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**United Way Galveston County - Mainland, Inc.**

**Report of Examination**

**For the Year ended December 31, 2022**

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**D. Michael Bartholomew, PC  
Certified Public Accountant  
3212 13<sup>th</sup> Avenue North  
Texas City, TX 77590**

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# **D. Michael Bartholomew, PC**

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## **Certified Public Accountant**

Member  
American Institute of  
Certified Public Accountants

### **Independent Auditor's Report**

Board of Directors  
United Way Galveston County - Mainland, Inc.  
Texas City, Texas

#### **Opinion**

We have audited the accompanying financial statements of United Way Galveston County - Mainland, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 Galveston County - Mainland, Inc. as of December 31, 2022 and the changes in 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 Galveston County - Mainland, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way Galveston County - Mainland, Inc.'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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way Galveston County - Mainland, Inc.'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 Galveston County - Mainland, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on pages 8-11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



D. Michael Bartholomew, P.C.  
Texas City, Texas  
August 14, 2023

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**SUPPLEMENTARY FINANCIAL INFORMATION**

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**United Way Galveston County Mainland  
Statement of Financial Position  
December 31, 2022**

**Assets**

**Current Assets**

Cash Deposits in Financial Institutions	
Checking Accounts	\$ 294,231
Money Market Accounts	251,306
Certificates of Deposit	1,014,240
Receivables	
Unconditional Promises to Give - Net of Allowance	793,165
Other Receivables	22,993
Prepaid Expenses	5,282
<b>Total Current Assets</b>	<u>2,381,217</u>

**Property and Equipment**

Land and Buildings	551,380
Furniture and Equipment	65,808
Vehicles	32,843
<b>Total Property and Equipment</b>	<u>650,031</u>
Less: Accumulated Depreciation	<u>(149,393)</u>
<b>Net Property and Equipment</b>	500,638

**Other Assets**

Deposits	800
<b>Total Other Assets</b>	<u>800</u>

<b>Total Assets</b>	<u><u>\$ 2,882,655</u></u>
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**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 9,252
Allocations Payable to Participating Agencies	1,233,700
Designated Payables	-
Grants Payable	45,000
Payroll Taxes Payable	9,735
<b>Total Current Liabilities</b>	<u>1,297,687</u>

**Net Assets**

Without Donor Restrictions	
Fixed Assets	500,638
Board Designated	350,000
Operating	<u>(316,131)</u>
<b>Total Net Assets Without Donor Restrictions</b>	534,507
With Donor Restrictions	<u>1,050,461</u>
<b>Total Net Assets</b>	<u>1,584,968</u>

<b>Total Liabilities and Net Assets</b>	<u><u>\$ 2,882,655</u></u>
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See Accompanying Notes to the Financial Statements

**United Way Galveston County Mainland  
Statement of Activities  
For the Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Campaign Revenue</b>			
2022/2023 Donor Restricted Campaign Promises	\$	\$ 910,339	\$ 910,339
2021/2022 Donor Restricted Campaign Promises	162,337		162,337
Net Asset Released from Restrictions in Current Year	1,406,981	(1,406,981)	-
<b>Total Campaign Revenue</b>	<b>1,569,318</b>	<b>(496,642)</b>	<b>1,072,676</b>
<b>Additional Support</b>			
Other Contributions	13,058	-	13,058
Grants	10,671	-	10,671
Special Events	480,884	-	480,884
Net Unrealized Gain/(Loss) on Investments	(15,240)	-	(15,240)
Investment Income	5,361	-	5,361
<b>Total Additional Support</b>	<b>494,734</b>	<b>-</b>	<b>494,734</b>
<b>Total Revenue and Additional Support</b>	<b>2,064,052</b>	<b>(496,642)</b>	<b>1,567,410</b>
<b>Expenses</b>			
Program Services	1,598,705	-	1,598,705
Support Services	96,516	-	96,516
Fundraising	189,216	-	189,216
Total Expense	<b>1,884,437</b>	<b>-</b>	<b>1,884,437</b>
<b>Total Change in Net Revenue</b>	<b>\$ 179,615</b>	<b>\$ (496,642)</b>	<b>\$ (317,027)</b>
<b>Net Revenue - Beginning of Year</b>	<b>354,892</b>	<b>1,547,103</b>	<b>1,901,995</b>
<b>Net Revenue - End of Year</b>	<b>\$ 534,507</b>	<b>\$ 1,050,461</b>	<b>\$ 1,584,968</b>

