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**UNITED WAY OF GREATER BAYTOWN AREA &
CHAMBERS COUNTY**

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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UNITED WAY OF GREATER BAYTOWN AREA &
CHAMBERS COUNTY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Greater Baytown Area & Chambers County
Baytown, Texas

Opinion

We have audited the accompanying financial statements of United Way of Greater Baytown Area & Chambers County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Greater Baytown Area & Chambers County as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Greater Baytown Area & Chambers 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 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 Greater Baytown Area & Chambers County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditors' 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 Greater Baytown Area & Chambers County'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater Baytown Area & Chambers County'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements in Changes of Cash and Investments is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lawrence, Blackburn, Meek, Maxey & Co., P.C.

Beaumont, Texas
October 10, 2023

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,407,273	\$ 3,514,510
Receivables:		
Pledges	998,669	925,030
Other	797	-
(Less allowance for uncollectable)	(238,500)	(175,440)
Deposits and other	100	100
Prepaid expense	14,756	15,795
Total current assets	4,183,095	4,279,995
Property and equipment		
Furniture and equipment	258,688	251,963
Accumulated depreciation	(166,488)	(154,319)
Total property and equipment	92,200	97,644
Other Assets		
Finance lease right-of-use asset	6,861	-
Total other assets	6,861	-
TOTAL ASSETS	\$ 4,282,156	\$ 4,377,639
 LIABILITIES		
Current Liabilities		
Grants payable	\$ 1,138,221	\$ 1,618,998
Payroll taxes and other payables	57,441	45,018
Current portion of right-of use finance lease liability	1,936	-
Total current liabilities	1,197,598	1,664,016
Long-term Liabilities		
Right-of-use finance lease liability, net of current portion	5,574	-
Total long-term liabilities	5,574	-
 NET ASSETS		
Without donor restrictions:		
Board designated (see note 3)	43,978	14,925
Undesignated	2,761,267	2,457,988
Total net assets without donor restrictions	2,805,245	2,472,913
With donor restrictions	273,739	240,710
Total net assets	3,078,984	2,713,623
TOTAL LIABILITIES AND NET ASSETS	\$ 4,282,156	\$ 4,377,639

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Gross campaign results	\$ 2,274,199	\$ 61,250	\$ 2,335,449	\$ 2,537,251	\$ -	\$ 2,537,251
Less: donor designations	(266,681)	-	(266,681)	(297,824)	-	(297,824)
Provisions for uncollectible pledges	(238,500)	-	(238,500)	(175,440)	-	(175,440)
Net campaign revenue	1,769,018	61,250	1,830,268	2,063,987	-	2,063,987
Grant revenue	-	-	-	-	10,000	10,000
Service contract	-	-	-	41,393	-	41,393
Other contributions/income	154,527	-	154,527	65,275	-	65,275
In-kind contributions	40,150	-	40,150	59,833	-	59,833
Investment income	21,902	-	21,902	1,527	-	1,527
Loss on disposal of asset	-	-	-	(113,934)	-	(113,934)
Net rental income/(loss)	(7,486)	-	(7,486)	(2,729)	-	(2,729)
	1,978,111	61,250	2,039,361	2,115,352	10,000	2,125,352
Net Assets Released From Donor Restrictions	28,221	(28,221)	-	6,127	(6,127)	-
TOTAL REVENUE	2,006,332	33,029	2,039,361	2,121,479	3,873	2,125,352
EXPENSES						
Program services						
Gross grants awarded	1,104,303	-	1,104,303	1,585,961	-	1,585,961
Less donor designations	(232,127)	-	(232,127)	(218,443)	-	(218,443)
Net grants awarded	872,176	-	872,176	1,367,518	-	1,367,518
Other program services	447,487	-	447,487	410,694	-	410,694
Supporting services	324,277	-	324,277	306,227	-	306,227
United Way Worldwide	30,060	-	30,060	46,614	-	46,614
TOTAL EXPENSES	1,674,000	-	1,674,000	2,131,053	-	2,131,053
INCREASE (DECREASE) IN NET ASSETS	332,332	33,029	365,361	(9,574)	3,873	(5,701)
NET ASSETS, BEGINNING OF PERIOD	2,472,913	240,710	2,713,623	2,482,487	236,837	2,719,324
NET ASSETS, END OF PERIOD	\$ 2,805,245	\$ 273,739	\$ 3,078,984	\$ 2,472,913	\$ 240,710	\$ 2,713,623

