

UNITED WAY OF SOUTHERN CAMERON COUNTY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

June 30, 2022

Independent Auditors' Report

To the Board of Directors of
United Way of Southern Cameron County

Opinion

We have audited the accompanying financial statements of United Way of Southern Cameron County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and changes in net assets, 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 Southern Cameron County as of June 30, 2022, and the results of its operations, changes in its net assets, its cash flows, and its functional expenses 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southern Cameron County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Southern Cameron County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 of Southern Cameron County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southern Cameron County's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the United Way of Southern Cameron County's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
September 12, 2022

FINANCIAL STATEMENTS

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

	2022			2021 (Memorandum)
	Without Donor Restrictions	With Donor Restrictions	Total	
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,427,153	\$ 1,651	\$ 2,428,804	\$ 6,492,615
Investments	4,159,880	-	4,159,880	706,568
Pledges receivable, net	135,766	-	135,766	134,474
Grants receivable	1,000	41,212	42,212	31,520
Other receivable	1,815	-	1,815	1,046
Prepaid expenses	1,688	-	1,688	1,774
Interfund	(430,911)	430,911	-	-
Total current assets	6,296,391	473,774	6,770,165	7,367,997
LAND, BUILDING & EQUIPMENT, NET	427,498	-	427,498	434,620
Total assets	\$ 6,723,889	\$ 473,774	\$ 7,197,663	\$ 7,802,617

LIABILITIES AND NET ASSETS

	2022			2021 (Memorandum)
	Without Donor Restrictions	With Donor Restrictions	Total	
CURRENT LIABILITIES				
Agency allocations payable	\$ 547,849	\$ -	\$ 547,849	\$ 492,713
Other payables	45,978	818	46,796	8,475
Total current liabilities	593,827	818	594,645	501,188
NET ASSETS				
Without donor restrictions - board designated	638,502	-	638,502	644,326
Without donor restrictions - undesignated	5,491,560	-	5,491,560	6,199,592
With donor restrictions	-	472,956	472,956	457,511
Total net assets	6,130,062	472,956	6,603,018	7,301,429
Total liabilities and net assets	\$ 6,723,889	\$ 473,774	\$ 7,197,663	\$ 7,802,617

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2022

	2022			2021 (Memorandum)
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND OTHER SUPPORT:				
Campaign support:				
Gross campaign pledges	\$ 583,190	\$ -	\$ 583,190	\$ 681,664
Provision for uncollectible pledges	7,822	-	7,822	(78,429)
Total campaign support	591,012	-	591,012	603,235
Grant income	70,000	534,115	604,115	6,532,909
Sponsorships	10,500	-	10,500	18,500
Special event income	11,786	-	11,786	10,550
In-kind revenue	122,989	-	122,989	115,715
Interest income	7,326	-	7,326	10,538
Rental income	12,000	-	12,000	12,000
Other income	24,347	5,650	29,997	91,303
PPP loan forgiveness	-	-	-	112,300
Net assets released from restrictions	524,320	(524,320)	-	-
Total revenues, gains and other support	1,374,280	15,445	1,389,725	7,507,050
EXPENSES BY PROGRAM:				
Health	501,818	-	501,818	1,508,628
Income	643,882	-	643,882	506,140
Education	337,404	-	337,404	422,594
Community investment	2,204	-	2,204	2,286
Total expenses by program	1,485,308	-	1,485,308	2,439,648
SUPPORT SERVICES:				
Fundraising expense	105,812	-	105,812	121,210
Management and general expenses	128,010	-	128,010	70,687
Total expenses	1,719,130	-	1,719,130	2,631,545
Operating (loss) gain	(344,850)	15,445	(329,405)	4,875,505
Nonoperating revenue and (expenses)				
Unrealized loss on investment	(341,931)	-	(341,931)	-
Investment income	33,182	-	33,182	-
Investment expense	(4,643)	-	(4,643)	-
Donation refund	(55,614)	-	(55,614)	-
Change in net assets	(713,856)	15,445	(698,411)	4,875,505
Net assets at beginning of year	6,843,918	457,511	7,301,429	2,425,924
Net assets at end of year	<u>\$ 6,130,062</u>	<u>\$ 472,956</u>	<u>\$ 6,603,018</u>	<u>\$ 7,301,429</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program Services				Support Services		2022 Total	2021 (Memorandum)
	Health	Income	Education	Community Investment	Fundraising	Management and General		
Salaries	\$ 123,106	\$ 180,101	\$ 50,467	\$ -	\$ 48,069	\$ 67,586	\$ 469,329	\$ 564,718
United Against Hunger FD Workers	21,685	-	-	-	-	-	21,685	673,145
Fringe benefits	12,193	38,310	10,763	-	14,724	26,582	102,572	106,221
Administration	25,401	59,627	11,046	-	6,786	2,679	105,539	180,604
Depreciation	8,780	10,921	3,060	-	2,915	4,099	29,775	29,138
Insurance	574	3,888	4,205	-	2,227	839	11,733	9,179
Books	-	-	-	-	-	-	-	48
Volunteer incentives	540	5,200	-	-	560	-	6,300	10,953
Subgrants	123,030	-	-	-	-	-	123,030	70,000
Grant expenses-other	-	-	-	-	-	-	-	2,500
COVID-19 Expenses	2,982	-	-	-	-	-	2,982	233,500
Community investment activities	-	-	-	54	-	-	54	-
Program Eexpense	3,767	120	-	-	-	-	3,887	-
Technology	684	4,626	5,005	900	2,651	3,213	17,079	21,687
Training	805	203	219	1,250	117	150	2,744	3,245
Professional fees	5,412	77,420	10,292	-	5,451	8,608	107,183	99,228
Memberships	3,010	20,367	22,037	-	11,671	14,147	71,232	17,460
Campaign	-	-	-	-	10,577	-	10,577	40,614
Board expenses	16	110	119	-	64	107	416	56
Agency allocations	165,500	120,000	220,000	-	-	-	505,500	446,594
Indirect allocation	4,333	-	191	-	-	-	4,524	6,940
In-kind expenses	-	122,989	-	-	-	-	122,989	115,715
Total expenses	\$ 501,818	\$ 643,882	\$ 337,404	\$ 2,204	\$ 105,812	\$ 128,010	\$ 1,719,130	\$ 2,631,545

