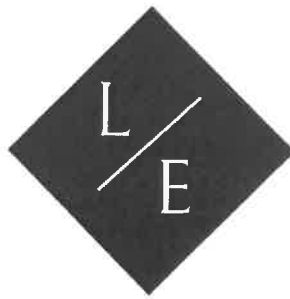


United Way of Brazoria County

Independent Auditor's Report

Financial Statements

June 30, 2023 and 2022



LINDSEY ENGLISH CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Board of Directors
United Way of Brazoria County
Angleton, Texas

Opinion

We have audited the accompanying financial statements of United Way of Brazoria County (a non-profit organization), which comprise the statement 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 Brazoria 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 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 Brazoria County 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 these 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 Brazoria County'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

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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, including omissions, 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 amount 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 Brazoria 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 Brazoria 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.

Lindsey English

Conroe, Texas
October 13, 2023

Untied Way of Brazoria County
Statements of Financial Position
June 30, 2023 and 2022

<u>Assets</u>		
	2023	2022
Cash and cash equivalents	\$ 635,975	\$ 1,430,059
Certificates of deposit	52,258	50,248
Investments	1,271,398	661,443
Campaign pledges receivable, net of allowance for uncollectible pledges of \$ and \$264,900, respectively	410,467	456,200
Right of use asset – Operating lease	300,995	-0-
Right of use asset – Finance lease	4,802	8,569
Other assets	26,724	28,680
Property and equipment, net of accumulated depreciation of \$45,053 and \$43,715, respectively	3,029	4,367
Total assets	\$ 2,705,648	\$ 2,639,566
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 74,162	\$ 108,080
Lease liability – operating lease	305,233	-0-
Lease liability – finance lease	4,802	8,569
Donor designations payable	54,331	95,097
Total liabilities	438,528	211,746
Net assets:		
Without donor restrictions	2,078,590	1,840,685
With donor restrictions	188,530	587,135
Total net assets	2,267,120	2,427,820
Total liabilities and net assets	\$ 2,705,648	\$ 2,639,566

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenue:			
Campaign revenue:			
Gross campaign results	\$ 2,087,946	\$ -0-	\$ 2,087,946
Less provision for uncollectible pledges	(140,701)	-0-	(140,701)
Net campaign results	1,947,245	-0-	1,947,245
Less donor designations, net of provision for uncollectible designations	(156,114)	-0-	(156,114)
Campaign revenue	1,791,131	-0-	1,791,131
Designation from other United Ways	50,196	-0-	50,196
Donor designations service fees	15,082	-0-	15,082
"Helpline" subsidy	20,000	-0-	20,000
Fundraising events (net)	100,848	-0-	100,848
Investment income (net)	35,229	-0-	35,229
Grants	128,080	106,957	235,037
Sublease income	18,494	-0-	18,494
Miscellaneous income (loss)	11	-0-	11
Unrealized gain(loss)	(2,033)	-0-	(2,033)
Subtotal public support and revenue	2,157,038	106,957	2,263,995
Net assets released from restrictions	505,562	(505,562)	-0-
Total public support and revenue	2,662,600	(398,605)	2,263,995

(continued)

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Expenses:			
Program services:			
Allocations, grants and designations to agencies	1,766,323	-0-	1,766,323
Less: donor designations incurred	(176,523)	-0-	(176,523)
Net funds distributed to agencies	1,589,800	-0-	1,589,800
Other program services:			
Funds distribution	88,712	-0-	88,712
Community services	337,268	-0-	337,268
Total program services	2,015,780	-0-	2,015,780
Other supporting services:			
Administration	210,947	-0-	210,947
Fundraising	197,968	-0-	197,968
Total expenses	2,424,695	-0-	2,424,695
Change in net assets	237,905	(398,605)	(160,701)
Net assets, beginning of year	1,840,685	587,135	2,427,820
Net assets, end of year	\$ 2,078,590	\$ 188,530	\$ 2,267,119

