

UNITED WAY OF BRAZOS VALLEY, INC.

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of the Brazos Valley, Inc.

Opinion

We have audited the accompanying financial statements of United Way of the Brazos Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Brazos Valley, Inc. as of June 30, 2023, 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 of the Brazos Valley, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, United Way of the Brazos Valley, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The amendments in this update require businesses that lease assets to recognize on the balance sheets the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for private companies and private not-for-profit organizations for years beginning after December 15, 2021, with early adoption permitted.

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 of the Brazos Valley, 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, 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 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 of the Brazos Valley, 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 of the Brazos Valley, 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 Summarized Comparative Information

We have previously audited the United Way of the Brazos Valley, Inc. 2022 financial statements and our report dated December 1, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Thompson, Derrig & Craig, PC

THOMPSON, DERRIG & CRAIG, PC

January 2, 2024

UNITED WAY OF THE BRAZOS VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 543,761	\$ 675,561
Certificate of deposit	25,000	-
Restricted cash	36,069	17,430
Pledges receivable, net	356,215	410,853
Grants and other receivables	204,511	26,854
Total current assets	1,165,556	1,130,698
Fixed assets:		
Furniture and equipment	66,526	66,526
Leasehold improvements	17,975	17,975
Less accumulated depreciation	(60,365)	(52,501)
Total fixed assets	24,136	32,000
Other assets:		
Operating lease right-of-use asset	261,474	-
Total other assets	261,474	-
Total assets	\$ 1,451,166	\$ 1,162,698
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 17,571	\$ 3,036
Accrued expenses	45,187	17,991
Allocations (CC) payable	379,167	379,167
Donor designations (SECC) payable	211,536	251,337
Operating lease liabilities, current portion	61,042	-
Total current liabilities	714,503	651,531
Long-term liabilities:		
Operating lease liabilities, net of current portion	216,636	-
Total long-term liabilities	216,636	-
Total liabilities	931,139	651,531
NET ASSETS		
Without donor restrictions	334,421	355,045
With donor restrictions	185,606	156,122
Total net assets	520,027	511,167
TOTAL LIABILITIES AND NET ASSETS	\$ 1,451,166	\$ 1,162,698

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE BRAZOS VALLEY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
SUPPORT AND REVENUE				
Gross campaign results	\$ 460,267	\$ 543,847	\$ 1,004,114	\$ 933,674
Less - donor designations (SECC)	-	(332,022)	(332,022)	(337,183)
Less - provision for uncollectible pledges	(48,047)	(26,219)	(74,266)	(59,376)
Net campaign contributions	412,220	185,606	597,826	537,115
Information and referral (211) revenue	356,963	-	356,963	366,776
Employee Retention Credit	140,751	-	140,751	-
Other grants and contributions	6,049	-	6,049	107,428
Special events	212,969	-	212,969	230,544
Other income	1,172	-	1,172	1,376
Net assets released from restriction	156,122	(156,122)	-	-
Total support and revenue	<u>1,286,246</u>	<u>29,484</u>	<u>1,315,730</u>	<u>1,243,239</u>
EXPENSES				
Program services:				
Gross distributions to agencies	694,998	-	694,998	702,489
Less - net donor designations to agencies	(332,022)	-	(332,022)	(337,183)
Net allocations to agency programs	362,976	-	362,976	365,306
Direct services	602,816	-	602,816	584,935
Total program services	965,792	-	965,792	950,241
General and administrative	124,886	-	124,886	90,904
Fundraising	216,192	-	216,192	196,151
Total expenses	<u>1,306,870</u>	<u>-</u>	<u>1,306,870</u>	<u>1,237,296</u>
Change in net assets	(20,624)	29,484	8,860	5,943
Beginning net assets	355,045	156,122	511,167	505,224
Ending net assets	<u>\$ 334,421</u>	<u>\$ 185,606</u>	<u>\$ 520,027</u>	<u>\$ 511,167</u>

