the financial statements would otherwise be misleading. The Company has evaluated subsequent events for recognition and disclosure through September 13, 2023, which is the date the financial statements were available to be issued.