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenue:			
Campaign revenue:			
Gross campaign results	\$ 2,041,743	\$ -0-	\$ 2,041,743
Less provision for uncollectible pledges	(43,958)	-0-	(43,958)
Net campaign results	1,997,785	-0-	1,997,785
Less donor designations, net of provision for uncollectible designations	(203,136)	-0-	(203,136)
Campaign revenue	1,794,649	-0-	1,794,649
Designation from other United Ways	29,597	-0-	29,597
Donor designations service fees	13,525	-0-	13,525
"Helpline" subsidy	20,000	-0-	20,000
Fundraising events (net)	85,144	-0-	85,144
Investment income (net)	15,072	-0-	15,072
Grants	130,250	287,386	417,636
Miscellaneous income (loss)	7,408	-0-	7,408
Unrealized gain (loss)	(57,500)	-0-	(57,500)
Subtotal public support and revenue	2,038,143	287,386	2,325,529
Net assets released from restrictions	125,731	(125,731)	-0-
Total public support and revenue	2,163,874	161,655	2,325,529
			(continued)

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Expenses:			
Program services:			
Allocations, grants and designations to agencies	1,870,149	-0-	1,870,149
Less: donor designations incurred	(203,136)	-0-	(203,136)
Net funds distributed to agencies	1,667,013	-0-	1,667,013
Other program services:			
Funds distribution	67,446	-0-	67,446
Community services	435,686	-0-	435,686
Total program services	2,170,145	-0-	2,170,145
Other supporting services:			
Administration	172,338	-0-	172,338
Fundraising	143,403	-0-	143,403
Total expenses	2,485,886	-0-	2,485,886
Change in net assets	(322,012)	161,655	(160,357)
Net assets, beginning of year	2,162,697	425,480	2,588,177
Net assets, end of year	\$ 1,840,685	\$ 587,135	\$ 2,427,820

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Functional Expenses
Year ended June 30, 2023

	Other Program Services			Other Supporting Services				Total
	Funds Distribution	Community Services	Total Other Program Services	Admini- stration	Fund- raising	Supporting Services	Total Other Expenses	
Personnel costs:								
Salaries & wages	\$ 53,777	\$ 204,449	\$ 258,226	\$ 107,554	\$ 118,697	\$ 226,251	\$ 484,477	
Payroll taxes & workers compensation insurance	4,863	18,488	23,351	9,726	10,734	20,460	43,811	
Employee benefits	8,886	33,781	42,667	17,771	19,612	37,383	80,050	
Total personnel costs	67,526	256,718	324,244	135,051	149,043	284,094	608,338	
Other expenses:								
Accounting and auditing	-0-	-0-	-0-	13,500	-0-	13,500	13,500	
Depreciation	149	565	714	97	328	425	1,139	
Facilities costs	9,867	37,514	47,381	19,734	21,782	41,516	88,897	
Insurance	603	2,292	2,895	1,204	1,332	2,536	5,431	
Miscellaneous	1,107	4,209	5,316	22,440	2,445	24,885	30,201	
Office equipment rental & maintenance	2,457	9,342	11,799	4,914	5,424	10,338	22,137	
Postage & shipping	115	439	554	230	255	485	1,039	
Printing & publications	-0-	-0-	-0-	-0-	2,153	2,153	2,153	
Supplies & office expense	1,726	6,560	8,286	3,450	3,809	7,259	15,545	
Telephone	1,063	4,042	5,105	2,127	2,347	4,474	9,579	
Travel & local transportation	778	2,959	3,737	1,557	1,718	3,275	7,012	
United Way of America dues	2,703	10,278	12,981	5,407	5,967	11,374	24,355	
United Way of Texas dues	618	2,350	2,968	1,236	1,365	2,601	5,569	
Total expenses	\$ 88,712	\$ 337,268	\$ 425,980	\$ 210,947	\$ 197,968	\$ 408,915	\$ 834,895	

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Functional Expenses
Year ended June 30, 2022