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF CASH FLOWS
Year ended June 30, 2022

	2022	2021 (Memorandum)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(698,411)	\$ 4,875,505
Adjustments to reconcile change in net assets to net cash (used in) provided operating activities		
Depreciation expense	29,775	29,138
Bad debt (recoveries) expense	(7,822)	78,429
Unrealized loss on investments	341,931	-
PPP loan forgiveness	-	(112,300)
Changes in operating assets and liabilities:		
Pledges receivable	6,530	75,421
Grants receivable	(10,692)	25,980
Other receivable	(769)	1,973
Prepaid expenses	86	-
Agency allocations payable	55,136	1,241
Other payables	38,321	(45,527)
	(245,915)	4,929,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(22,653)	(4,941)
Proceeds from sales of investments	123,512	-
Purchases of investments	(3,917,144)	-
Interest reinvested	(1,611)	(3,127)
Redemption of investments	-	313,679
	(3,817,896)	305,611
Net (decrease) increase in cash, cash equivalents and restricted cash	(4,063,811)	5,235,471
Cash, cash equivalents and restricted cash at beginning of year	6,492,615	1,257,144
Cash, cash equivalents, and restricted cash at the end of the year	\$ 2,428,804	\$ 6,492,615

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities and Basis of Presentation

The United Way of Southern Cameron County (“Organization”) is a non-profit tax-exempt organization whose purpose is to “improve lives by mobilizing the caring power of communities to advance the common good.” The Organization was originally founded in 1955 as the United Fund of Brownsville, and later in 1993 adopted the name United Way of Southern Cameron County and extended its efforts to the following communities located in Cameron County, Texas; cities of Los Fresnos, Port Isabel, Laguna Vista and South Padre Island.

The Organization concentrates its efforts of improving the lives of those within the community with four major initiatives: 1) Health – improving people’s health, 2) Income – promoting financial stability and independence, 3) Education – helping children and youth achieve their potential, 4) Community Investment – efforts to address the community’s needs and the potential for impact.

The Organization’s financial statements are presented in accordance with ASC Topic 958 “Not-for-Profit Entities”, in which net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time. See Note F for more information composition of net assets with donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. See Note H for more information composition of net assets with donor restrictions.

2. Revenue Recognition

The Organization derives its revenue from pledges, grants and other sources.

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”).

Campaign contributions are received as donations or promises to give in the form of pledges. Contributions arise from fundraising efforts conducted by the Organization and volunteers from the community. Contributions with restrictions that are more specific than the broad limits of the nature, purpose, and overall environment of the Organization are classified as donor restrictions until such restrictions are fulfilled or released by the passage of time.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Revenue Recognition- Continued

Grant revenue is recognized as either conditional or unconditional contributions. Unconditional grant funds are recognized as revenue when received. Conditional grant funds are recognized as revenue when conditions have been satisfied or fulfilled. Funds from conditional grants received in advance are recorded as deferred revenue until conditions of recognition are satisfied.

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash on hand and in financial institutions as well as all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

4. Investments

Investments in securities with readily determinable fair values are recorded in investments in the statement of financial position, with changes in fair value recognized in unrealized loss on investments in the statement of activities and changes in net assets in accordance with FASB ASU 2016-01, “Financial Instruments – Overall”. In addition, investments in CD’s with initial maturity greater than three months are carried at approximately their fair value.