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

EXPENSES	2023				Total
	Program Services	Supporting Services			
	Program Services	Organizational Administration	Fundraising	UWW Dues	
Grants awarded	\$ 1,104,303	\$ -	\$ -	\$ -	\$ 1,104,303
(Less donor designations)	(232,127)				(232,127)
Subtotal	872,176	-	-	-	872,176
Community impact programs	131,272	-	-		131,272
Crisis fund	27,341	-	-	-	27,341
Special events	6,069	3,484	5,517	-	15,070
Amortization	-	2,225	-	-	2,225
Salaries	171,305	115,015	17,952	-	304,272
Payroll taxes	13,664	9,174	1,432	-	24,270
Employee benefits	13,765	9,253	1,443	-	24,461
Professional fees	110	68,594	12	-	68,716
Supplies	2,602	1,745	270	-	4,617
Postage and shipping	1,355	910	142	-	2,407
Telephone and networks	30,731	20,633	5,169	-	56,533
Marketing	20,934	14,055	2,344	-	37,333
Occupancy	10,627	20,135	1,114	-	31,876
Travel	2,359	1,584	247	-	4,190
Insurance	5,518	3,705	578	-	9,801
Interest	-	1,742	-	-	1,742
Miscellaneous	4,843	9,038	508	-	14,389
Board and staff development	2,748	4,245	288	-	7,281
Equipment rental and maintenance	220	134	19	-	373
Dues and subscriptions	2,024	1,359	212	-	3,595
	447,487	287,030	37,247	-	771,764
United Way Worldwide dues	-	-	-	30,060	30,060
TOTAL FUNCTIONAL EXPENSES	\$ 1,319,663	\$ 287,030	\$ 37,247	\$ 30,060	\$ 1,674,000

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

	2022				Total
	Program Services	Supporting Services			
	Program Services	Organizational Administration	Fundraising	UWW Dues	
EXPENSES					
Grants awarded	\$ 1,585,961	\$ -	\$ -	\$ -	\$ 1,585,961
(Less donor designations)	(218,443)				(218,443)
Subtotal	1,367,518	-	-	-	1,367,518
Community impact programs	108,716	-	-		108,716
Special events	3,606	1,802	7,042		12,450
Salaries	182,937	121,904	19,027	-	323,868
Payroll taxes	16,890	11,249	1,756	-	29,895
Employee benefits	33,291	21,877	3,415	-	58,583
Professional fees	736	63,890	77	-	64,703
Supplies	2,856	1,918	299	-	5,073
Postage and shipping	923	621	97	-	1,641
Telephone and networks	24,619	16,510	4,919	-	46,048
Marketing	5,102	3,406	608	-	9,116
Occupancy	9,661	6,486	1,012	-	17,159
Travel	1,813	1,165	781	-	3,759
Insurance	8,934	5,998	936	-	15,868
Miscellaneous	3,288	3,378	345	-	7,011
Board and staff development	2,363	1,583	247	-	4,193
Equipment rental and maintenance	2,615	1,756	274	-	4,645
Dues and subscriptions	2,344	1,574	275	-	4,193
	410,694	265,117	41,110	-	716,921
United Way Worldwide dues	-	-	-	46,614	46,614
TOTAL FUNCTIONAL EXPENSES	\$ 1,778,212	\$ 265,117	\$ 41,110	\$ 46,614	\$ 2,131,053

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS OPERATING ACTIVITIES:		
Increase/(Decrease) in net assets	\$ 365,361	\$ (5,701)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	12,169	10,202
Loss on disposal of property	-	100,010
Amortization of right-of-use lease	2,225	
Change in assets and liabilities:		
Net pledges receivable	(10,579)	67,741
Other receivable	(797)	35,686
Prepaid expense	1,039	(2,801)
Accounts and other payables	13,729	(40,672)
Grants	(482,084)	(327,348)
Net cash provided/(used) by operating activities	<u>(98,936)</u>	<u>(162,882)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received on sale of property	-	479,491
Purchase of fixed assets	(6,724)	(6,127)
Net cash provided/(used) by investing activities	<u>(6,724)</u>	<u>473,364</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on right-of-use lease liability	(1,576)	-
Net Cash Provided by Financing Activities	<u>(1,576)</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(107,236)	310,482
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,514,510</u>	<u>3,204,029</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,407,273</u>	<u>\$ 3,514,510</u>
Cash paid during the year for:		
Interest	\$ 1,742	\$ -
Income taxes	<u>\$ 1,742</u>	<u>\$ -</u>

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Greater Baytown Area & Chambers County ("United Way") is a federated fundraising organization originally chartered in 1946 as the East Harris Community Chest. United Way is governed by a volunteer Board of Directors. The stated mission of United Way is "develop, promote and support solutions designed to meet targeted community needs."

Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting for not-for-profit organizations and accordingly, reflect all significant receivables, payables, and other liabilities. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification of Net Assets

United Way reports contributions of cash and pledges as support with restrictions if they are received with donor stipulations that limit the use of those assets. When the applicable restriction expires (i.e., the time restrictions end or the purpose restriction is fulfilled) net assets with restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions with no explicit donor stipulations are reported as revenues without restrictions, which increase net assets without restrictions.

Recognition of Revenues and Expenses

United Way conducts its annual campaign to raise funds for its program initiatives, distribution of funds and awarding of grants to eligible agencies beginning in the first quarter of the subsequent fiscal year. Pledges made in the campaign are recorded as revenue in the year in which the pledge is received. In addition, United Way increases or reduces campaign revenue and receivables for any excess or shortfall in collections of amounts raised in prior year's campaigns. Also, grants made to local and area agencies are recorded as expenses in the year in which the grants are approved by the board of directors.

Pledges received in the campaign are recorded in the balance sheet as receivables, with an estimated uncollectible amount being established based on a historical average of collections to gross campaign pledges. The pledges are due within one year. Receivables are primarily from individuals employed by companies in the Baytown/East Harris and Chambers County areas and are due within one year. The cost of the campaign is included in fundraising expense in the year the campaign begins.

For the year ended June 30, 2023, it is estimated that 8% of pledges for that campaign year will not be collectible. In addition, estimates for prior year are adjusted if pledge collections are better or worse than expected. For the years ended June 30, 2023 and 2022 the provision for uncollectible pledges was computed as follows:

	2023	2022
Provisions related to current year pledges	\$ 238,500	\$ 175,440
Net Provision	\$ 238,500	\$ 175,440

Pledges receivable include outstanding amounts from the current year and prior year campaigns. United Way's policy is to include an allowance for uncollectible pledges for the current year campaign as described above. An allowance for uncollectible pledges of the prior year campaign pledges is also provided. Pledges receivable and the corresponding allowance for uncollectible pledges as of June 30, 2023, are as follows:

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2023 and 2022

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Pledge Receivable	Allowance for Uncollectable Pledges
Current year campaign	\$ 976,066	\$ 233,102
Designations from other United Ways	22,603	5,398
Net provision	\$ 998,669	\$ 238,500

United Way received approximately 53% and 56% of its total pledge contributions from ExxonMobil, its affiliates and employees in each of the years ending in June 30, 2023 and 2022, respectively.

Designated Contributions

Contributions designated by donors to be paid to specific agencies or United Ways in other localities are considered agency transactions. Such designated contributions are reflected, net of a provision for uncollectible amounts, in the accompanying statements of activities as part of the total amount raised in the campaigns, but are not considered to be part of United Way's campaign revenue for financial reporting purposes and are, therefore, deducted to reflect the United Way's net campaign revenue.

Service Contract

United Way records service contract revenue at the time qualified participant expense is incurred. Amounts received under service contracts that will be expended in the next fiscal year in accordance with the contract period are recorded as deferred revenue.

Property and Equipment

Property and equipment is recorded at cost or at estimated fair market value at date of donation. Property and equipment is depreciated using straight-line and accelerated methods over their estimated useful lives of 3 to 25 years.

Functional Expenses

United Way follows guidelines established by United Way Worldwide's "Functional Expenses and Overhead Reporting Standards" for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based on various statistical bases.

Federal Tax Status

United Way is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity in accordance with Sections 509(a)(1) and 170(b)(1)(A)(vi).

Statement of Cash Flows

"Cash and cash equivalents" in the statement of cash flows includes only cash which is subject to immediate withdrawal.

Use of Estimates

The preparation of financial statements in conformity with the United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the June 30, 2022 financial statements have been reclassified for comparative purposes to confirm with presentation in the June 30, 2023 financial statements.

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2023 and 2022

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements; ASU 2020-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments; and ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

United Way elected to adopt these ASUs effective July 1, 2022 and utilized all of the available practical expedients. The adoption did not have a material impact on either the statement of financial position or statement of activities. The most significant impact was the recognition of a right-of-use asset and lease liability for financing leases. Adoption of the standard required United Way to restate amounts as of July 1, 2022, resulting in an increase in right-of-use lease asset of \$9,086 and finance lease liability of \$9,086

NOTE 2 -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 were as follows:

Crisis relief	\$ 270,746
Back office support	<u>2,993</u>
Total net assets with donor restrictions	<u><u>\$ 273,739</u></u>

NOTE 3 -- BOARD DESIGNATED NET ASSETS

The Board of Directors of United Way has agreed that a portion of the net assets without restrictions be designated for certain projects. These represent net assets that may be allocated to an agency or relates to programs carried on by United Way itself to accomplish the designated purpose. The total designated expenses are included in other program services in the accompanying statement of activities.

