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United Way Galveston County - Mainland, Inc.

Report of Examination

For the Year ended December 31, 2023

With Comparative Totals for 2022

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

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D. Michael Bartholomew, PC
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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Galveston County - Mainland, Inc. as of December 31, 2023 and 2022 and the changes in 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 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 27, 2024

**United Way Galveston County Mainland
Statement of Financial Position
December 31, 2023
With Comparative Totals for 2022**

	Assets	
Current Assets	2023	2022
Cash Deposits in Financial Institutions		
Checking Accounts	\$ 318,058	\$ 185,903
Money Market Accounts	628,762	359,634
Certificates of Deposit	577,216	1,014,240
Receivables		
Unconditional Promises to Give - Net of Allowance	1,114,361	793,165
Other Receivables	2,710	22,993
Prepaid Expenses	6,203	5,282
Total Current Assets	2,647,310	2,381,217
Property and Equipment		
Land and Buildings	551,380	551,380
Furniture and Equipment	71,397	65,808
Vehicles	32,843	32,843
Total Property and Equipment	655,620	650,031
Less: Accumulated Depreciation	(177,984)	(149,393)
Net Property and Equipment	477,636	500,638
Other Assets		
Deposits	800	800
Total Other Assets	800	800
Total Assets	\$ 3,125,746	\$ 2,882,655
	Liabilities and Net Assets	
Current Liabilities		
Accounts Payable	\$ 3,800	\$ 9,252
Allocations Payable to Participating Agencies	1,266,000	1,233,700
Grants Payable	1,000	45,000
Payroll Taxes Payable	2,787	9,735
Total Current Liabilities	1,273,587	1,297,687
Net Assets		
Without Donor Restrictions		
Fixed Assets	477,636	500,638
Board Designated	350,000	350,000
Operating	(241,476)	(316,131)
Total Net Assets Without Donor Restrictions	586,160	534,507
With Donor Restrictions	1,266,000	1,050,461
Total Net Assets	1,852,159	1,584,968
Total Liabilities and Net Assets	\$ 3,125,746	\$ 2,882,655

See Accompanying Notes to the Financial Statements

**United Way Galveston County Mainland
Statement of Activities
For the Year Ended December 31, 2023
With Comparative Totals for 2022**

	Without Donor Restriction	With Donor Restriction	Totals	
			2023	2022
Campaign Revenue				
2023/2024 Donor Restricted Campaign Promises	\$ -	\$ 1,212,681	\$ 1,212,681	\$ -
2022/2023 Donor Restricted Campaign Promises	447,367	-	447,367	910,339
2021/2022 Donor Restricted Campaign Promises	4,716	-	4,716	162,337
Net Asset Released from Restrictions in Current Year	997,142	(997,142)	-	-
Total Campaign Revenue	<u>1,449,225</u>	<u>215,539</u>	<u>1,664,764</u>	<u>1,072,676</u>
Additional Support				
Other Contributions	82,011	-	82,011	13,058
Grants	778	-	778	10,671
Special Events	554,584	-	554,584	480,884
Net Unrealized Gain/(Loss) on Investments	-	-	-	(15,240)
Investment Income	37,101	-	37,101	5,361
Total Additional Support	<u>674,474</u>	<u>-</u>	<u>674,474</u>	<u>494,734</u>
Total Revenue and Additional Support	<u>2,123,699</u>	<u>215,539</u>	<u>2,339,238</u>	<u>1,567,410</u>
Expenses				
Program Services	1,806,372	-	1,806,372	1,598,705
Support Services	54,223	-	54,223	96,516
Fundraising	211,451	-	211,451	189,216
Total Expense	<u>2,072,046</u>	<u>-</u>	<u>2,072,046</u>	<u>1,884,437</u>
Total Change in Net Revenue	\$ 51,653	\$ 215,539	\$ 267,191	\$ (317,027)
Net Assets - Beginning of Year	<u>534,507</u>	<u>1,050,461</u>	<u>1,584,968</u>	<u>1,901,995</u>
Net Assets - End of Year	<u>\$ 586,160</u>	<u>\$ 1,266,000</u>	<u>\$ 1,852,159</u>	<u>\$ 1,584,968</u>

See Accompanying Notes to the Financial Statements

**United Way Galveston County Mainland
Statement of Functional Expenses
For the Year Ended December 31, 2023
With Comparative Total for 2022**

