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UNITED WAY OF GREATER BAYTOWN AREA &  
CHAMBERS COUNTY

FINANCIAL STATEMENTS

June 30, 2020 & 2019

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UNITED WAY OF GREATER BAYTOWN AREA &  
CHAMBERS COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of United Way of Greater Baytown Area & Chambers County (a Texas nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2020 and 2019, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The June 30, 2020 and 2019 Statement in Changes of Cash and Investments on page 14 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  
November 4, 2020

**UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 3,309,715	\$ 3,066,213	
Receivables:			
Pledges	1,125,360	1,237,819	
Disaster receivables	-	379,832	
Other	36,178	43,137	
(Less Allowance for Uncollectable)	(208,600)	(166,982)	
Deposits and Other	100	100	
Prepaid Expense	42,221	43,258	
<b>Total current assets</b>	4,304,974	4,603,377	
<b>Property and equipment</b>			
Furniture and equipment	245,837	205,041	
Accumulated depreciation	(134,043)	(124,505)	
<b>Total property and equipment</b>	111,794	80,536	
 <b>TOTAL ASSETS</b>	 <b>\$ 4,416,768</b>	 <b>\$ 4,683,913</b>	
 <b>LIABILITIES</b>			
Grants Payable	\$ 1,709,119	\$ 2,050,000	
Refundable advances ARC	-	341,738	
Deferred Revenue	200,000	-	
PPP Loan Payable	101,600	-	
Payroll Taxes and Other Payables	145,471	106,828	
<b>Total liabilities</b>	2,156,190	2,498,566	
 <b>NET ASSETS</b>			
Without Donor Restrictions:			
Board Designated (see note 3)	13,012	5,404	
Undesignated	2,117,145	1,515,360	
Total net assets without donor restrictions	2,130,157	1,520,764	
With Donor Restrictions	130,421	664,583	
<b>Total net assets</b>	2,260,578	2,185,347	
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 4,416,768</b>	 <b>\$ 4,683,913</b>	

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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Gross campaign results	\$ 3,035,183	\$ 708,770	\$ 3,743,953	\$ 3,055,770	\$ 518,199	\$ 3,573,969
Less: donor designations	(623,342)		(623,342)	(589,774)	-	(589,774)
Provisions for uncollectible pledges	(208,600)		(208,600)	(168,000)	-	(168,000)
Net campaign revenue	2,203,241	708,770	2,912,011	2,297,996	518,199	2,816,195
Grant revenue	-	-	-	-	-	-
Service contract	141,591		141,591	146,710	-	146,710
Other contributions/income	130,783		130,783	93,825	-	93,825
Investment income	9,432		9,432	8,368	-	8,368
Net rental income	(7,794)		(7,794)	(1,514)	-	(1,514)
	2,477,253	708,770	3,186,023	2,545,385	518,199	3,063,584
<b>Net Assets Released From Donor     Restrictions</b>	1,242,932	(1,242,932)	-	413,430	(413,430)	-
<b>TOTAL REVENUE</b>	<u>3,720,185</u>	<u>(534,162)</u>	<u>3,186,023</u>	<u>2,958,815</u>	<u>104,769</u>	<u>3,063,584</u>
<b>EXPENSES</b>						
Program services						
Gross grants awarded	1,709,119	-	1,709,119	2,050,000	-	2,050,000
Less donor designations	(510,744)	-	(510,744)	(495,694)	-	(495,694)
Net grants awarded	1,198,375	-	1,198,375	1,554,306	-	1,554,306
Other program services	1,553,107	-	1,553,107	836,134	-	836,134
Supporting services	316,380	-	316,380	287,894	-	287,894
United Way Worldwide	42,930	-	42,930	36,016	-	36,016
<b>TOTAL EXPENSES</b>	<u>3,110,792</u>	<u>-</u>	<u>3,110,792</u>	<u>2,714,350</u>	<u>-</u>	<u>2,714,350</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	609,393	(534,162)	75,231	244,465	104,769	349,234
<b>NET ASSETS, BEGINNING OF PERIOD</b>	<u>1,520,764</u>	<u>664,583</u>	<u>2,185,347</u>	<u>1,276,299</u>	<u>559,814</u>	<u>1,836,113</u>
<b>NET ASSETS, END OF PERIOD</b>	<u>\$ 2,130,157</u>	<u>\$ 130,421</u>	<u>\$ 2,260,578</u>	<u>\$ 1,520,764</u>	<u>\$ 664,583</u>	<u>\$ 2,185,347</u>