5. Pledges Receivable

Pledges, less an estimated allowance for uncollectible amounts, are recorded as receivables in the year made. The allowance for uncollectible pledges is based upon actual collections from previous campaigns. Allowance for uncollectible pledges totaled \$34,154 at June 30, 2022.

6. Land, Building and Equipment

Land, building and equipment is recorded at historical cost. Depreciation is calculated using the straight-line method over the following useful lives:

Computer equipment	3 - 5 years
Office equipment	5 - 7 years
Software	3 - 5 years
Buildings and improvements	15 - 39 years

Management reviews assets carrying amounts whenever amounts or circumstances indicate that such carrying amounts may not be revocable. When considered impaired, the carrying amount of the asset is reduced by charge to the statement of activities and changes in net assets. No impairments were recognized for the year ended June 30, 2022.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Fair Value of Financial Instruments

ASC Topic 820, “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is described as follows:

Level 1: Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability.

Investments are classified within the Level 1 and Level 2 of the calculation hierarchy. See Note D for classifications of investments. The carrying amount of cash and cash equivalents, pledges receivable, net, grants receivable, other receivables, prepaid expenses, agency allocations and other payables approximate fair value due to the relative short-term nature of these instruments.

8. Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

The Organization’s Forms 990, *Return of Organization exempt from Income Tax*, for the years ended 2019, 2020, and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. However, the Organization is not currently under audit nor has the Organization been contacted by its jurisdiction.

The Organization follows FASB ASC Topic 740, “Income Taxes”, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and there is no likelihood a material tax assessment would be made if government agency examined tax returns to audit. Accordingly, no provisions for the effects of uncertain tax positions have been recorded.

9. Donated Assets and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at the date of donation. The Organization reports the donations as unrestricted direct support, unless explicit donor stipulations specify how the donated assets must be used and gifts, cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

9. Donated Assets and Services - Continued

Donated services that do not either require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements as the value cannot be reasonably estimated.

For the year ended June 30, 2022, the Organization recognized donated services of \$122,989 and are reported within revenues and expenses on the Statement of Activities and Changes in Net Assets.

10. Program Services

The Organization awards grants to other non-profit organizations within the community with the net distribution reported as agency allocations on the statement of functional expenses. The grantees are required to submit applications and comply with grant guidelines established by the community investment team of the Organization.

Program service expenditures are allocated among these four major internal initiatives of the Organization which are health, income, education and community investment. Each program is funded by a combination of unrestricted contributions and grant funds. Grant funds are received from private foundations, public entities and government agencies.

11. Supporting Services

General and Administrative

This supporting service category includes the functions necessary to secure proper administrative functioning of the Organization's governing board, maintain an adequate working environment, and manage financial responsibilities of the Organization.

Fundraising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support for the Organization's own operations.

12. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Organization's most significant estimate is the allowance for uncollectible pledges.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

13. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

14. Functional Allocation of Expenses

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative cost that benefit multiple functional areas have been allocated across programs and other supporting services based on the proportion of time engaged in work related to multiple functional areas.

NOTE B – LIQUIDITY AND AVAILABILITY

The Organization manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and grants to cover the programs that are being conducted. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

The following reflects the Organization’s financial assets as of June 30, 2022 expected to be available within one year to meet cash needs for general expenditures:

Cash and cash equivalents	\$	2,428,804
Pledges receivable, net		135,766
Grants receivable		42,212
Other receivable		1,815
Investments		4,159,880
Total financial assets, at year end		6,768,477
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purposed restrictions	(473,774)
Agency allocation payable	(547,849)
Financial assets available to meet cash need for general expenditures within one year	\$	5,746,854

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE C – PLEDGES RECEIVABLE

Pledges receivable and the allowance for uncollectible pledges consisted of the following at June 30, 2022:

Gross pledges receivable	\$	169,920
Less allowance for uncollectible pledges	(<u>34,154)</u>
 Total pledges receivable	 \$	 <u><u>135,766</u></u>

NOTE D – INVESTMENTS

The Organization’s investments are reported at fair value in the accompanying statement of financial position. Investments consisted of the following at June 30, 2022:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1 Measurement	Level 2 Measurement	Level 3 Measurement
Mutual funds	3,451,701	3,451,701	-	-
Certificates of deposit maturing between September 2022 and May 2023	<u>708,179</u>	<u>\$ -</u>	<u>\$ 708,179</u>	<u>\$ -</u>
	<u><u>4,159,880</u></u>	<u><u>\$ 3,451,701</u></u>	<u><u>\$ 708,179</u></u>	<u><u>\$ -</u></u>

NOTE E – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30, 2022:

Computer equipment	\$	96,319
Office equipment		62,236
Software		79,754
Buildings and improvements		<u>517,799</u>
		756,108
Less: accumulated depreciation	(<u>488,860)</u>
		267,248
Land		154,000
Work in process		<u>6,250</u>
 Total land, building and equipment	 \$	 <u><u>427,498</u></u>

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE E – LAND, BUILDING AND EQUIPMENT– Continued

Depreciation expense totaled \$29,775 for the year ended June 30, 2022 which is included in the statement of functional expenses in the administration account.