	Program Services	Support Services	Fundraising	Totals	
				2023	2022
Salaries and Related Expense					
Salaries and Wages	\$ 233,348	\$ 29,538	\$ 32,491	\$ 295,377	\$ 244,931
Employee Benefits	31,933	4,042	4,446	40,421	34,503
Payroll Taxes	27,393	3,468	3,814	34,675	15,832
Total Salaries and Related Benefits	<u>292,674</u>	<u>37,048</u>	<u>40,751</u>	<u>370,473</u>	<u>295,266</u>
Direct Expenses					
Allocations and Grants to Participating Agencies	1,270,753	-	-	1,270,753	1,185,491
Fundraising	-	-	156,106	156,106	145,373
Total Direct Expenses	<u>1,270,753</u>	<u>-</u>	<u>156,106</u>	<u>1,426,859</u>	<u>1,330,864</u>
Allocated Expenses					
Bank Charges	-	3,907	-	3,907	2,327
Campaign Expenses - Advertising	11,362	-	-	11,362	5,270
Campaign Expenses - General	15,112	-	-	15,112	35,466
Conferences, Conventions and Meetings	26,177	-	-	26,177	25,979
Community Awareness	7,895	-	-	7,895	8,540
Depreciation	22,587	2,859	3,145	28,591	25,031
Insurance	8,610	1,090	1,199	10,899	11,264
Information Technology	14,849	1,880	2,067	18,796	14,135
Membership Dues	23,759	-	-	23,759	30,016
Miscellaneous Expense	-	-	-	-	2,636
Occupancy Expense	11,308	1,431	1,575	14,314	17,590
Office Supplies	22,322	-	-	22,322	11,170
Postage	451	-	-	451	220
Professional Fees	31,053	-	-	31,053	25,712
Repairs and Maintenance	40,386	5,112	5,623	51,121	31,365
Telephone	7,074	896	985	8,955	11,586
Total Allocated Expenses	<u>242,945</u>	<u>17,175</u>	<u>14,594</u>	<u>274,714</u>	<u>258,307</u>
Total Expense	<u>\$ 1,806,372</u>	<u>\$ 54,223</u>	<u>\$ 211,451</u>	<u>\$ 2,072,046</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, 2023
With Comparative Totals for 2022**

Cash Flows Provided by/(Used by Operating Activities	<u>2023</u>	<u>2022</u>
Cash Provided by Campaign Promises to Give	\$ 1,343,568	\$ 1,406,192
Cash Provided by Other Support	694,757	492,353
Cash Used by Program Services	(1,818,072)	(1,706,173)
Cash Used by Supporting Services	(38,953)	(91,538)
Cash Used by Fundraising Activities	<u>(211,451)</u>	<u>(189,216)</u>
Total Cash Flows Provided by/(Used by Operating Activities	(30,152)	(88,382)
Cash Flows Provided by/(Used by Financing Activities		
Cash from Redemption/(Purchase) of Certificates of Deposit	437,024	235,608
Cash Used to Purchase Property and Equipment	<u>(5,589)</u>	<u>(30,333)</u>
Total Cash Flows Provided by/(Used by Financing Activities	<u>431,435</u>	<u>205,275</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 401,283	\$ 116,893
Cash and Cash Equivalents - Beginning of Year	<u>545,537</u>	<u>428,644</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 946,820</u></u>	<u><u>\$ 545,537</u></u>

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, 2023
With Comparative Totals for 2022**

	<u>2023</u>	<u>2022</u>
Change in Net Assets	\$ 267,191	\$ (317,027)
Non Cash Adjustments		
Depreciation	28,591	3,254
Unrealized (Gains)/Losses on Investments	<u>-</u>	<u>15,240</u>
Total Non Cash Adjustments	28,591	18,494
Other Adjustments		
(Increase)/Decrease in Promises to Give	(321,196)	333,516
(Increase)/Decrease in Other Receivables	20,283	(17,621)
(Increase)/Decrease in Prepaid Expenses	(921)	162
Increase/(Decrease) in Accounts Payable	(5,452)	(7,073)
Increase/(Decrease) in Allocations Payable to participating Agencies	32,300	(9,417)
Increase/(Decrease) in Designations Payable	#REF!	(93,051)
Increase/(Decrease) in Grants Payable	(44,000)	(5,000)
Increase/(Decrease) in Payroll Taxes Payable	<u>(6,948)</u>	<u>8,635</u>
Total Other Adjustments	<u>#REF!</u>	<u>210,151</u>
Net Cash Flows Provided by/(Used) by Operating Activities	<u>\$ #REF!</u>	<u>\$ (88,382)</u>