See Accompanying Notes to the Financial Statements

**United Way Galveston County Mainland  
Statement of Functional Expenses  
For the Year Ended December 31, 2022**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and Related Expense</b>				
Salaries and Wages	\$ 186,148	\$ 31,841	\$ 26,942	\$ 244,931
Employee Benefits	26,222	4,485	3,795	34,503
Payroll Taxes	<u>12,032</u>	<u>2,058</u>	<u>1,742</u>	<u>15,832</u>
<b>Total Salaries and Related Benefits</b>	224,402	38,385	32,479	295,266
<b>Direct Expenses</b>				
Allocations and Grants to Participating Agencies	1,185,491	-	-	1,185,491
Fundraising	<u>-</u>	<u>-</u>	<u>145,373</u>	<u>145,373</u>
<b>Total Direct Expenses</b>	1,185,491	-	145,373	1,330,864
<b>Allocated Expenses</b>				
Bank Charges	-	2,071	256	2,327
Campaign Expenses - Advertising	5,270	-	-	5,270
Campaign Expenses - General	35,466	-	-	35,466
Conferences, Conventions and Meetings	25,979	-	-	25,979
Community Awareness	8,540	-	-	8,540
Depreciation	19,024	3,254	2,753	25,031
Insurance	-	10,025	1,239	11,264
Information Technology	-	12,580	1,555	14,135
Membership Dues	30,016	-	-	30,016
Miscellaneous Expense	2,636	-	-	2,636
Occupancy Expense	13,193	2,287	2,110	17,590
Office Supplies	11,170	-	-	11,170
Postage and Shipping	220	-	-	220
Professional Fees	25,712	-	-	25,712
Repairs and Maintenance	-	27,915	3,450	31,365
Telephone	<u>11,586</u>	<u>-</u>	<u>-</u>	<u>11,586</u>
<b>Total Allocated Expenses</b>	<u>188,812</u>	<u>58,132</u>	<u>11,363</u>	<u>258,307</u>
<b>Total Expense</b>	<u>\$ 1,598,705</u>	<u>\$ 96,516</u>	<u>\$ 189,216</u>	<u>\$ 1,884,437</u>

See Accompanying Notes to the Financial Statements



**United Way Galveston County Mainland  
Statement of Cash Flows  
For the Year Ended December 31, 2022**

<b>Cash Flows Provided by/(Used by Operating Activities</b>	
Cash Provided by Campaign Promises to Give	\$ 1,406,192
Cash Provided by Other Support	492,353
Cash Used by Program Services	(1,706,173)
Cash Used by Supporting Services	(91,538)
Cash Used by Fundraising Activities	<u>(189,216)</u>
<b>Total Cash Flows Provided by/(Used by Operating Activities</b>	<b>(88,382)</b>
<b>Cash Flows Provided by/(Used by Financing Activities</b>	
Cash from Redemption/(Purchase) of Certificates of Deposit	213,831
Cash Used to Purchase Property and Equipment	<u>(30,333)</u>
<b>Total Cash Flows Provided by/(Used by Financing Activities</b>	<b><u>183,498</u></b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>\$ 95,116</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b><u>428,644</u></b>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u><u>\$ 523,760</u></u></b>

See Accompanying Notes to the Financial Statements

**United Way Galveston County Mainland  
Reconciliation of Changes in Nets Assets to  
Cash Flows Provided by/(Used) by Operating Activities  
For the Years Ended December 31, 2022**

<b>Change in Net Assets</b>	\$ (317,027)
<b>Non Cash Adjustments</b>	
Depreciation	3,254
Unrealized (Gains)/Losses on Investments	15,240
	18,494
<b>Total Non Cash Adjustments</b>	
<b>Other Adjustments</b>	
Increase/(Decrease) in Promises to Give	333,516
Increase/(Decrease) in Other Receivables	(17,621)
increase/(Decrease) in Prepaid Expenses	162
Increase/(Decrease) in Accounts Payable	(7,073)
Increase/(Decrease) in Allocations Payable to participating Agencies	(9,417)
Increase/(Decrease) in Designations Payable	(93,051)
Increase/(Decrease) in Grants Payable	(5,000)
Increase/(Decrease) in Payroll Taxes Payable	8,635
	210,151
<b>Total Other Adjustments</b>	
<b>Net Cash Flows Provided by/(Used) by Operating Activities</b>	<b>\$ <u>(88,382)</u></b>