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE BRAZOS VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Program				Total	
	Community Impact	211 Information & Referral	G&A	Fundraising	2023	2022
Allocations to agencies, net	\$ 362,976	\$ -	\$ -	\$ -	\$ 362,976	\$ 365,306
Salaries and wages	131,346	207,933	22,226	96,892	458,397	437,161
Payroll taxes	11,159	17,837	1,660	8,918	39,574	39,549
Employee benefits	16,578	35,239	3,279	9,251	64,347	73,118
Rent	37,775	34,578	7,843	14,527	94,723	70,565
Utilities, insurance and taxes	3,504	4,171	4,971	1,297	13,943	14,441
Office expenses	2,489	2,528	7,574	1,805	14,396	10,210
Professional fees	17,400	16,950	11,450	-	45,800	42,657
Professional development	-	-	1,190	67	1,257	2,657
Contract services	-	8,853	37,424	-	46,277	23,017
Information technology	5,128	2,392	6,519	5,725	19,764	10,517
Advertising	-	594	307	9,987	10,888	2,077
Depreciation	3,136	2,871	651	1,206	7,864	7,717
Development & special events	4,209	-	34	63,774	68,017	62,141
Travel and mileage	462	307	2,695	961	4,425	3,570
Dues and subscriptions	11,624	955	16,973	-	29,552	41,134
Other programs	22,750	-	-	-	22,750	28,083
Miscellaneous expenses	48	-	90	1,782	1,920	3,376
Total expenses	\$ 630,584	\$ 335,208	\$ 124,886	\$ 216,192	\$ 1,306,870	\$ 1,237,296

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE BRAZOS VALLEY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 8,860	\$ 5,943
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,864	7,717
Change in operating assets and payables:		
Grants and other receivables	(177,657)	6,662
Pledges receivable, net	54,638	66,535
Operating lease right-of-use asset	(261,474)	-
Operating lease liabilities	277,678	-
Accounts payable	14,535	(9,491)
Accrued expenses	27,196	(1,482)
Allocations and donor designations payable	(39,801)	(30,100)
Net cash provided (used) by operating activities	(88,161)	45,784
Cash Flows from Investing Activities:		
Purchase of equipment	-	(5,400)
Net cash provided (used) by investing activities	-	(5,400)
Change in cash	(88,161)	40,384
Beginning cash	692,991	652,607
Ending cash	\$ 604,830	\$ 692,991

See independent auditor's report and notes to financial statements.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 1 – Overview of Organization

The United Way of the Brazos Valley, Inc. (UWBV or the Organization) is a not-for-profit corporation chartered in the State of Texas. The mission of UWBV is to bring the community together to find solutions that change lives by advancing education, financial stability and health. UWBV raises funds for its programs and services through pledges from individuals in the community, employee workplace contributions, corporate gifts, and foundation and government grants. The Organization is run by a volunteer board of directors made up of concerned local citizens, and has no stockholders or members.

UWBV conducts the State Employees Charitable Campaign (SECC), a program initiated by the State of Texas in 1994, in the Brazos Valley area. UWBV also facilitates the 2-1-1 Texas program servicing the Brazos Valley. 2-1-1 Texas is a free information and referral call center, connecting residents to community resources.

Note 2 – Summary of Significant Accounting Policies

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 2 – Summary of Significant Accounting Policies (continued)

statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Contributions and Campaigns

Contributions, including unconditional promises to give and grants, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If the donor restrictions are met in the same period as received, the amount is reported as an increase in net assets without donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

The annual community campaign (CC) is conducted throughout the fiscal year to raise support for payment of allocations to participating agencies in the subsequent fiscal year. Pledges are considered unconditional promises. These pledges, less an allowance for uncollectible accounts, are recorded as net assets with or without donor restrictions depending on the existence and nature of any donor restrictions.

The annual SECC is managed by UWBV and allows donors to choose to designate their contribution to be distributed to a specific organization. Those contributions are referred to as donor designations. The collection of these contributions and distributions to donor specified agencies are agency transactions in which United Way is acting as an intermediary. These transactions are included in the total campaign amounts raised on the statement of activities and then deducted as amounts raised on behalf of others before arriving at net campaign results.

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Restricted Cash

Restricted cash represents cash collected from SECC pledges but not yet paid in accordance with donor designations. The following table provides a reconciliation of cash, cash equivalents, and restricted cash, as reported on the statement of financial position, that equals the total cash as shown on the statement of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 543,761	\$ 675,561
Certificate of deposit	25,000	-
Restricted cash	<u>36,069</u>	<u>17,430</u>
Total cash	<u>\$ 604,830</u>	<u>\$ 692,991</u>

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fixed assets and depreciation

Purchased property and equipment is carried at cost. Donated property and equipment is stated at management's estimate of fair value at the date of receipt. Depreciation of property and equipment is computed over the estimated useful lives using the straight-line method. The cost of routine or annual maintenance and repairs is charged to expense as incurred, and significant improvements greater than \$1,500 are capitalized.

