

United Way of Brazoria County

Independent Auditor's Report

Financial Statements

June 30, 2025 and 2024



Lindsey K 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, 2025 and 2024, 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, 2025 and 2024, 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.

A handwritten signature in black ink, appearing to read "Lindsey K. CPA PLLC".

Conroe, Texas
October 16, 2025

**United Way of Brazoria County
Statements of Financial Position
June 30, 2025 and 2024**

<u>Assets</u>	2025	2024
Cash and cash equivalents	\$ 166,923	\$ 377,423
Certificates of deposit	56,581	52,258
Investments	924,019	1,221,944
Campaign pledges receivable, net of allowance for uncollectible pledges of \$128,305 and \$211,525, respectively	435,724	488,640
Right of use asset – Operating lease	182,229	226,026
Right of use asset – Finance lease	-0-	782
Other assets	27,076	27,518
Property and equipment, net of accumulated depreciation of \$48,151 and \$46,426, respectively	2,929	3,788
Total assets	\$ 1,795,481	\$ 2,398,379
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 124,626	\$ 15,489
Lease liability – operating lease	188,587	231,427
Lease liability – finance lease	-0-	782
Donor designations payable	137,515	30,247
Total liabilities	450,728	277,945
Net assets:		
Without donor restrictions	1,228,118	2,043,514
With donor restrictions	116,635	76,920
Total net assets	1,344,753	2,120,434
Total liabilities and net assets	\$ 1,795,481	\$ 2,398,379

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2025

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Public Support and Revenue:			
Campaign revenue:			
Gross campaign results	\$ 1,412,258	\$ -0-	\$ 1,412,258
Less provision for uncollectible pledges	<u>(42,681)</u>	<u>-0-</u>	<u>(42,681)</u>
Net campaign results	1,369,577	-0-	1,369,577
Less donor designations, net of provision for uncollectible designations	<u>(202,174)</u>	<u>-0-</u>	<u>(202,174)</u>
Campaign revenue	1,167,403	-0-	1,167,403
Designation from other United Ways	10,365	-0-	10,365
Donor designations service fees	10,026	-0-	10,026
"Helpline" subsidy	20,000	-0-	20,000
Fundraising events (net)	77,497	-0-	77,497
Investment income (net)	66,392	-0-	66,392
Grants	171,000	71,569	242,569
Sublease income	15,300	-0-	15,300
Miscellaneous income (loss)	20,880	-0-	20,880
Unrealized gain(loss)	<u>13,055</u>	<u>-0-</u>	<u>13,055</u>
Subtotal public support and revenue	1,571,918	71,569	1,643,487
Net assets released from restrictions	<u>31,854</u>	<u>(31,854)</u>	<u>-0-</u>
Total public support and revenue	1,603,772	39,715	1,643,487

(continued)

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Expenses:			
Program services:			
Allocations, grants and designations			
to agencies	1,646,308	-0-	1,646,308
Less: donor designations incurred	<u>(84,881)</u>	<u>-0-</u>	<u>(84,881)</u>
Net funds distributed to agencies	1,561,427	-0-	1,561,427
Other program services:			
Funds distribution	124,008	-0-	124,008
Community services	<u>334,821</u>	<u>-0-</u>	<u>334,821</u>
Total program services	2,020,256	-0-	2,020,256
Other supporting services:			
Administration	257,086	-0-	257,086
Fundraising	<u>141,826</u>	<u>-0-</u>	<u>141,826</u>
Total expenses	<u>2,419,168</u>	<u>-0-</u>	<u>2,419,168</u>
Change in net assets	(815,396)	39,715	(775,681)
Net assets, beginning of year	<u>2,043,514</u>	<u>76,920</u>	<u>2,120,434</u>
Net assets, end of year	<u><u>\$ 1,228,118</u></u>	<u><u>\$ 116,635</u></u>	<u><u>\$ 1,344,753</u></u>