	Other Program Services			Other Supporting Services			
	Funds Distribution	Community Services	Total Other Program Services	Admini- stration	Fund- raising	Total Other Supporting Services	Total Other Expenses
Personnel costs:							
Salaries & wages	\$ 40,777	\$ 267,754	\$ 308,531	\$ 95,311	\$ 87,450	\$ 182,761	\$ 491,292
Payroll taxes & workers compensation insurance	3,074	20,187	23,261	7,186	6,593	13,779	37,040
Employee benefits	7,460	48,987	56,447	17,438	15,999	33,437	89,884
Total personnel costs	51,311	336,928	388,239	119,935	110,042	229,977	618,216
Other expenses:							
Accounting and auditing	-0-	-0-	-0-	11,500	-0-	11,500	11,500
Depreciation	181	1,189	1,370	423	388	811	2,181
Facilities costs	6,639	43,596	50,235	15,518	14,240	29,758	79,993
Insurance	417	2,736	3,153	972	895	1,867	5,020
Miscellaneous	1,506	8,832	10,338	8,763	2,739	11,502	21,840
Office equipment rental & maintenance	1,393	9,149	10,542	3,257	2,987	6,244	16,786
Postage & shipping	114	750	864	267	246	513	1,377
Printing & publications	934	-0-	934	132	1,250	1,382	2,316
Supplies & office expense	639	4,193	4,832	1,493	1,369	2,862	7,694
Telephone	827	5,431	6,258	1,932	1,774	3,706	9,964
Travel & local transportation	234	1,537	1,771	547	502	1,049	2,820
United Way of America dues	2,789	18,310	21,099	6,518	5,980	12,498	33,597
United Way of Texas dues	462	3,035	3,497	1,081	991	2,072	5,569
Total expenses	\$ 67,446	\$ 435,686	\$ 503,132	\$ 172,338	\$ 143,403	\$ 315,741	\$ 818,873

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statements of Cash Flows
Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (160,700)	\$ (160,357)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation & amortization	1,338	15,606
Amortization of right of use asset – operating	(300,955)	-0-
Amortization of right of use asset – financing	3,767	57,624
(Increase) decrease in campaign pledges receivable	45,733	(259,755)
(Increase) decrease in investments	1,956	3,531
Increase (decrease) in accounts payable and accrued expenses	(33,918)	23,525
Increase (decrease) in donor designations payable	(40,766)	22,738
Increase (decrease) in lease liability – operating	305,233	-0-
Net cash provided(used) by operating activities	(178,352)	(297,088)
Cash flows from investing activities:		
Sale(Purchase) of Investments	(611,965)	-0-
Purchase of fixed assets, net	-0-	(1,003)
Net cash provided(used) by investing activities	(611,965)	(1,003)
Cash flows from financing activities:		
Payments of lease liability – financing	(3,767)	-0-
Net cash provided(used) by financing activities	(3,767)	-0-
Net increase (decrease) in cash and cash equivalents	(794,084)	(298,091)
Cash and cash equivalents, beginning of year	1,480,307	1,728,150
Cash and cash equivalents, end of year	\$ 635,975	\$ 1,430,059

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

The financial statements of United Way of Brazoria County (the Organization, United Way) have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The significant accounting policies followed are described below.

- (a) Organization – United Way of Brazoria County, a Texas non-profit corporation, was created in 1959 for the purpose of solving critical human services problems facing Brazoria County. It was incorporated under the laws of the State of Texas and approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

United Way of Brazoria County is governed by a volunteer board of directors drawn from throughout the county. The Agency's primary functions are its annual fundraising campaign conducted each fall, and the allocation of grants to its member agencies. In addition, the Agency conducts various community service programs. These include its "Helpline" information and referral service, disaster recovery assistance, other emergency assistance to need individuals, and county-wide needs assessment and planning.

- (b) Cash & cash equivalents – For purposes of the statement of cash flows, United Way considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Certificates of deposit are included in cash and cash equivalents regardless of the maturity date.
- (c) Investments – Investments are reported at fair market value in the statement of financial position. Investment income consists of interest income, dividend income and investment gains and losses.
- (d) Fixed assets and depreciation – The Organization's fixed assets consist of computer hardware and software and office furniture and equipment. Purchased fixed assets are recorded at cost. Gifts are recorded at estimated fair market value at the time they are received. Depreciation of fixed assets is provided using the straight-line method over their estimated useful lives: 5 years for computer hardware and software and 5 to 7 years for office furniture and equipment.
- (e) Net Assets – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:
- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
 - *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies - continued

- (f) Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions and government grants are subject to one or more barriers that must be overcome before the Organization is entitled to receive or retain funding. Conditional contributions and government grants are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as refundable advances.
- (g) Donor designations – Donor designations are contributions that the donor specifically directs to a particular organization. Under generally accepted accounting principles, donor designations do not constitute campaign revenue or program expense. The funds are held by United Way in an agency capacity and are distributed to the intended organization when collected, net of a service fee.
- (h) Provision for uncollectible pledges - The provision for uncollectible pledges is computed based on a 3-year historical average of collections experience, adjusted by management estimates of current economic factors, applied to individual company campaigns, including donor designations.
- (i) Fees and revenue are derived primarily from donor designations service fees. Revenue is recognized when the designation is received and the service is provided in an amount that reflects the consideration United Way expects to be entitled to in exchange for the service. The nature of the service does not give rise to contract costs, refunds, warranties or other related obligations.
- (j) Functional expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and facility management costs are allocated based on square footage. Information technology costs are allocated based on the number of computer units utilized by each department. Advertising costs are allocated based on management estimates of costs utilized by each department.
- (k) Fundraising expenses – Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies - continued

- (l) Income tax – United Way is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. Since the Organization was determined to be exempt from federal income tax, no provision for income taxes has been made.