A description of these programs is as follows:

Program	Balance, July 1, 2022	Designations Net	Board released or expenses	Balance, June 30, 2023
Day of Caring	\$ 4,168	\$ 30,000	\$ (31,572)	\$ 2,596
Stamp Out Hunger	6,562	3,500	(11,736)	(1,674)
Day of Action	(412)	2,000	(3,593)	(2,005)
Volunteer Connect	4,607	5,000	(5,540)	4,067
Clothing for School Kids	-	30,000	(15,120)	14,880
Off-Cycle Grants	-	30,000	(16,616)	13,384
Little Free Libraries	-	500	(608)	(108)
Community Conversations	-	1,000	(28)	972
Quality Improvement Partnership	-	50,000	(38,134)	11,866
Total	<u>\$ 14,925</u>	<u>\$ 152,000</u>	<u>\$ (122,947)</u>	<u>\$ 43,978</u>

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2023 and 2022

NOTE 4 -- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

United Way has a policy to structure its financial assets to be available as its grants to local agencies, general expenditures, and other obligations become due. The finance committee employs a liability coverage ratio to assure that liquid funds are available as obligations come due. United Way uses a conservative approach to investing funds in excess of a minimum of three months expenses in conservative investments including insured certificate of deposits and money market accounts and direct obligations of the U.S. Government and its agencies. United Way is confident in its liquidity and availability of financial assets and does not utilize a line of credit or other financing.

The following presents United Way's financial assets as of June 30, 2023 and 2022, reduced by board designated funds, donor-imposed restrictions and contractual obligations within one year of the balance sheet date:

Financial Assets as of June 30,

	2023	2022
Cash and cash equivalents	\$ 3,407,273	\$ 3,514,510
Accounts receivable	760,966	749,590
Total financial assets	4,168,239	4,264,100
Less amounts not available to be used within one year		
Net assets with donor restrictions	273,739	240,710
Board Designated Funds	43,978	14,925
	317,717	255,635
Financial Assets Available to Meet Cash		
Needs for General Obligations in One Year	\$ 3,850,522	\$ 4,008,465

NOTE 5 -- PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Furniture and equipment	\$ 21,692	\$ 14,968
Leasehold improvements	236,996	236,995
	258,688	251,963
Less: Accumulated depreciation	(166,488)	(154,319)
Property and equipment, net	\$ 92,200	\$ 97,644

NOTE 6 -- DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time in the United Way's annual campaign; however, the value of these donated services is not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2023 and 2022

NOTE 7 -- GRANTS TO AGENCIES AND PROGRAM SERVICES

Program service community impact awards made during the years ended June 30, 2023 and 2022 were allocated as follows:

	<u>2023</u>	<u>2022</u>
Program Services:		
Basic needs	\$ 341,319	\$ 334,000
Education	405,750	429,988
Financial stability	90,501	320,673
General health services	362,430	534,337
Gross funds awarded/distributed	<u>\$ 1,200,000</u>	<u>\$ 1,618,998</u>

NOTE 8 -- PENSION PLAN:

United Way has a Simplified Employee Pension (SEP) Plan, covering all eligible employees. United Way contributes 7% of eligible participants salaries to the SEP Plan. United Way contributions to this pension arrangement amounted to \$16,657 and \$23,618 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 -- LEASES:

In May 1989, United Way executed a 99-year lease and management contract with a United Way agency (a local non-profit organization) for the use of land and a building. United Way occupies a portion of the building and leases the excess space to other affiliated agencies. Under the terms of the agreement, United Way is to collect all rents and pay all maintenance costs associated with the property, but is to pay no rent to the owner. The estimated fair rental value of the office space occupied by United Way amounting to approximately \$13,000 for each of the years ended June 30, 2023 and 2022 is included in rent revenue and occupancy expense in the accompanying statement of activities.