See Accompanying Notes to the Financial Statements

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SUPPLEMENTARY FINANCIAL INFORMATION

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**United Way Galveston County Mainland
Schedule of Cash Deposits
December 31, 2023
With Comparative Totals for 2022**

	Interest Rate	Maturity Date	Totals	
			2023	2022
Non-interest Bearing Deposits				
Moody National Bank			\$ 317,869	\$ 185,616
Petty Cash			189	287
Total Non-interest Bearing Deposits			318,058	185,903
Interest Bearing Deposits				
Money Market Accounts				
Amegy Bank	1.92%	N/A	129,387	177,364
Amoco Federal Credit Union	0.01%	N/A	3,191	1,654
Shell FCU	0.10%	N/A	10	10
Shell FCU	5.18%	N/A	100,227	-
TDECU	0.10%	N/A	5	5
TDECU	0.20%	N/A	2,526	2,520
Texas First Bank	0.47%	N/A	58,936	106,659
Texas First Bank	0.02%	N/A	334,480	71,422
Total Money Market Accounts			628,762	359,634
Certificates of Deposit				
Amoco Federal Credit Union	4.15%	11/09/23	-	227,265
Moody National Bank	3.28%	12/21/23	-	200,335
Moody National Bank	3.93%	01/29/25	100,000	-
PNC Investments	Index- Linked		-	250,000
Shell FCU	3.98%	06/16/23	-	100,174
Shell FCU	3.98%	12/16/23	-	100,174
Shell FCU	4.79%	01/20/25	104,230	-
Shell FCU	5.18%	11/09/24	50,376	-
TDECU	4.55%	11/08/24	100,662	-
TDECU	4.73%	05/17/24	141,948	136,292
Texas First Bank	5.20%	05/15/24	80,000	-
Total Certificates of Deposit			577,216	1,014,240
Total Interest Bearing Deposits			1,205,978	1,373,874
Total Cash Deposits			\$ 1,524,036	\$ 1,559,777

**United Way Galveston County Mainland
Schedule of Promises to Give Receivable
For the Year Ended December 31, 2023
With Comparative Totals for 2022**

	2023	2022
Promises to Give Receivable		
Promises to Give for 2022 Allocation Year	\$ -	\$ 247,356
Promises to Give for 2023 Allocation Year	83,669	849,262
Promises to Give for 2024 Allocation Year	1,226,479	-
Total Promises to Give Receivable	1,310,148	1,096,618
Less: Estimated Uncollectible Promises to Give		
Estimated Uncollectible Promises to Give for 2022 Allocation Year	-	(196,647)
Estimated Uncollectible Promises to Give for 2023 Allocation Year	(69,187)	(106,806)
Estimated Uncollectible Promises to Give for 2024 Allocation Year	(126,600)	-
Total Estimated Uncollectible Promises to Give	(195,787)	(303,453)
Promises to Give - Net of Allowance for Uncollectible Promises	\$ 1,114,361	\$ 793,165

**United Way Galveston County Mainland
Schedule of Allocations to Participating Agencies
For the Year Ended December 31, 2023
With Comparative Totals for 2022**

	<u>2023</u>	<u>2022</u>
Local Agencies		
Advocacy Center of Children of Galveston County	\$ 20,000	\$ 20,000
City of Texas City Senior Program	34,000	34,000
Family Service Center	125,000	125,000
Galveston County Food Bank	120,000	105,000
Hitchcock Family Welfare	90,000	90,000
Hospice Care Team	-	30,000
HRA Village Incorporated	45,000	35,000
Interfaith Caring Ministries	60,000	51,500
M.I. Lewis Social Service Center	195,000	172,500
Mainland Children's Partnership	18,000	15,000
Santa Fe Family Service	30,000	30,000
Special Friends	-	13,500
Sunshine Center	50,000	50,000
The Children's Center	-	70,000
	<hr/>	<hr/>
Total Local Agencies	787,000	858,500
Area Wide Agencies		
American Red Cross	20,000	20,000
ARC of the Gulf Coast	-	17,000
Bay Area Council Boy Scouts of America	35,000	35,000
Big Brothers & Big Sisters Gulf Coast	49,000	49,000
Catholic Charities of the Archdiocese of Galveston - Houston	100,000	100,000
CASA of Galveston County	40,000	40,000
Girl Scouts of San Jacinto Council	17,000	12,000
Higher Up Texas	48,000	-
NAMI Gulf Coast	35,000	35,000
Serve	50,000	-
The Salvation Army	85,000	84,200
	<hr/>	<hr/>
Total Area Wide Agencies	479,000	375,200
Total Allocations to Participating Agencies	\$ <u>1,266,000</u>	\$ <u>1,233,700</u>