Although exempt from federal income tax, the Organization is required to file an annual Form 990 Information returns with the Internal Revenue Service (IRS). The Organization's Form 990 returns have never been audited by the IRS. Those for the Organization's fiscal years 2020 through 2022 are subject to audit.

- (m) Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.
- (n) Volunteer services - Donations of services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donations are recorded at their fair market values in the period received. A significant number of volunteers donate substantial amounts of time to the Organization's annual fundraising campaign, its funds allocation process, administrative oversight, and other programs, which do not meet the criteria for inclusion in the financial statements.
- (o) Lease elections – The organization made the following accounting policy elections for reporting leases:
- *Short-term leases* – The organization has elected to not apply the new guidance to leases with terms of 12 months or less. Instead, these leases are recognized as an expense on a straight-line basis over the lease term.
 - *Discount rates* – The organization elected to use a risk-free rate for a period comparable with that of the lease term as the discount rate, if the implicit rate of a lease is not readily available.
- (p) Right-of-use assets – operating leases are recognized at the present value of the lease payments at inception of the lease. Lease expense is recognized on a straight-line basis as rent expense in the statement of activities.

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(2) Adoption of New Accounting Standard

United Way adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. United Way adopted the new standard effective July 1, 2021, using the modified retrospective method. Therefore, comparative information for fiscal year 2021 has not been restated and continues to be reported under Accounting Standards Codification (ASC) 840. Adoption of this ASU had no impact on total beginning net assets at July 1, 2021.

(3) Major Donor

A large chemical company located in southern Brazoria County provides a significant portion of the pledges received in each annual campaign. For the year ended Jun 30, 2023, the two most recent campaigns, fall of 2022 and fall of 2021, the employee and corporate pledges from this company accounted for approximately 53% of gross campaign pledges. For the year ended June 30, 2022, the two most recent campaigns, fall of 2021 and fall of 2020, the employee and corporate pledges from this company accounted for approximately 18% of gross campaign pledges.

(4) Security of Cash and Cash Equivalents

At June 30, 2023 and 2022, the carrying amount of United Way of Brazoria County bank deposits was \$635,677 and \$1,430,059, respectively, and the bank balance was \$731,017 and \$1,455,046, respectively. Uninsured balances of \$356,900 and \$1,205,046 exist at year end June 30, 2023 and 2022, respectively.

(5) Retirement plan

The Organization maintains a 401(k) retirement plan for the benefit of its full-time employees. The plan covers all full-time employees over age 21 with more than one year of service.

Employees may contribute up to 15% of their eligible pay to the plan. For employee contributions up to 6% of their eligible pay, the Organization is obligated to make a 50% matching contribution. In addition, the Organization may voluntarily contribute up to 3% of the pay of each eligible employee. Employer contributions to this plan in the years ended June 30, 2023 and 2022 were \$13,171 and \$16,199, respectively.

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(6) Leases

The Organization rents its Angleton offices under a non-cancelable operating lease agreement. The lease was originally entered into on November 9, 2013. The lease was extended effective April 1, 2022 for 60 months. The components of lease cost for the year ended June 30, 2023 were:

Operating lease cost:	
Amortization of right of use asset	\$ 71,684
Sublease income	(18,494)
Interest on lease liability	<u>15,533</u>
Total lease cost – operating	<u>\$ 68,723</u>

Reconciliation of the undiscounted cash flows related to operating leases to the discounted amount reported in the statement of financial position as of June 30, 2023 were:

Fiscal Year Ending June 30,	
2024	\$ 86,054
2025	87,129
2026	90,354
2027	67,765
Thereafter	<u>-0-</u>
Total minimum lease payments	\$ 331,302
Less effects of discounting	<u>(26,069)</u>
Total lease liabilities recognized	<u>\$ 305,233</u>

The Organization entered into a 60 month finance lease for a copier September 9, 2019. The discount rate for the finance lease is 6.5%, the Organization's incremental borrowing rate at the time of the lease.