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenue:			
Campaign revenue:			
Gross campaign results	\$ 1,912,727	\$ -0-	\$ 1,912,727
Less provision for uncollectible pledges	<u>(54,541)</u>	<u>-0-</u>	<u>(54,541)</u>
Net campaign results	1,858,186	-0-	1,858,186
Less donor designations, net of provision for uncollectible designations	<u>(54,372)</u>	<u>-0-</u>	<u>(54,372)</u>
Campaign revenue	1,803,814	-0-	1,803,814
Designation from other United Ways	13,599	-0-	13,599
Donor designations service fees	7,799	-0-	7,799
"Helpline" subsidy	20,000	-0-	20,000
Fundraising events (net)	102,426	-0-	102,426
Investment income (net)	(8,618)	-0-	(8,618)
Grants	189,194	30,982	220,176
Sublease income	18,100	-0-	18,100
Miscellaneous income (loss)	6,133	-0-	6,133
Unrealized gain/(loss)	<u>87,048</u>	<u>-0-</u>	<u>87,048</u>
Subtotal public support and revenue	2,239,495	30,982	2,270,477
Net assets released from restrictions	<u>142,592</u>	<u>(142,592)</u>	<u>-0-</u>
Total public support and revenue	<u>2,382,087</u>	<u>(111,610)</u>	<u>2,270,477</u>

(continued)

United Way of Brazoria County
Statement of Activities
Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Expenses:			
Program services:			
Allocations, grants and designations to agencies	1,558,876	-0-	1,558,876
Less: donor designations incurred	<u>(69,682)</u>	<u>-0-</u>	<u>(69,682)</u>
Net funds distributed to agencies	1,489,194	-0-	1,489,194
Other program services:			
Funds distribution	98,710	-0-	98,710
Community services	<u>375,277</u>	<u>-0-</u>	<u>375,277</u>
Total program services	1,963,181	-0-	1,963,181
Other supporting services:			
Administration	232,698	-0-	232,698
Fundraising	<u>221,284</u>	<u>-0-</u>	<u>221,284</u>
Total expenses	<u>2,417,163</u>	<u>-0-</u>	<u>2,417,163</u>
Change in net assets			
Net assets, beginning of year	(35,076)	(111,610)	(146,686)
	<u>2,078,590</u>	<u>188,530</u>	<u>2,267,120</u>
Net assets, end of year	<u>\$ 2,043,514</u>	<u>\$ 76,920</u>	<u>\$ 2,120,434</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, 2025

	Other Program Services			Other Supporting Services			Total Other Expenses
	Funds Distribution	Community Services	Total Other Program Services	Administration	Fund-raising	Total Other Supporting Services	
Personnel costs:							
Salaries & wages	\$ 77,520	\$ 209,305	\$ 286,825	\$ 142,121	\$ 87,856	\$ 229,977	\$ 516,802
Payroll taxes & workers compensation insurance	5,151	13,909	19,060	9,444	5,838	15,282	34,342
Employee benefits	12,051	32,537	44,588	22,093	13,657	35,750	80,338
Total personnel costs	94,722	255,751	350,473	173,658	107,351	281,009	631,482
Other expenses:							
Accounting and auditing	-0-	-0-	-0-	10,225	-0-	10,225	10,225
Depreciation	259	699	958	474	293	767	1,725
Facilities costs	13,196	35,629	48,825	24,190	14,956	39,146	87,971
Insurance	970	2,618	3,588	1,778	1,100	2,877	6,466
Miscellaneous	2,843	7,677	10,520	24,630	3,222	27,852	38,372
Office equipment rental & maintenance	3,050	8,236	11,286	5,592	3,457	9,049	20,335
Postage & shipping	133	360	493	245	151	396	889
Printing & publications	-0-	-0-	-0-	98	1,285	1,383	1,383
Supplies & office expense	3,572	9,644	13,216	6,548	4,048	10,596	23,812
Telephone	358	965	1,323	656	405	1,061	2,384
Travel & local transportation	903	2,438	3,341	1,655	1,023	2,678	6,019
United Way of America dues	3,135	8,464	11,599	5,748	3,553	9,301	20,900
United Way of Texas dues	867	2,340	3,207	1,589	982	2,571	5,778
Total expenses	\$ 124,008	\$ 334,821	\$ 458,829	\$ 257,086	\$ 141,826	\$ 398,912	\$ 857,741

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Statement of Functional Expenses
Year ended June 30, 2024

