

UNITED WAY OF BRAZORIA COUNTY
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



Green & McElreath
certified public accountants

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INDEPENDENT AUDITORS' 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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Brazoria County as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of 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

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.

Green & McCreath

Houston, Texas
November 10, 2022



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INDEPENDENT AUDITORS' REPORT

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

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, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 Brazoria County as of June 30, 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Green & McCreath

Houston, Texas
November 1, 2021

UNITED WAY OF BRAZORIA COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,480,307	\$ 1,778,398
Certificates of deposit	-	-
Investments	661,443	719,067
Campaign pledges receivable, net of allowance for uncollectible pledges of \$264,900 and \$350,840, respectively	456,200	196,445
Finance lease - right of use asset	8,569	12,100
Other assets	28,680	45,636
Property and equipment, net of accumulated Depreciation of \$43,716 and \$41,535, respectively	4,367	5,545
Total assets	<u>\$ 2,639,566</u>	<u>\$ 2,757,191</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 108,080	\$ 84,555
Finance Lease - lease liability	8,569	12,100
Donor designations payable	95,097	72,359
Total liabilities	<u>211,746</u>	<u>169,014</u>
Net Assets:		
Without donor restrictions	1,840,685	2,162,697
With donor restrictions	587,135	425,480
Total net assets	<u>2,427,820</u>	<u>2,588,177</u>
Total liabilities and net assets	<u>\$ 2,639,566</u>	<u>\$ 2,757,191</u>

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	\$ -	\$ 2,041,743
Less provision for uncollectible Pledges	<u>(43,958)</u>	<u>-</u>	<u>(43,958)</u>
Net campaign results	1,997,785	-	1,997,785
Less donor designations, net of provision for uncollectible designations	<u>(203,136)</u>	<u>-</u>	<u>(203,136)</u>
Campaign revenue	1,794,649	-	1,794,649
Designation from other United Ways	29,597	-	29,597
Donor designations service fees	13,525	-	13,525
"Helpline" subsidy	20,000	-	20,000
Fundraising events (net)	85,144	-	85,144
Investment income(loss)	(42,430)	-	(42,430)
Grants	130,250	287,386	417,636
Miscellaneous income (loss)	<u>7,408</u>	<u>-</u>	<u>7,408</u>
Total public support and revenue	<u>2,038,143</u>	<u>287,386</u>	<u>2,325,529</u>
Net assets released from restrictions	<u>125,731</u>	<u>(125,731)</u>	<u>-</u>
Total public support and revenue	<u>2,163,874</u>	<u>161,655</u>	<u>2,325,529</u>
Expenses:			
Program services:			
Allocations, grants and designations to agencies	1,870,149	-	1,870,149
Less: donor designations incurred	<u>(203,136)</u>	<u>-</u>	<u>(203,136)</u>
Net funds distributed to agencies	1,667,013	-	1,667,013
Other program services:			
Funds distribution	67,446	-	67,446
Community Services	<u>435,686</u>	<u>-</u>	<u>435,686</u>
Total program service	2,170,145	-	2,170,145
Other supporting services:			
Administration	172,338	-	172,338
Fundraising	<u>143,403</u>	<u>-</u>	<u>143,403</u>
Total Expenses	<u>2,485,886</u>	<u>-</u>	<u>2,485,886</u>
Change in net assets	(322,012)	161,655	(160,357)
Net assets at beginning of year	2,162,697	425,480	2,588,177
Net assets, end of year	<u>\$ 1,840,685</u>	<u>\$ 587,135</u>	<u>\$ 2,427,820</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BRAZORIA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without donor Restrictions	With Donor Restrictions	Total
Public Support and revenue:			
Campaign revenue:			
Gross campaign results	\$ 2,412,992	\$ -	\$ 2,412,992
Less provision for uncollectible Pledges	<u>(336,073)</u>	<u>-</u>	<u>(336,073)</u>
Net campaign results	2,076,919	-	2,076,919
Less donor designations, net of provision for uncollectible designations	<u>(157,690)</u>	<u>-</u>	<u>(157,690)</u>
Campaign revenue	1,919,229	-	1,919,229
Designation from other United Ways	47,800	-	47,800
Donor designations service fees	16,126	-	16,126
"Helpline" subsidy	20,000	-	20,000
Fundraising events (net)	83,158	-	83,158
Investment income	16,309	-	16,309
Grants	222,814	400,430	623,244
Miscellaneous income (loss)	<u>1,805</u>	<u>-</u>	<u>1,805</u>
Total public support and revenue	<u>2,327,241</u>	<u>400,430</u>	<u>2,727,671</u>
Net assets released from restrictions	<u>648,175</u>	<u>(648,175)</u>	<u>-</u>
Total public support and revenue	<u>2,975,416</u>	<u>(247,745)</u>	<u>2,727,671</u>
Expenses:			
Program services:			
Allocations, grants and designations to agencies	2,318,481	-	2,318,481
Less: donor designations incurred	<u>(157,690)</u>	<u>-</u>	<u>(157,690)</u>
Net funds distributed to agencies	2,160,791	-	2,160,791
Other program services:			
Funds distribution	128,874	-	128,874
Community Services	<u>375,439</u>	<u>-</u>	<u>375,439</u>
Total program service	2,665,104	-	2,665,104
Other supporting services:			
Administration	286,040	-	286,040
Fundraising	<u>243,729</u>	<u>-</u>	<u>243,729</u>
Total Expenses	<u>3,194,873</u>	<u>-</u>	<u>3,194,873</u>
Change in net assets	(219,457)	(247,745)	(467,202)
Net assets at beginning of year	2,382,154	673,225	3,055,379
Net assets, end of year	<u>\$ 2,162,697</u>	<u>\$ 425,480</u>	<u>\$ 2,588,177</u>