Total lease cost for the year ended June 30, 2023 is presented below.

Finance lease cost:	
Amortization of right of use asset	\$ 3,767
Interest on lease liability	<u>446</u>
Total lease cost – financing	<u>\$ 4,213</u>

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(7) Investment Securities

Investment securities were comprised of:

	Fair Value June 30,	
	2023	2022
Fixed income	\$913,159	\$ 659,533
Common stocks	354,650	-0-
Exchange traded funds	3,589	1,910
	<u>\$1,271,398</u>	<u>\$ 661,443</u>

Investment income consists of:

	June 30,	
	2023	2022
Interest and dividends	\$ 37,378	\$ 12,802
Realized gains(losses)	4,160	2,578
Fees	(6,309)	(308)
Total investment income, net	<u>\$ 35,229</u>	<u>\$ 15,072</u>

(8) Fair Value Measurements

FASB ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Organization, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year end. The fair values of common stock, corporate bonds, and U.S. Government securities are based on quoted market prices. Level 1 inputs were available for all investments held by the organization.

United Way of Brazoria County
Notes to Financial Statements
June 30, 2023 and 2022

(8) Fair Value Measurements – continued

Level 2 Fair Value Measurements

Level 2 inputs are other than quoted prices that are observable for the assets or liability including: inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements

There were no investments valued using level 3 inputs.

The Organization's investments are reported at fair value in the accompanying statement of financial position.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>June 30, 2023</u>		
Fixed income	\$ 913,159	\$ 913,159
Common stocks	354,650	354,650
Exchange traded funds	3,589	3,589
 Total assets measured at fair value	 \$ 1,271,398	 \$ 1,271,398
<u>June 30, 2022</u>		
Bond mutual fund	\$ 659,533	\$ 659,533
Exchange traded fund	1,910	1,910
 Total assets measured at fair value	 \$ 661,443	 \$ 661,443

United Way of Brazoria County
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(9) Liquidity and Availability of Financial Assets

The organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	\$ 688,233	\$ 1,480,307
Pledges receivable	410,467	456,200
Investments	1,271,398	661,443
	<hr/>	<hr/>
Financial assets at year-end	\$ 2,370,098	\$ 2,597,950
Less unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	\$ 188,530	\$ 587,135
Board designations	48,000	-0-
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,133,568	\$ 2,010,815

As part of its liquidity management, United Way has a policy to manage its cash and investments to be available as its general expenditures, liabilities, and other obligations become due. In addition, United Way's Board of Trustees (the Board) has designated assets for other purposes, as described in Note 11. These board-designated funds are invested in liquid investments, and while they are not intended to be spent for purposes other than those identified, these funds could be made available for current operations at the Board's discretion.

United Way's cash flows have seasonal variations during the year attributable to campaign activities. These activities tend to generate significant cash flow during the last two quarters of United Way's fiscal year. United Way's spending pattern tends to be consistent throughout the fiscal year. To manage liquidity, United Way optimizes usage of short-term investments included in its total investment portfolio. All investments can be accessed on an immediate basis.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its investment in programs which create the opportunity for every individual and family to thrive, as well as the conduct of services undertaken to support those activities, to be general expenditures.

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(10) Property and Equipment

	2023		2022
Furniture, fixtures and equipment	\$ 39,366	\$	39,366
Improvements	8,716		8,716
Total property and equipment, at cost	\$ 48,082	\$	48,082
Accumulated depreciation	(45,053)		(43,715)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,029	\$	4,367

(11) Net assets without donor restrictions

Net assets without donor restrictions are comprised of the following:

	2023		2022
Undesignated	\$ 2,043,462	\$	1,840,685
Designated by the Board:			
Signify platform	48,000		-0-
Total net assets without donor restrictions	\$ 2,082,828	\$	1,840,685

(12) Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Statement of Financial Position and Statement of Cash Flows for the fiscal year ending June 30, 2022 to reclassify the certificate of deposit. An adjustment has been made to the Statement of Activities for the fiscal year ending June 30, 2022 to reclassify the Unrealized gain(loss).

(13) Subsequent Events

Management has evaluated subsequent events through October 13, 2023, the date the financial statements were available to be issued.

(concluded)