Donor Designations

Designations result from contributions by donors that are specifically directed to individual organizations and agencies. When received, these funds are distributed to the intended organizations, net of the administrative fee of approximately 10%.

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Pledges Receivable

Pledges receivable at June 30, 2023 and 2022 consist of pledges to UWBV as part of the CC, and pledges designated by donors for other charitable agencies or organizations as part of the SECC. The provision for uncollectible pledges is estimated based on UWBV's historical bad debt experience and on management's judgment. All pledges outstanding are expected to be received within one year.

Cash Equivalents

UWBV considers all demand deposits at financial institutions and all highly liquid debt instruments with original maturities of three months or less to be cash and cash equivalents.

New Accounting Standard

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued additional related ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The ASU and subsequent amendments also require disclosure of certain quantitative and qualitative information pertaining to the entity's leasing arrangements.

The Organization adopted these ASUs, effective July 1, 2022 and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under the prior lease guidance in FASB ASC 840.

The Organization elected the practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Organization also elected to apply the short-term lease exemption for all classes of underlying assets to exclude leases with a term of 12 months or less.

The adoption of the new standard had a material impact on the statement of financial position, but did not have a significant impact on the statement of activities, nor the statement of cash flows. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases. As a result of the adoption of the new standard, the Organization recognized on July 1, 2022 an operating lease right-of-use asset of \$317,046 and corresponding lease liability of \$336,989, as well as an increase in rent expense of \$16,204.

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Leases

UWBV is a lessee in an operating lease for its office space. The Organization determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when the terms of an existing contract are changed. Operating leases are included in operating lease right-of-use assets (ROU) as well as current and long-term lease liabilities.

The Organization recognizes an ROU asset and a lease liability at the commencement date of the lease. The ROU asset and lease liability is initially and subsequently recognized based on the present value of lease payments over the lease term. All fixed and variable non-lease components are expensed as incurred. The discount rate used to measure the ROU asset and lease liability represents the risk-free rate using a period comparable with that of the individual lease term on the commencement date of the lease. The lease cost for lease payments is recognized on a straight-line basis over the lease term.

Short-term leases with a term of 12 or fewer months are not reflected on the balance sheet, and costs are expensed as incurred. For the year ended June 30, 2023, the Organization incurred short-term lease costs of \$16,067.

Allocations

Allocations result from contributions by donors that are not specifically directed to individual organizations and agencies. These funds are allocated for distribution to various member agencies and programs based on need and other criteria deemed appropriate by the Board of Directors. Total allocations are accrued at the conclusion of each annual fundraising campaign when approved by the Board of Directors.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- All other expenses that cannot be directly identified are allocated using management's estimated percentage of the portions related to either program or supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Tax Status

UWBV is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in the accompanying financial statements. In addition, UWBV qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Note 3 – Liquidity and Availability

The following reflects the Organization’s financial assets as of June 30, 2023, reduced by amounts not available for general use within one year of the balance sheet date due to contractual or donor-imposed restrictions or internal designations:

Cash and cash equivalents	\$ 543,761
Certificate of deposit	25,000
Restricted cash	36,069
Pledges receivable, net	356,215
Grants and other receivables	204,511
Total financial assets	<u>\$ 1,165,556</u>
Less restrictions/designations:	
Campaign commitments (CC)	\$ (379,167)
Campaign commitments (SECC)	(211,536)
Funds with donor restrictions	(185,606)
Financial assets available for general expenditures within one year	<u>\$ 389,247</u>

As part of the Organization’s liquidity management plan, UWBV structures its financial assets to be available as general expenditures, liabilities and other obligations become due. Additionally, the Board of Directors established an operating reserve which may be drawn upon, as necessary, to meet unexpected liquidity needs.

Note 4 – Retirement Plan

UWBV offered a qualified retirement plan under Section 403(b) of the Internal Revenue Code until April 2023 when the Organization transitioned to individual Simple IRA accounts for all participating full-time and part-time employees. Full-time employees with at least one year of service are eligible for the employer match up to 3%. Employer contributions to employee retirement accounts totaled \$13,976 and \$16,809 for the years ended June 30, 2023 and 2022, respectively.

