UNITED WAY OF BRAZOS VALLEY, INC.

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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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, 2025, 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, 2025, 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.

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

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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. 2024 financial statements and our report dated February 14, 2025, 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, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Thompson, Derrig & Craig, P.C.

THOMPSON, DERRIG, & CRAIG, P.C.

April 7, 2026

UNITED WAY OF THE BRAZOS VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 172,901	$ 444,445
Certificate of deposit	161,749	25,840
Restricted cash	76,709	86,922
Pledges receivable, net	354,446	335,939
Grants and other receivables	65,057	58,469
Total current assets	830,862	951,615
Fixed assets:		
Furniture and equipment	66,526	66,526
Leasehold improvements	17,975	17,975
Less accumulated depreciation	(72,252)	(67,597)
Total fixed assets	12,249	16,904
Other assets:		
Operating lease right-of-use asset	145,086	204,171
Total other assets	145,086	204,171
Total assets	$ 988,197	$ 1,172,690
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 8,147	$ 8,198
Accrued expenses	8,515	12,439
Allocations (CC) payable	204,167	379,167
Donor designations (SECC) payable	287,821	252,350
Operating lease liabilities, current portion	64,657	62,824
Total current liabilities	573,307	714,978
Long-term liabilities:		
Operating lease liabilities, net of current portion	89,155	153,811
Total long-term liabilities	89,155	153,811
Total liabilities	662,462	868,789
NET ASSETS		
Without donor restrictions	177,302	169,373
With donor restrictions	148,433	134,528
Total net assets	325,735	303,901
TOTAL LIABILITIES AND NET ASSETS	$ 988,197	$ 1,172,690

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, 2025
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
SUPPORT AND REVENUE				
Gross campaign results	$ 321,760	$ 570,041	$ 891,801	$ 987,048
Less - donor designations (SECC)	-	(430,050)	(430,050)	(404,183)
Less - provision for uncollectible pledges	12,131	41,624	53,755	(29,617)
Net campaign contributions	333,891	181,615	515,506	553,248
Information and referral (211) revenue	377,968	-	377,968	368,556
Other grants and contributions	53,264	-	53,264	2,963
Special events	193,789	-	193,789	190,190
Other income	11,882	-	11,882	5,339
Net assets released from restriction	167,710	(167,710)	-	-
Total support and revenue	1,138,504	13,905	1,152,409	1,120,296
EXPENSES				
Program services:				
Gross distributions to agencies	623,771	-	623,771	807,460
Less - net donor designations to agencies	(430,050)	-	(430,050)	(404,183)
Net allocations to agency programs	193,721	-	193,721	403,277
Direct services	692,267	-	692,267	671,057
Total program services	885,988	-	885,988	1,074,334
General and administrative	86,572	-	86,572	86,973
Fundraising	158,015	-	158,015	175,115
Total expenses	1,130,575	-	1,130,575	1,336,422
Change in net assets	7,929	13,905	21,834	(216,126)
Beginning net assets	169,373	134,528	303,901	520,027
Ending net assets	$ 177,302	$ 148,433	$ 325,735	$ 303,901

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, 2025
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024

	Program				Total	
	Community Impact	211 Information & Referral	G&A	Fundraising	2025	2024
Allocations to agencies, net	$ 193,721	$ -	$ -	$ -	$ 193,721	$ 403,277
Salaries and wages	140,544	234,767	25,161	73,702	474,174	450,244
Payroll taxes	11,139	19,058	118	5,870	36,185	39,489
Employee benefits	21,472	38,612	213	10,116	70,413	63,513
Rent	28,564	25,812	6,832	11,615	72,823	75,762
Utilities, insurance and taxes	4,452	5,168	4,598	1,577	15,795	14,915
Office expenses	2,958	950	6,930	1,543	12,381	11,405
Professional fees	18,338	19,725	12,688	-	50,751	50,046
Professional development	2,417	599	(91)	810	3,735	2,417
Contract services	-	9,840	265	1,500	11,605	12,655
Information technology	4,258	6,738	10,208	3,102	24,306	26,544
Depreciation	1,826	1,650	437	742	4,655	7,232
Development & special events	4,330	-	-	46,096	50,426	51,117
Travel and mileage	1,302	577	283	687	2,849	4,560
Dues and subscriptions	13,582	4,121	16,473	-	34,176	33,576
Other programs	69,202	-	-	-	69,202	87,262
Miscellaneous expenses	266	-	2,457	655	3,378	2,408
Total expenses	$ 518,371	$ 367,617	$ 86,572	$ 158,015	$ 1,130,575	$ 1,336,422

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, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$ 21,834	$ (216,126)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,655	7,232
Change in operating assets and payables:		
Grants and other receivables	(6,588)	146,042
Pledges receivable, net	(18,507)	20,276
Operating lease right-of-use asset	59,085	57,303
Operating lease liabilities	(62,823)	(61,043)
Accounts payable	(51)	(9,373)
Accrued expenses	(3,924)	(32,748)
Allocations and donor designations payable	(139,529)	40,814
Net cash provided (used) by operating activities	(145,848)	(47,623)
Change in cash	(145,848)	(47,623)
Beginning cash	557,207	604,830
Ending cash	$ 411,359	$ 557,207

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

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.