	Other Program Services			Other Supporting Services			Total Other Expenses
	Funds Distribution	Community Services	Total Other Program Services	Administration	Fund-raising	Total Other Supporting Services	
Personnel costs:							
Salaries & wages	\$ 61,809	\$ 234,987	\$ 296,796	\$ 123,619	\$ 136,426	\$ 260,045	\$ 556,841
Payroll taxes & workers compensation insurance	5,595	21,270	26,865	11,189	12,349	23,538	50,403
Employee benefits	10,451	39,732	50,183	20,901	23,067	43,968	94,151
Total personnel costs	77,855	295,989	373,844	155,709	171,842	327,551	701,395
Other expenses:							
Accounting and auditing	-0-	-0-	-0-	12,194	-0-	12,194	12,194
Depreciation	152	579	731	305	336	641	1,372
Facilities costs	9,996	38,002	47,998	19,991	22,064	42,055	90,053
Insurance	697	2,651	3,348	1,395	1,540	2,935	6,283
Miscellaneous	1,582	6,014	7,596	26,248	3,492	29,740	37,336
Office equipment rental & maintenance	2,191	8,331	10,522	4,382	4,837	9,219	19,741
Postage & shipping	95	361	456	190	210	400	856
Printing & publications	-0-	-0-	-0-	-0-	3,406	3,406	3,406
Supplies & office expense	2,817	10,708	13,525	5,633	6,217	11,850	25,375
Telephone	176	671	847	353	389	742	1,589
Travel & local transportation	205	778	983	410	452	862	1,845
United Way of America dues	2,303	8,755	11,058	4,605	5,083	9,688	20,746
United Way of Texas dues	641	2,438	3,079	1,283	1,416	2,699	5,778
Total expenses	\$ 98,710	\$ 375,277	\$ 473,987	\$ 232,698	\$ 221,284	\$ 453,982	\$ 927,969

The accompanying notes are an integral part of these financial statements

**United Way of Brazoria County
Statements of Cash Flows
Years ended June 30, 2025 and 2024**

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (775,681)	\$ (146,686)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation & amortization	1,725	1,372
Amortization of right of use asset – operating	43,797	74,970
Amortization of right of use asset – financing	782	4,019
Unrealized gain/loss on investments	(13,055)	(46,093)
(Increase) decrease in campaign pledges receivable	52,916	(78,173)
(Increase) decrease in prepaid expenses	442	-0-
Increase (decrease) in accounts payable and accrued expenses	109,137	(57,673)
Increase (decrease) in donor designations payable	107,268	(24,084)
Increase (decrease) in lease liability – operating	(42,840)	(73,806)
Net cash provided(used) by operating activities	<u>(515,509)</u>	<u>(346,154)</u>
Cash flows from investing activities:		
Purchases of marketable securities	(493,489)	(456,069)
Proceeds from sales of investments	800,146	549,821
Purchases of property and equipment	(866)	(2,131)
Net cash provided(used) by investing activities	<u>305,791</u>	<u>91,621</u>
Cash flows from financing activities:		
Payments of lease liability – financing	(782)	(4,019)
Net cash provided(used) by financing activities	<u>(782)</u>	<u>(4,019)</u>
Net increase (decrease) in cash and cash equivalents	(210,500)	(258,552)
Cash and cash equivalents, beginning of year	<u>377,423</u>	<u>635,975</u>
Cash and cash equivalents, end of year	<u>\$ 166,923</u>	<u>\$ 377,423</u>

The accompanying notes are an integral part of these financial statements

United Way of Brazoria County
Notes to Financial Statements
June 30, 2025 and 2024

(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, 2025 and 2024

(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, 2025 and 2024

(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 2022 through 2024 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, 2025 and 2024

(2) Major Donor

For the year ended Jun 30, 2025, the two most recent campaigns, fall of 2024 and fall of 2023, the employee and corporate pledges from three local companies accounted for approximately 66% of gross campaign pledges. For the year ended Jun 30, 2024, the two most recent campaigns, fall of 2023 and fall of 2022, the employee and corporate pledges from one company accounted for approximately 27% of gross campaign pledges.

(3) Security of Cash and Cash Equivalents

At June 30, 2025 and 2024, the carrying amount of United Way of Brazoria County bank deposits was \$166,923 and \$377,423, respectively, and the bank balance was \$248,399 and \$429,205, respectively. Uninsured balances of \$300 and \$130,872 exist at year end June 30, 2025 and 2024, 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 4% matching contribution. Employer contributions to this plan in the years ended June 30, 2025 and 2024 were \$14,519 and \$15,291, respectively.