NOTE F – BOARD DESIGNATED FUNDS

The Organization established a contingency fund in June 1985 to provide a source of funds in the event a future campaign goal, net of expenses, is not achieved. The fund is to be distributed in a manner to be determined by the Board of Directors.

Board designated funds consisted of the following at June 30, 2022:

Contingency	\$	566,396
VITA Emergency funds		33,550
United Against Hunger		30,000
Kaboom		6,052
Summer Initiative		2,504
		2,504
	\$	638,502

NOTE G – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, custodial funds and investments held at creditworthy financial institutions. The majority of financial investments are held in trust in the name of the Organizations which protects against credit risk of the financial institution holding the investments. There is also a limited credit risk associated with contributions, and accounts receivable. The credit risk with respect to receivables is limited because the Organization deals with a large number of members, donors and customers.

The Organization maintains its cash in financial institutions located in Brownsville, Texas. Balances in accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, bank balances may exceed insured limits set by the FDIC. Balance at risk not covered by the FDIC at June 30, 2022 totaled \$1,725,384. The Organization has entered into a repurchase agreement with IBC Bank whereby an established sweep deposit account is invested in certain direct obligations of the United States Government or one of its Agencies. The repurchase agreement is not covered by FDIC deposit insurance. However, IBC Bank by agreement has unconditionally promised to repurchase the repurchase obligation. The balance of the sweep deposit account totaled \$1,717,887 at June 30, 2022, and is included in cash and cash equivalents in the statement of net position. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE G – CONCENTRATIONS OF CREDIT RISK – Continued

The Organization maintains a portion of its investments with a brokerage firm in Brownsville, Texas that is a Securities Investor Protection Corporation (SIPC) member, which protects against the loss of cash and securities held in a client accounts of a SIPC member firm in the event of the member’s insolvency and liquidation. SIPC coverage is limited to \$500,000 per customer, including up to \$250,000 for cash. SIPC coverage is not the same as, nor is it a substitute for, FDIC deposit insurance; securities purchased through the financial institution are not FDIC-insured. The brokerage firm also has additional coverage beyond the SIPC coverage. In which, they provide an additional coverage above the SIPC limits for any missing securities and cash in investment accounts up to a firm aggregate limit of \$1 billion, including up to \$1.9 million in cash per client. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its investments.

NOTE H – NET ASSETS – WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes at June 30, 2022:

Health program	\$ 70,041
Income program	323,838
Education program	75,742
Community program	<u>3,335</u>
 Total donor restricted net assets	 <u><u>\$ 472,956</u></u>

NOTE I – PROGRAM ALLOCATIONS

Program allocations consisted of the following for the year ending June 30, 2022:

Tip of Texas Family Outreach	\$ 38,000
Los Fresnos Boys & Girls Club	45,000
Cameron County Children's Advocacy Center	27,000
Friendship of Women	30,000
Moody Clinic	45,500
Ozanam Center	40,000
Proyecto Juan Diego	57,500
Community Development Corporation of Brownsville	25,000
Communities in Schools Camron County	40,000
Guadalupe Regional Middle School	7,500
Laguna Madre Youth Center	20,000
Garriga Elementary	25,000
Good Neighbor Settlement House	25,000
Derry Elementaty	25,000
La Puerta	25,000
Valley Initiative for Development and Advancement	<u>30,000</u>
 Total program allocations	 <u><u>\$ 505,500</u></u>

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS – CONTINUED
June 30, 2022

NOTE J – LEASES

The Organization renewed their lease for the use of office equipment in June 2021 with monthly lease payments of \$530 starting July 2021 through June 2024.

Lease expense totaled \$6,360 for the year ended June 30, 2022 which is included in the statement of functional expenses in the administration account.

Future minimum lease payments are as follows:

<u>Year ended June 30,</u>	
2023	\$ 6,360
2024	<u>6,360</u>
Total minimum lease payments	<u><u>\$ 12,720</u></u>

NOTE K – UNCERTAINTIES

The United States and global markets experienced significant fluctuation in value resulting from uncertainty caused by the world-wide COVID-19 pandemic and now the effects of the turmoil with Russia and Ukraine. The ultimate impact of these events on the Organization’s operations, if any, cannot be reasonably determined.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 12, 2022, the date these financial statements were available to be issued.