See Accompanying Notes to the Financial Statements

**United Way Galveston County Mainland  
Schedule of Cash Deposits  
December 31, 2022**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
<b>Non-interest Bearing Deposits</b>			
Amegy Bank			
Amoco Federal Credit Union			S 1,654
Moody National Bank			185,616
Petty Cash			287
Shell FCU			10
TDECU			5
Texas First Bank			<u>106,659</u>
<b>Total Non-interest Bearing Deposits</b>			294,231
<b>Interest Bearing Deposits</b>			
<b>Money Market Accounts</b>			
Amegy Bank	0.43%	N/A	177,364
TDECU	0.20%	N/A	2,520
Texas First Bank	0.11%	N/A	<u>71,422</u>
Total Money Market Accounts			251,306
<b>Certificates of Deposit</b>			
Shell FCU	3.98%	06/16/23	100,174
Amoco Federal Credit Union	4.15%	11/09/23	227,265
PNC Investments	Index- Linked	11/30/23	250,000
Shell FCU	3.98%	12/16/23	100,174
Moody National Bank	3.28%	12/21/23	200,335
TDECU	4.15%	05/17/24	<u>136,292</u>
Total Certificates of Deposit			<u>1,014,240</u>
<b>Total Interest Bearing Deposits</b>			<u>1,265,546</u>
<b>Total Cash Deposits</b>			S <u><u>1,559,777</u></u>

**United Way Galveston County Mainland  
Schedule of Promises to Give Receivable  
For the Year Ended December 31, 2022**

<b>Promises to Give</b>	
Promises to Give for 2022 Allocation Year	\$ 247,356
Promises to Give for 2023 Allocation Year	<u>849,262</u>
<b>Total Promises to Give</b>	1,096,618
<b>Less: Estimated Uncollectible Promises to Give</b>	
Estimated Uncollectible Promises to Give for 2022 Allocation Year	(196,647)
Estimated Uncollectible Promises to Give for 2023 Allocation Year	<u>(106,806)</u>
<b>Total Estimated Uncollectible Promises to Give</b>	<u>(303,453)</u>
<b>Promises to Give - Net of Allowance for Uncollectible Promises</b>	<u><u>\$ 793,165</u></u>

**United Way Galveston County Mainland  
Schedule of Allocations to Participating Agencies  
For the Year Ended December 31, 2022**

**Local Agencies**

Advocacy Center of Children of Galveston County	\$ 20,000
ARC of the Gulf Coast	17,000
City of Texas City Senior Program	34,000
Family Service Center	125,000
Galveston County Food Bank	105,000
Hitchcock Family Welfare	90,000
Hospice Care Team	30,000
HRA Village Incorporated	35,000
Interfaith Caring Ministries	51,500
M.I. Lewis Social Service Center	172,500
Mainland Children's Partnership	15,000
Santa Fe Family Service	30,000
Special Friends	13,500
Sunshine Center	50,000
The Children's Center	<u>70,000</u>

**Total Local Agencies** 858,500

**Area Wide Agencies**

American Red Cross	20,000
Bay Area Council Boy Scouts of America	35,000
Big Brothers & Big Sisters Gulf Coast	49,000
Catholic Charities of the Archdiocese of Galveston - Houston	100,000
CASA of Galveston County	40,000
Girl Scouts of San Jacinto Council	12,000
NAMI Gulf Coast	35,000
The Salvation Army	<u>84,200</u>

**Total Area Wide Agencies** 375,200

**Total Allocations to Participating Agencies** \$ 1,233,700

**United Way Galveston County Mainland  
Schedule of Expenses - Budgeted vs. Actual  
For the Year Ended December 31, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>(Over) / Under</u>
<b>Expenses (Excluding Allocations and Grants)</b>			
Salaries and Wages	\$ 290,000	\$ 244,931	\$ 45,069
Employee Benefits	30,200	34,503	(4,303)
Payroll Taxes	25,000	15,832	9,168
Bank Charges	600	2,327	(1,727)
Campaign Expenses - Advertising	4,000	5,270	(1,270)
Campaign Expenses - General	13,000	35,466	(22,466)
Conferences, Conventions and Meetings	30,000	25,979	4,021
Community Awareness	12,000	8,540	3,460
Depreciation	23,000	25,031	(2,031)
Insurance	7,900	11,264	(3,364)
Information Technology	11,500	14,135	(2,635)
Membership Dues	48,000	30,016	17,984
Miscellaneous Expense	17,000	2,636	14,364
Occupancy Expense	11,800	17,590	(5,790)
Office Supplies	5,000	11,170	(6,170)
Postage and Shipping	325	220	105
Professional Fees	24,200	25,712	(1,512)
Repairs and Maintenance	4,000	31,365	(27,365)
Telephone	9,540	11,586	(2,046)
<b>Total Expense</b>	<u>\$ 567,065</u>	<u>\$ 553,573</u>	<u>\$ 13,492</u>