Rental charges to affiliated entities are based on an allocation of estimated operating costs of the property. During the years ended June 30, 2023 and 2022 net rental income, including the fair rental value of the space occupied by United Way, consisted of the following:

	<u>2023</u>	<u>2022</u>
Revenues:		
Rents	<u>\$ 50,820</u>	<u>\$ 46,200</u>
Total revenues	<u>50,820</u>	<u>46,200</u>
Expenses:		
Office supplies	522	177
Utilities	16,359	21,609
Repairs & maintenance	19,645	15,487
Insurance	9,611	1,454
Depreciation	12,169	10,202
Total expense	<u>58,306</u>	<u>48,929</u>
Net rental income/(loss)	<u>\$ (7,486)</u>	<u>\$ (2,729)</u>

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2023 and 2022

NOTE 10 -- FINANCING LEASE:

United Way leases certain equipment under a long-term finance lease agreement. The lease expires July 2026. The weighted-average discount rate represents the risk-free discount rating using a comparable period with that of the individual lease term.

The following summarizes the line items in the statement of financial position which include amounts for financing leases as of June 30, 2023.

Total right-of-use assets and lease liabilities at June 30, 2023 are as follows:

Finance lease right-of-use asset	<u>\$ 6,861</u>
Current portion of right-of-use lease	\$ 1,936
Finance lease liability	<u>5,574</u>
Total finance lease liability	<u>\$ 7,510</u>

Total lease costs for the year ended June 30, 2023 are as follows:

Finance lease costs:	
Interest expense	\$ 1,742
Amortization of right-of-use asset	<u>2,225</u>
Total finance lease cost	<u>\$ 3,967</u>

Other information related to the lease were as follows:

Supplemental cash flows information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for financing leases	<u>\$ 1,742</u>
Financing cash flows for financing leases	<u>\$ 1,576</u>

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term	37 months
Weighted average discount rate	1.73%

Future minimum lease payments required under finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows for the year ended June 30:

2024	\$ 3,318
2025	3,318
2026	3,318
2027	<u>277</u>
Total lease payments	10,231
Less: imputed interest	<u>(2,721)</u>
Present value of lease liability	<u>\$ 7,510</u>

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2023 and 2022

NOTE 11 -- CONCENTRATION OF CREDIT RISK

United Way maintains bank accounts at four institutions insured by the Federal Deposit Insurance Corporation (“FDIC”), one institution insured by the National Credit Union Administration (“NCUA”) and one with a brokerage firm. Cash in these accounts is insured up to \$250,000 per institution. As of June 30, 2023, the carrying amount of the Organization’s deposits was \$3,407,273 and the bank balance was \$2,891,919. Bank balances in five of these accounts exceeded the FDIC and NCUA coverage as of June 30, 2023.

NOTE 12 -- CAMPAIGN RESULTS

Campaign results decreased for the fiscal year 2023 when compared to fiscal year 2022. Some contributions by donors to the campaign were collected by other United Ways during the years ended June 30, 2023 and 2022. These contributions amounted to \$45,253 and \$49,692 for the years ended June 30, 2023 and 2022, respectively. These contributions are passed through to United Way and are included in gross campaign results.

NOTE 13 -- DONATED PROPERTY

In 2021, real property located at 4464 Sjolander Road in Baytown, Texas was donated to the Organization. This property was valued at \$575,000 and recognized as a contribution on the statement of activities. There were no donor restrictions on the contribution. The property was sold for a contract price of \$510,000 on April 1, 2022. After closing costs and expenses related to the property incurred during the year, the organization recognized a loss of \$113,934 on the sale of the property.

NOTE 14 -- IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following at June 30, 2023:

Occupancy	\$ 13,000
Repairs and maintenance	1,500
Program materials	23,250
Board refreshments	2,400
	<u>\$ 40,150</u>

Program materials, board refreshments and repairs and maintenance are valued using estimated average prices for identical or similar products or services. Occupancy was valued based on estimated fair value per square foot for similar space. No in-kind contributions were restricted.

NOTE 15 -- SUBSEQUENT EVENTS

Subsequent events were evaluated through October 13, 2023 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS IN CHANGES OF CASH AND INVESTMENTS
For the Years Ended June 30, 2023 and 2022

	June 30, 2023	June 30, 2022
CASH & INVESTMENTS		
BEGINNING OF PERIOD	\$ 3,514,510	\$ 3,204,029
RECEIPTS:		
Pledges and program revenue	2,064,170	2,419,325
Other contributions and grants	154,527	75,275
Investment income	21,902	1,527
Rental income collected	50,820	46,200
Sale of property	-	479,491
	2,291,419	3,021,818
DISBURSEMENTS:		
Program services paid	1,999,792	2,303,883
Support services paid	336,430	352,397
Purchase fixed assets	6,725	6,127
Rental expenses paid	55,709	48,930
	2,398,656	2,711,337
CASH & INVESTMENTS,		
END OF PERIOD	\$ 3,407,273	\$ 3,514,510

See independent auditors' report.