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, 2020 and 2019**

EXPENSES	2020				Total
	Program Services	Supporting Services			
	Program Services	Organizational Administration	Fundraising	UWW Dues	
Grants Awarded (Less Donor Designations)	\$ 1,709,119 (510,744)	\$ -	\$ -	\$ -	\$ 1,709,119 (510,744)
Subtotal	1,198,375	-	-	-	1,198,375
Community Impact Programs	1,096,457	-	-	-	1,096,457
Special Events	4,640	2,460	36,534	-	43,634
Salaries	281,925	108,995	17,012	-	407,932
Payroll Taxes	25,780	9,760	1,523	-	37,063
Employee Benefits	51,032	22,581	3,524	-	77,137
Professional Fees	-	61,331	-	-	61,331
Supplies	4,034	2,647	413	-	7,094
Postage and Shipping	1,523	1,023	215	-	2,761
Telephone and Networks	26,801	16,768	4,097	-	47,666
Marketing	10,413	5,356	836	-	16,605
Occupancy	8,149	5,471	854	-	14,474
Travel	11,931	1,054	1,039	-	14,024
Insurance	17,349	2,865	447	-	20,661
Miscellaneous	2,680	1,642	275	-	4,597
Board and Staff Development	4,423	2,606	417	-	7,446
Equipment Rental and Maintenance	4,271	2,868	448	-	7,587
Dues and Subscriptions	1,699	1,141	178	-	3,018
Depreciation Expense	-	-	-	-	-
	1,553,107	248,568	67,812	-	1,869,487
United Way Worldwide Dues	-	-	-	42,930	42,930
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,751,482</b>	<b>\$ 248,568</b>	<b>\$ 67,812</b>	<b>\$ 42,930</b>	<b>\$ 3,110,792</b>

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, 2020 and 2019**

EXPENSES	2019				Total
	Program Services	Supporting Services			
	Program Services	Organizational Administration	Fundraising	UWW Dues	
Grants Awarded	\$ 2,050,000	\$ -	\$ -	\$ -	\$ 2,050,000
(Less Donor Designations)	(495,694)				(495,694)
Subtotal	<u>1,554,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554,306</u>
Community Impact Programs	348,292	-	-		348,292
Special Events	9,872	6,193	29,520		45,585
Salaries	299,032	93,378	14,575	-	406,985
Payroll Taxes	27,422	8,033	1,253	-	36,708
Employee Benefits	61,056	21,770	3,398	-	86,224
Professional Fees	448	59,697	47	-	60,192
Supplies	2,918	1,869	286	-	5,073
Postage and Shipping	649	435	1,171	-	2,255
Telephone and Networks	24,175	14,331	2,291	-	40,797
Marketing	8,422	5,604	3,217	-	17,243
Occupancy	7,319	4,914	767	-	13,000
Travel	14,679	1,775	372	-	16,826
Insurance	15,874	1,459	-	-	17,333
Miscellaneous	2,647	1,721	268	-	4,636
Board and Staff Development	7,412	4,209	657	-	12,278
Equipment Rental and Maintenance	4,347	2,919	456	-	7,722
Dues and Subscriptions	1,570	1,054	255	-	2,879
Depreciation Expense	-	-	-	-	-
	<u>836,134</u>	<u>229,361</u>	<u>58,533</u>	<u>-</u>	<u>1,124,028</u>
United Way Worldwide Dues	-	-	-	36,016	36,016
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 2,390,440</u>	<u>\$ 229,361</u>	<u>\$ 58,533</u>	<u>\$ 36,016</u>	<u>\$ 2,714,350</u>