**United Way Galveston County - Mainland, Inc.**  
**Notes to the Financial Statements**

**Note 1 – Summary of Significant Accounting Policies**

**Organization**

This summary of significant accounting policies of United Way Galveston County - Mainland, Inc., (“UWGCM”) is presented to assist in understanding UWGCM’s financial statements. The financial statements and notes are representations of UWGCM’s management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

In 1957, UWGCM applied to the Internal Revenue Service (IRS) for tax exempt status under section 501(c)(3) of the Internal Revenue Code. The IRS notified UWGCM of its approval as an organization exempt from Federal income tax, effective February 1956. The Comptroller of Public Accounts of the State of Texas has also determined UWGCM qualifies for exemption from state franchise tax.

**Nature of Activities**

United Way Galveston County - Mainland, Inc. is a Texas not-for-profit organization which raises and distributes funds to local and non-profit organizations in Galveston County that provide family aid and services, healthcare, handicapped and special needs, youth character building and senior citizen life enhancing support to those in need.

**Basis of Presentation and Accounting**

In accordance with generally accepted accounting principles generally accepted in the United States of America (“GAAP”), the financial statements have been presented on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities. UWGCM presents its financial statements under the Accounting Standard Codification Topic 958-205 (“ASC Topic No. 958”), *Not for Profit Entities – Presentation of Financial Statements*. Under ASC Topic No. 958, UWGCM is required to report information regarding its financial position and activities in two classes of net assets as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to grantor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the Board of Directors.
- **Net Assets With Donor Restrictions** – Net assets subject to grantor-restricted stipulations that will be met by actions of UWGCM pursuant to those stipulations or that expire by the passage of time or that must be permanently maintained by UWGCM.

In addition, UWGCM is required to present a statement of cash flows.

Revenues are reported as increases in net assets without donor restrictions unless they are limited to grantor-imposed stipulations. Expenses are generally reported as decreases in net assets without donor restrictions.

**Contribution**

Contributions received are recorded as support with or without restriction depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor

**United Way Galveston County - Mainland, Inc.**  
**Notes to the Financial Statements**

**Note 1 – Summary of Significant Accounting Policies - continued**

**Promises to Give - continued**

restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

UWGCM uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Campaign Pledges and Designation**

An annual fundraising campaign is conducted to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectable. Substantially all of the pledge receivables are from corporations and individuals.

Community-wide donations and pledges are recorded as donor restricted revenues in the campaign year and released into net assets without donor restriction as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until disbursed to the designated agency.

Donor designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (cost deductions for designated Funds)*.

**Management Assumptions and Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Those estimates and assumptions affect the reported amounts of assets, liabilities, net assets, revenues and expenses. Actual results could vary from the estimates that were used.

**Income Taxes**

UWGCM is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. It has been classified as a organization that is not a private foundation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in UWGCM's financial statements.

**Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, all highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

**Unconditional Promises to Give**

Unconditional promises to give consist of pledges to be used to fund the subsequent year's operating budgets including allocations to participating agencies.

The allowance for uncollectible pledges reflected in the financial statements is an estimate based upon historical data. The estimate may be revised, should circumstances warrant it.

Bad debt expense, which is offset against gross campaign results for each applicable campaign, amounted to \$67,557 in 2022.



**United Way Galveston County - Mainland, Inc.**  
**Notes to the Financial Statements**

**Note 1 – Summary of Significant Accounting Policies - continued**

**Property and Equipment**

Property and equipment are carried at cost, if purchased, or if donated, at the estimated fair value at the date of donation. Property and equipment donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, UWGCM reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. UWGCM reclassifies net assets with donor restriction to net assets without donor restriction at that time. UWGCM capitalizes all property and equipment in excess of \$1,000. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at the rates based on the following estimated useful lives:

Buildings and Improvements	10-40 years
Furniture & Equipment	5-7 years
Vehicles	5 years

Expenditures for major acquisitions and improvements are capitalized and expenditures for maintenance and repairs are charged to expense when incurred. When property and equipment are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

**Donated Materials and Services**

Donated materials and equipment are recorded in the financial statements at their estimated fair value at the date of receipt where such value can be reasonably ascertained. No amounts have been reflected in the financial statements for donated services, as there is no objective basis available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to assist in the operation of UWGCM.