See independent auditor’s report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 5 – Pledges Receivable

Pledges receivable are shown net of an allowance for uncollectible pledges, as shown below:

As of June 30, 2022

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Community campaign (CC)	\$ 213,188	\$ 36,242	\$ 176,946
SECC	257,041	23,134	233,907
	<u>\$ 470,229</u>	<u>\$ 59,376</u>	<u>\$ 410,853</u>

As of June 30, 2023

	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Community campaign (CC)	\$ 228,795	\$ 48,047	\$ 180,748
SECC	201,686	26,219	175,467
	<u>\$ 430,481</u>	<u>\$ 74,266</u>	<u>\$ 356,215</u>

Note 6 – Leases

The Organization has an operating lease for its office space which has a remaining lease term of four years as of June 30, 2023. The lease also includes an option to extend an additional five years, however, the Organization is not certain that the option will be exercised, and therefore, the extension period was not included in the initial measurement of the lease.

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted average remaining lease term:	4 years
Weighted average discount rate:	2.88%

For the year ended June 30, 2023, operating lease costs totaled \$84,045, which are included as rent expense in the statement of functional expenses.

The following summarized cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 68,238

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 6 – Leases (continued)

The maturities of lease liabilities as of June 30, 2023 were as follows:

	2024	\$	68,238
	2025		68,238
	2026		68,238
	2027		68,238
	2028		22,746
			295,698
	Less imputed interest		(18,020)
			\$ 277,678

FASB ASC 840 disclosures for comparative year

Rent expense associated with operating leases was \$70,565 for the year ended June 30, 2022.

Minimum future lease payments required under the operating lease agreement that was in effect at June 30, 2022, are as follows:

	2023	\$	66,064
	2024		66,064
	2025		66,064
	2026		66,064
	2027		66,064
	2028		22,021
			\$ 352,340

Note 7 – Concentration of Credit Risk

UWBV maintains cash in a bank that at times exceeds the \$250,000 insured by the Federal Deposit Insurance Corporation. As of June 30, 2023 and 2022, the amount in excess of the insured limit was \$5,564 and \$13,484, respectively.

Note 8 – Restrictions on Net Assets

Net assets with donor restrictions as of June 30, 2023 and 2022, in the amount of \$185,606 and \$156,122, respectively, consist of both purpose-restricted and time-restricted contributions. The purpose-restricted contributions consist of funding received for future programs. The time-restricted contributions consist of amounts raised from SECC and retained by UWBV as both a recipient organization and to cover administrative costs associated with administering the campaign as well as pledges raised for the CC in 2023 related to the subsequent fiscal year.

See independent auditor's report.

UNITED WAY OF THE BRAZOS VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 8 – Restrictions on Net Assets (continued)

	2023	2022
Subject to expenditures for specified purpose:		
Books and a Blanket program	\$ 5,951	\$ 55,958
Ride2Health program	15,000	25,000
	20,951	80,958
Subject to expenditures after a specified time:		
SECC - UWBV proceeds and administrative fees	86,238	75,164
Community campaign (CC)	78,417	-
	164,655	75,164
Total net assets with donor restrictions	\$ 185,606	\$ 156,122

Note 9 – Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, eligible employers may apply for a refundable tax credit against the employer’s share of social security taxes, subject to certain criteria. In 2022, UWBV applied for the Employee Retention Credit (ERC), and on June 19, 2023, received notice from the Department of the Treasury Internal Revenue Service (IRS) that the Organization was due a refund of \$140,741 related to the tax credits. Subsequent to year end, on July 7, 2023, the Organization received payment for the total amount of the refund due.

For the year ended June 30, 2023, UWBV accrued the total ERC amount of \$140,741 as income on the statement of activities as well as grants and other receivables on the statement of financial position as of June 30, 2023. Additionally, \$35,563 in related expenses were accrued as contract services on the statement of functional expenses for the year ended June 30, 2023 as well as accrued expenses on the statement of financial position as of June 30, 2023.

Note 10 – Subsequent Events

On October 3, 2022, the Organization received notice from the IRS that a penalty of \$53,250 was levied related to the late submission of the Form 5500 (Annual Return/Report of Employee Benefit Plan) for the tax period ended June 30, 2021. The Organization appealed the fine, and subsequent to year-end, on July 3, 2023, the IRS removed the full amount of the penalty.

These financial statements considered subsequent events through January 2, 2024, the date the financial statements were available to be issued.

See independent auditor’s report.