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, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 75,231	\$ 349,234
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities		
Depreciation	9,539	5,531
Change in Assets and Liabilities:		
Net Pledges Receivable	154,076	7,626
Other Receivable	386,793	(388,467)
Prepaid Expense	1,037	(7,407)
Accounts and Other Payables	(123,921)	409,439
Grants	(320,057)	55,428
Net Cash Provided by Operating Activities	182,698	431,384
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(40,796)	(12,764)
Net Cash Used by Investing Activities	(40,796)	(12,764)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	101,600	-
Net Cash Provided by Financing Activities	101,600	-
 <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 243,502	 418,620
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	 3,066,213	 2,647,593
 <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	 \$ 3,309,715	 \$ 3,066,213
 Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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, 2020 and 2019**

**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, 2020, it is estimated that 7% 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, 2020 and 2019 the provision for uncollectible pledges was computed as follows:

	<u>2020</u>	<u>2019</u>
Provisions related to current year pledges	\$ 208,600	\$ 166,982
Adjustments of prior year estimates	-	-
Net Provision	<u>\$ 208,600</u>	<u>\$ 166,982</u>

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, 2020, are as follows:

**UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2020 and 2019**

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

	Pledge Receivable	Allowance for Uncollectable
Current year campaign	\$ 1,104,522	\$ 208,600
Prior year campaign	20,838	-
Net provision	\$ 1,125,360	\$ 208,600

United Way received approximately 52% and 50% of its total pledge contributions from ExxonMobil, its affiliates and employees in each of the years ending in June 30, 2020 and 2019, 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.

**UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 2 -- NET ASSETS WITH DONOR RESTRICTIONS**

During the year ended June 30, 2020, an emergency fund, Crisis Relief and Recovery Fund, was created to help the community recover from a crisis, which could be the result of a disaster or community-wide emergency. Included in this emergency fund is the sub-fund COVID-19 Emergency Fund. This fund and the sub-funds would be managed by United Way of Greater Baytown Area & Chambers County.

United Way has received grants and pledges restricted for the Crisis Relief and Recovery Fund and COVID-19 Emergency Fund sub-fund. Net assets with donor restrictions amounted \$130,421 of which \$95,000 was designated to the Crisis Relief and Recovery Fund and \$35,421 designated to the COVID-19 Emergency Fund at June 30, 2020.

**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:

<b>Program</b>	<b>Balance, July 1, 2019</b>	<b>Designations Net</b>	<b>Board released or expenses</b>	<b>Balance, June 30, 2020</b>
Day of Caring	\$ 529	\$ 35,000	\$ (28,812)	\$ 6,717
Stamp Out Hunger	55	4,500	(3,260)	1,295
Day of Action	4,820	5,000	(4,820)	5,000
Total	<u>\$ 5,404</u>	<u>\$ 44,500</u>	<u>\$ (36,892)</u>	<u>\$ 13,012</u>

**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, 2020 and 2019, reduced by board designated funds, donor-imposed restrictions and contractual obligations within one year of the balance sheet date:

**UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 4 -- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)**

Financial Assets as of June 30,

	2020	2019
Cash and cash equivalents	\$ 3,309,715	\$ 3,066,213
Accounts receivable	952,938	1,493,806
Total financial assets	4,262,653	4,560,019
Less amounts not available to be used within one year		
Net assets with donor restrictions	130,421	664,583
Board Designated Funds	13,012	5,404
	143,433	669,987
Financial Assets Available to Meet Cash		
Needs for General Obligations in One Year	\$ 4,119,220	\$ 3,890,032