**United Way Galveston County Mainland
Schedule of Expenses - Budgeted vs. Actual
For the Year Ended December 31, 2023
With Comparative Totals for 2022**

	<u>2023</u>			<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under</u>	<u>Actual</u>
Expenses (Excluding Allocations and Grants)				
Salaries and Wages	\$ 265,000	\$ 295,377	\$ (30,377)	\$ 244,931
Employee Benefits	39,000	40,421	(1,421)	34,503
Payroll Taxes	25,000	34,675	(9,675)	15,832
Bank Charges	800	3,907	(3,107)	2,327
Campaign Expenses - Advertising	25,000	11,362	13,638	5,270
Campaign Expenses - General	25,000	15,112	9,888	35,466
Conferences, Conventions and Meetings	15,000	26,177	(11,177)	25,979
Community Awareness	12,000	7,895	4,105	8,540
Depreciation	-	28,591	(28,591)	25,031
Insurance	13,000	10,899	2,101	11,264
Information Technology	-	18,796	(18,796)	14,135
Membership Dues	30,000	23,759	6,241	30,016
Miscellaneous Expense	20,000	-	20,000	2,636
Occupancy Expense	24,000	14,314	9,686	17,590
Office Supplies	12,650	22,322	(9,672)	11,170
Postage and Shipping	250	451	(201)	220
Professional Fees	34,000	31,053	2,947	25,712
Repairs and Maintenance	6,500	51,121	(44,621)	31,365
Telephone	11,000	8,955	2,045	11,586
Total Expense	\$ <u>558,200</u>	\$ <u>645,187</u>	\$ <u>(86,987)</u>	<u>553,573</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 \$195,787 and \$67,557.33 for the years ended December 31, 2023 and 2022 respectively.

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 years ended December 31, 2023 and 2022, UWGCM advertising cost were \$11,362 and \$5,270, respectively.

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, 2023 or 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, 2023 and 2022 were \$586,026 and \$534,507 respectively.

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, 2023 and 2022 were \$1,266,067 and \$1,050,461 respectively.

Note 3 – Property and Equipment

Property and equipment and accumulated depreciation are as follows as of December 31, 2023 and December 31, 2022.

Description	2022 Balance	Additions	Deletions	2023 Balance
Land & Building	\$ 551,380	\$ 0	\$ 0	\$ 551,380
Furniture & Equipment	65,808	5,589	0	71,397
Vehicles	<u>32,843</u>	<u>0</u>	<u>0</u>	<u>32,843</u>
Total Fixed Assets	650,031	5,589	0	655,620
Less: Accum. Depr.	<u>(149,393)</u>	<u>(28,591)</u>	<u>0</u>	<u>(177,984)</u>
Net Fixed Assets	\$ <u>500,638</u>	\$ <u>(23,002)</u>	\$ <u>0</u>	\$ <u>477,636</u>

Depreciation expenses were \$28,591 and \$25,031 for the years ended December 31, 2023 and 2022 respectively.

Note 4 – Availability of Financial Assets

UWGCM's financial assets available within one year of the balance sheet date of December 31, 2023 for general expenditures are as follows:

Unrestricted Cash	\$1,524,036
Unconditional Promise to Give – Net of Allowance	1,114,361
Other Receivables	<u>2,710</u>
Total Financial Assets Available - Within One Year	\$ <u>2,641,107</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. As of December 31, 2023, those financial assets were as follows:

Financial Assets – December 31, 2023	\$2,641,107
Less: those unavailable for general expenditures within one year due to:	
Restriction by donor with purpose restriction	(1,266,067)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>1,375,040</u>

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

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 \$7,788 and \$14,596 to employee SEP/IRA plans for the years ended December 31, 2023 and 2022 respectively.

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 – 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 exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 by \$398,023 as of December 31, 2023. UWGCM's cash deposits did not exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 as of December 31, 2022.

Note 8 - Subsequent Events

In preparing these financial statements, events and transactions were evaluated for potential recognition or disclosure through August 27, 2024 which is the date the financial statements were available to be issued.