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			Total
	Funds Dis-tribution	Community services	Total other program services	Admini-stration	Fund-raising	Total other supporting services	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:							
Audit and related CPA services	-	-	-	11,500	-	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	-	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 and 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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Other Program Services			Other Supporting Services			Total
	Funds Dis-tribution	Community services	Total other program services	Admini-stration	Fund-raising	Total other supporting services	Other expenses
Personnel costs:							
Salaries & wages	\$ 85,082	\$ 246,987	\$ 332,069	\$ 173,303	\$ 158,766	\$ 332,069	\$ 664,138
Payroll taxes & Workers compensation insurance	6,965	20,241	27,206	14,202	13,004	27,206	54,412
Employee benefits	13,563	39,416	52,979	27,655	25,324	52,979	105,958
Total personnel costs	105,610	306,644	412,254	215,160	197,094	412,254	824,508
Other expenses:							
Assistance to individuals and other programs	-	1,675	1,675	-	-	-	1,675
Audit and related CPA services	-	-	-	11,300	-	11,300	11,300
Depreciation	285	827	1,112	581	531	1,112	2,224
Facilities costs	9,416	27,363	36,779	19,200	17,579	36,779	73,558
Insurance	645	1,875	2,520	1,315	1,204	2,519	5,039
Miscellaneous	972	2,822	3,794	14,463	1,847	16,310	20,104
Office equipment rental & Maintenance	2,386	6,936	9,322	4,870	4,454	9,324	18,646
Postage & shipping	227	659	886	461	424	885	1,771
Printing & publications	167	-	167	-	3,481	3,481	3,648
Supplies & office expense	879	2,554	3,433	1,792	1,641	3,433	6,866
Telephone	1,375	3,996	5,371	2,804	2,568	5,372	10,743
Travel and local transportation	11	31	42	22	20	42	84
United Way of America dues	5,808	16,881	22,689	11,844	10,846	22,690	45,379
United Way of Texas dues	1,093	3,176	4,269	2,228	2,040	4,268	8,537
Total expenses	\$ 128,874	\$ 375,439	\$ 504,313	\$ 286,040	\$ 243,729	\$ 529,769	\$1,034,082

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BRAZORIA COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (160,357)	\$ (467,202)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation & amortization	15,606	2,224
Other non-cash items	57,624	-
(Increase) decrease in campaign pledges receivable	(259,755)	545,680
(Increase) decrease in other current assets	3,531	13,332
Increase (decrease) in accounts payable and accrued expenses	23,525	(56,340)
Increase (decrease) in donor designations payable	<u>22,738</u>	<u>(28,594)</u>
Net cash provided (used) by operating activities	<u>(297,088)</u>	<u>9,100</u>
Cash flows from investing activities:		
Sale (Purchase) of Investment	-	(1,538)
Purchase of fixed assets, net	<u>(1,003)</u>	<u>(2,555)</u>
Net cash provided (used) by investing activities	<u>(1,003)</u>	<u>(4,093)</u>
Net increase (decrease) in cash and cash equivalents	(298,091)	5,007
Cash and cash equivalents at beginning of year	<u>1,778,398</u>	<u>1,773,391</u>
Cash and cash equivalents at end of year	<u>\$ 1,480,307</u>	<u>\$ 1,778,398</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BRAZORIA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(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) Contributions receivable - Unconditional promises to give, if any, are recorded as revenue in the period the promise is made. Conditional promises are recorded as revenue in the period in which the condition is met. The unfunded portion is recorded as a receivable.
- (d) 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.
- (e) 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.