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.

Fair Value of Financial Instruments

The carrying amounts of cash equivalents, certificates of deposit, receivables and current liabilities approximate fair value because of the short maturity of those instruments.

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.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

	2025	2024
Cash and cash equivalents	$ 172,901	$ 444,445
Certificate of deposit	161,749	25,840
Restricted cash	76,709	86,922
Total cash	$ 411,359	$ 557,207

Pledges Receivable

The pledges receivable balance as of June 30, 2025 and 2024 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 credit loss experience, management's judgment regarding collectability and subsequent collections. All pledges outstanding are expected to be received within one year.

Fixed Assets and Depreciation

Purchased property and equipment is carried at cost. Donated property and equipment is recognized 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 as shown in the table below. The cost of routine or annual maintenance and repairs is charged to expense as incurred, and significant improvements greater than $1,500 are capitalized.

Furniture and equipment	3 - 7 years
Leasehold improvements	15 years

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 years ended June 30, 2025 and 2024, the Organization incurred short-term lease costs of $13,468 and $16,718, respectively.

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 it 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 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.

Contributions and Campaigns

Contributions, including unconditional promises to give, are recognized when received. Grant contracts for cost reimbursements are recognized when the associated activities are performed and qualified expenses are incurred. 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

<u>Revenue Recognition</u>

UWBV receives revenues from fundraising events held during the fiscal year in the form of auction proceeds. Special event revenue is earned from the transfer of goods or services to attendees at the event. For the year ended June 30, 2025, the Organization recognized $17,865 in program service revenue related to special events.

<u>Allocations</u>

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.

<u>Donor Designations</u>

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%.

<u>Expense Recognition and Allocation</u>

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:

Note 2 – Summary of Significant Accounting Policies (continued)

- Salaries and wages, benefits, and payroll taxes are allocated based on estimates of time spent by key personnel on the related activities.

- 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.

The bases on which costs are allocated are evaluated periodically when new space or programs are added. 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.

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, 2025, 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	$	172,901
Certificate of deposit		161,749
Restricted cash		76,709
Pledges receivable, net		354,446
Grants and other receivables		65,057
Total financial assets	$	830,862
Less restrictions/designations:		
Campaign commitments (CC)	$	(204,167)
Campaign commitments (SECC)		(287,821)
Funds with donor restrictions		(148,433)
Financial assets available for general expenditures within one year	$	190,441

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 offers 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 $9,243 and $9,314 for the years ended June 30, 2025 and 2024, respectively.

Note 5 – Pledges Receivable

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

As of June 30, 2024

	Gross	Allowance	Net
Community campaign (CC)	$ 230,420	$ 59,909	$ 170,511
SECC	209,402	43,974	165,428
	$ 439,822	$ 103,883	$ 335,939

As of June 30, 2025

	Gross	Allowance	Net
Community campaign (CC)	$ 191,112	$ 47,778	$ 143,334
SECC	213,462	2,350	211,112
	$ 404,574	$ 50,128	$ 354,446

Note 6 – Leases

The Organization has an operating lease for its office space which has a remaining lease term of two years as of June 30, 2025. 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, 2025 and 2024:

	2025	2024
Weighted average remaining lease term:	2 years	3 years
Weighted average discount rate:	2.88%	2.88%

For the years ended June 30, 2025 and 2024, operating lease costs totaled $64,103 and $64,101, respectively, which are included as rent expense in the statement of functional expenses.

Note 6 – Leases (continued)

The following summarizes cash flow information related to the lease for the years ended June 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 68,238	$ 68,238

The maturities of lease liabilities as of June 30, 2025 were as follows:

2026	68,238
2027	68,238
2028	22,746
	159,222
Less imputed interest	(5,410)
	$ 153,812

Note 7 – Concentrations

At various times in the course of a year, the amount of cash on deposits with banks exceeds the FDIC insured limit of $250,000. The Organization has not experienced any losses in connection with these accounts and believes it is not exposed to any significant credit risk on cash.

For the years ended June 30, 2025 and 2024, approximately 91% and 93% of SECC campaign pledges were from the Texas A&M University System, respectively.

Note 8 – Restrictions on Net Assets

Net assets with donor restrictions as of June 30, 2025 and 2024, in the amount of $148,433 and $134,528, 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 2025 related to the subsequent fiscal year.

Note 8 – Restrictions on Net Assets (continued)

	2025	2024
Subject to expenditures for specified purpose:		
Books and a Blanket program	$ -	$ 6,104
Atmos utility assistance grant	6,818	-
	6,818	6,104
Subject to expenditures after a specified time:		
SECC - UWBV proceeds and administrative fees	84,115	63,522
Community campaign (CC)	57,500	64,902
	141,615	128,424
Total net assets with donor restrictions	$ 148,433	$ 134,528

Note 9 – Subsequent Events

Effective in January 2026, UWBV transferred administration of the SECC campaign to United Way of Texas and no longer obtains pledges or receives payments related to the State campaign.

These financial statements considered subsequent events through April 7, 2026, the date the financial statements were available to be issued.