**NOTE 5 -- PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Furniture and equipment	\$ 8,841	\$ 8,841
Leasehold improvements	236,996	196,200
	245,837	205,041
Less: Accumulated depreciation	(134,043)	(124,505)
Property and equipment, net	\$ 111,794	\$ 80,536

**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.

**NOTE 7 -- GRANTS TO AGENCIES AND PROGRAM SERVICES**

Program service community impact awards made during the years ended June 30, 2020 and 2019 were allocated as follows:

	2020	2019
<b>Program Services:</b>		
Rehabilitation services	\$ 184,895	\$ 203,580
Adult, Family and Youth Services	769,188	856,290
Child Welfare	457,405	712,838
Community Services	80,831	164,583
General Health Services	216,800	112,709
Gross funds awarded/distributed	\$ 1,709,119	\$ 2,050,000

**UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2020 and 2019**

**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 \$17,428 and \$16,721 for the years ended June 30, 2020 and 2019, 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 all buildings. United Way occupies a portion of the facility 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, 2020 and 2019 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, 2020 and 2019 net rental income, including the fair rental value of the space occupied by United Way, consisted of the following:

	2020	2019
<b>Revenues:</b>		
Rents	\$ 43,728	\$ 42,328
Total Revenues	43,728	42,328
<b>Expenses:</b>		
Utilities	10,991	14,202
Repairs & Maintenance	27,314	21,517
Insurance	3,678	2,592
Depreciation	9,539	5,531
Total Expense	51,522	43,842
<b>Net Rental Income</b>	\$ (7,794)	\$ (1,514)

United Way leases its copier under the terms of an agreement that requires base rent of \$365 per month and expires on May 31, 2022. Total rental expense, including maintenance charges, amounts to \$7,587 and \$7,722 for the years ended June 30, 2020 and 2019, respectively.

Future minimum rental payments under the lease are as follows:

2021	\$	4,380
2022		4,015
	\$	8,395

**UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 10 -- 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, 2020, the carrying amount of the Organization's deposits was \$3,309,715 and the bank balance was \$3,323,072. Bank balances in four of these accounts exceeded the FDIC and NCUA coverage as of June 30, 2020.

**NOTE 11 -- CAMPAIGN RESULTS**

Campaign results increased for the fiscal year 2020 when compared to fiscal year 2019. Some contributions by donors to the campaign were collected by other United Ways during the years ended June 30, 2020 and 2019. These contributions amounted to \$70,711 and \$162,912 for the years ended June 30, 2020 and 2019, respectively. These contributions are passed through to United Way and are included in gross campaign results.

**NOTE 12 -- PPP LOAN**

On April 10 2020, United Way, was granted a loan (the "Loan") from Texas First Bank in the aggregate amount of \$101,600, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 10, 2020 issued by the Borrower, matures on April 10, 2022 and bears interest at a rate of 1.0% per annum. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

**NOTE 13 -- UNCERTAINTY**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity worldwide. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

**NOTE 14 -- SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 4, 2020 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, 2020 and 2019**

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>CASH &amp; INVESTMENTS</b>		
<b>BEGINNING OF PERIOD</b>	\$ 3,066,213	\$ 2,647,593
<b>RECEIPTS:</b>		
Pledges collected	4,114,845	3,076,421
Other contributions and grants	130,693	93,286
Investment income	9,432	8,368
Rental income collected	43,728	42,328
Loan proceeds	101,600	-
	4,400,298	3,220,403
<b>DISBURSEMENTS:</b>		
Program services paid	3,705,168	2,421,268
Support services paid	359,310	323,910
Purchase fixed assets	40,796	12,764
Rental expenses paid	51,522	43,841
	4,156,796	2,801,783
<b>CASH &amp; INVESTMENTS,</b>		
<b>END OF PERIOD</b>	\$ 3,309,715	\$ 3,066,213

See independent auditors' report.