UNITED WAY OF BRAZORIA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(1) Summary of Significant Accounting Policies - continued

- (f) Functional expenses - Expenses that can be directly attributed to a particular function are charged there. All other expenses are allocated based on the distribution of staff time.
- (g) Fundraising expenses - Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.
- (h) 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 2019 through 2021 are subject to audit.

- (i) Investments - Investments are reported at fair market value in the statement of financial position. Investment income consist of interest income, dividend income and investment gains and losses (both realized and unrealized).
- (j) Net Assets - ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) - was adopted by the Organization effective January 1, 2018 which significantly amended the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. Among other items, the ASU 2016-14 changed the classes of net assets presented on the face of the Statements of Financial Position and related Statements of Activities and Changes in Net Assets to include only two categories - "with donor restrictions" and "without donor restrictions." In addition, board designations of net assets are required to be reported on the face of the Statement of Financial Position or in the notes to the financial statements.

The Organization classifies its net assets as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. At June 30, 2022 and 2021 the Organization had net assets with donor restrictions of \$587,135 and \$425,480, respectively.

- (k) 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.

UNITED WAY OF BRAZORIA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(1) Summary of Significant Accounting Policies - continued

- (l) Revenue from pledges and donations - Pledges and other donations are recognized as revenue when received or when the donor makes an unconditional promise to give to the Agency, whichever is earlier. Non-cash donations are recorded at their estimated fair market value at date of receipt.
- (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.

(2) Major Donor

A large chemical company located in southern Brazoria County provides a significant portion of the pledges received in each annual campaign. In the two most recent campaigns, fall of 2021 and fall of 2020, the employee and corporate pledges from this company accounted for approximately 18% and 22%, respectively, of gross campaign pledges.

(3) Security of Cash and Cash Equivalents

At June 30, 2021 and 2020, the carrying amount of United Way of Brazoria County bank deposits was \$1,480,398 and \$1,778,398, respectively, and the bank balance was \$1,505,293 and \$1,814,104, respectively. Uninsured balances of \$1,255,293 and \$1,513,852 exist at year end June 30, 2022 and 2021, respectively.

(4) 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, 2022 and 2021 were \$16,199 and \$24,975, respectively.

UNITED WAY OF BRAZORIA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(5) Leases

The Organization rents its Angleton offices under a non-cancelable operating lease agreement. As of June 30, 2022, the minimum future annual lease payments due under this agreement are as follows:

Fiscal Year Ending June 30	
2023	\$ 82,980
2024	86,054
2025	87,129
2026	90,354
Thereafter	67,765
	<u>\$ 414,281</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, 2022 is presented below.

Operating lease cost	\$ 81,956
Finance lease cost:	
Amortization of right of use asset	3,531
Interest on lease liability	683
	<u> </u>
Total lease cost	<u>\$ 86,170</u>

(6) Investment Securities

Investment securities were comprised of:

	June 30,	
	2022	2021
Bond mutual fund	\$ 659,533	\$ 717,111
Exchange traded fund	1,910	1,956
	<u>\$ 661,443</u>	<u>\$ 719,067</u>

Investment income consists of:

	June 30,	
	2022	2021
Interest and dividends	\$ 12,802	\$ 14,901
Realized and unrealized gains(losses)	(54,923)	1,708
Fees	(308)	(300)
	<u>\$ 42,429</u>	<u>\$ 16,309</u>

(7) 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.

UNITED WAY OF BRAZORIA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(7) Fair Value Measurements - continued

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.

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.

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2022</u>		
Bond mutual fund	\$ 659,533	\$ 659,533
Exchange traded fund	1,910	1,910
<u>June 30, 2021</u>		
Bond mutual funds	\$ 717,111	\$ 717,111
Exchange traded fund	1,956	1,956

(8) 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:

Cash and Cash equivalents	\$ 1,480,307
Investments	<u>661,443</u>
Financial assets at year-end	\$ 2,141,750
Less unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	\$ 587,135
Board designations	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,554,615</u>

UNITED WAY OF BRAZORIA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(8) Liquidity and Availability of Financial Assets - continued

The organization is substantially supported by restricted and non-restricted donor support. As a part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, The organization's board may at times designate a portion of these funds as reserved for a particular purpose.

(9) Subsequent Events

Management has evaluated subsequent events through November 10, 2022, the date the financial statements were available to be issued.

(concluded)