(5) 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. In May 2025, the Organization relocated within the same building executing a new agreement to begin May 1, 2025 for 60 months. The components of lease cost for the year ended June 30, 2025 and 2024 were:

	2025	2024
Operating lease cost:		
Amortization of right of use asset	\$ 43,797	\$ 74,971
Sublease income	(15,300)	(18,100)
Interest on lease liability	8,888	12,247
 Total lease cost – operating	 \$ 37,385	 \$ 69,118

United Way of Brazoria County
 Notes to Financial Statements
 June 30, 2025 and 2024

(5) Leases - continued

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, 2025 were:

Fiscal Year Ending June 30,	
2026	\$ 43,793
2027	44,338
2028	45,975
2029	46,551
Thereafter	<u>48,280</u>
 Total minimum lease payments	 \$ 228,937
Less effects of discounting	<u>(40,350)</u>
 Total lease liabilities recognized	 <u>\$ 188,587</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, 2025 is presented below.

Finance lease cost:	
Amortization of right of use asset	\$ 783
Interest on lease liability	<u>7</u>
Total lease cost – financing	<u>\$ 790</u>

(6) Investment Securities

Fair market value of investment securities were comprised of:

	June 30,	
	2025	2024
US Treasuries	\$ -0-	\$ 476,287
Fixed income	559,913	347,078
Common stocks	263,922	291,952
Preferred securities	96,385	102,524
Exchange traded funds	<u>3,799</u>	<u>4,103</u>
	 <u>\$ 924,019</u>	 <u>\$1,221,944</u>

United Way of Brazoria County
Notes to Financial Statements
June 30, 2025 and 2024

(6) Investment Securities - continued

Investment income consists of:

	June 30,	
	2025	2024
Interest and dividends	\$ 44,022	\$ 39,114
Realized gains(losses)	33,447	(35,407)
Fees	(11,077)	(12,324)
 Total investment income, net	 \$ 66,392	 \$ (8,617)

(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.

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.

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(7) Fair Value Measurements – continued

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)	Significant Other Observable Inputs (Level 2)
June 30, 2025			
Fixed income	\$ 559,913	\$ -0-	\$ 559,913
Common stocks	263,922	263,922	-0-
Preferred securities	96,385	-0-	96,385
Exchange traded funds	3,799	3,799	-0-
 Total assets measured at fair value	 \$ 924,019	 \$ 267,721	 \$ 656,298
 June 30, 2024			
US Treasuries	\$ 476,287	\$ 476,287	\$ -0-
Fixed income	347,078	-0-	347,078
Common stocks	291,952	291,952	-0-
Preferred securities	102,524	-0-	102,524
Exchange traded funds	4,103	4,103	-0-
 Total assets measured at fair value	 \$ 1,221,944	 \$ 772,342	 \$ 449,602

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(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:

	2025	2024
Cash and cash equivalents	\$ 166,923	\$ 377,423
Certificates of deposit	56,581	52,258
Pledges receivable	435,724	488,640
Investments	<u>924,019</u>	<u>1,221,944</u>
Financial assets at year-end	\$ 1,583,247	\$ 2,140,265
Less unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	\$ 116,635	\$ 76,920
Board designations	<u>-0-</u>	<u>-0-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,466,612</u>	<u>\$ 2,063,345</u>

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 10. 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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(9) Property and Equipment

	2025	2024
Furniture, fixtures and equipment	\$ 42,364	\$ 41,498
Improvements	<u>8,716</u>	<u>8,716</u>
 Total property and equipment, at cost	 \$ 51,080	 \$ 50,214
Accumulated depreciation	<u>(48,151)</u>	<u>(46,426)</u>
 Net property and equipment	 <u>\$ 2,929</u>	 <u>\$ 3,788</u>

(10) Net assets without donor restrictions

Net assets without donor restrictions are comprised of the following:

	2025	2024
Undesignated	\$ 1,228,118	\$ 2,043,514
Designated by the Board:		
Signify platform	<u>-0-</u>	<u>-0-</u>
 Total net assets without donor restrictions	 <u>\$ 1,228,118</u>	 <u>\$ 2,043,514</u>

(11) Subsequent Events

Management has evaluated subsequent events through October 16, 2025, the date the financial statements were available to be issued.

(concluded)