**Advertising Cost**

Advertising costs are expensed as incurred. In the year ended December 31, 2022, UWGCM advertising cost were \$5,270.

**Fair Values Measurements**

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical

assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UWGCM has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**United Way Galveston County - Mainland, Inc.**  
**Notes to the Financial Statements**

**Note 1 – Summary of Significant Accounting Policies - continued**

**Fair Values Measurements - continued**

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UWGCM only has certificates of deposit which are valued at the principal plus accrued interest which approximates fair value. UWGCM did not have any Level 2 or 3 assets or liabilities as of December 31, 2022.

**Note 2 – Net Assets**

Net Assets without donor restrictions include resources available to provide services without restrictions for their use stipulated by donors. They also include resources designated by the board of directors to be used for specific purposes. The net assets without donor restrictions available for future operations, as of December 31, 2022 was \$534,507.

Net assets with donor restrictions include pledges to give from donors to be used for the subsequent years' allocation to participating agencies and UWGCM's operating budget. The net assets with donor restrictions as of December 31, 2022 was \$1,050,461.

**Note 3 – Property and Equipment**

Property and equipment and accumulated depreciation are as follows as of December 31, 2022

<u>Description</u>	<u>2021</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u> <u>Balance</u>
Land & Building	\$ 525,354	\$ 26,026	\$ 0	\$ 551,380
Furniture & Equipment	122,415	4,307	(60,914)	65,808
Vehicles	<u>32,843</u>		<u>0</u>	<u>32,843</u>
<b>Total Fixed Assets</b>	680,612	30,333	(60,914)	650,031
Less: Accum. Depr.	<u>(185,276)</u>	<u>(25,031)</u>	<u>60,914</u>	<u>(149,393)</u>
<b>Net Fixed Assets</b>	\$ <u>495,336</u>	\$ <u>5,302</u>	\$ <u>0</u>	\$ <u>500,638</u>

Depreciation expense was \$25,031 for the year ended December 31, 2022.

**Note 4 – Availability of Financial Assets**

UWGCM's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Unrestricted Cash	\$1,559,777
Unconditional Promise to Give – Net of Allowance	793,165
Other Receivables	<u>22,993</u>
<b>Total Financial Assets Available</b>	
Within One Year	<u>\$2,375,935</u>

As part of UWGCM's liquidity management, UWGCM structures its financial assets to be available as its general expenditures, liabilities, and other obligations as they become due.

Financial Assets – December 31, 2022	\$2,375,935
Less: those unavailable for general expenditures within one year due to:	
Restriction by donor with purpose restriction	<u>(1,050,461)</u>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<u>\$1,325,474</u>

**Note 5 - Deferred Compensation Plan – SEP/IRA**

UWGCM provides deferred compensation benefits to employees with one year of service through a SEP/IRA plan. Under the plan, UWGCM may contribute up to 4% of an eligible employee's salary to a SEP/IRA for the employee. UWGCM contributed \$14,596 to employee SEP/IRA plans for the year ended December 31, 2022

**United Way Galveston County - Mainland, Inc.**  
**Notes to the Financial Statements**

**Note 6 - Accumulated Unpaid Vacation and Sick Pay**

UWGCM's employee policy allows employees to accrue 10 to 20 days of vacation time each year, depending on tenure and 14 days of sick time. Upon termination, employees are eligible to receive payment for unused vacation time, unless terminated for misconduct. Employees are not compensated for unused sick time upon termination. No provision for unused vacation time was made since a reasonable estimate of the amount to be paid to employees upon leaving UWGCM's employment cannot be made.

**Note 7 - Commitments and Contingencies Leases**

During the year ended December 31, 2019, UWGCM entered into an operating lease for office equipment. The lease requires monthly lease payments of \$210 for a term of sixty months and is non-cancelable.

As of December 31, 2022, the aggregate minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$2,522
2024	<u>2,312</u>
Total	<u>\$4,834</u>

Rental expenses amounted to \$2,522 in 2022.

**Note 8 – Concentration of Credit Risk**

Financial instruments that are exposed to concentrations of credit risk consist of cash deposits with local financial institutions. UWGCM's cash deposits did not exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 as of December 31, 2022.

**Note 9 - Subsequent Events**

In preparing these financial statements, events and transactions were evaluated for potential recognition or disclosure through August 14, 2023 which is the date the financial statements were available to be issued.