



**Audited Annual  
Financial Report**

**Year Ended December 31, 2019**

**Oscar R. Gonzalez, CPA & Associates, PLLC  
Certified Public Accountants**

**UNITED WAY OF SOUTH TEXAS, INC.**  
Audited Annual Financial Report  
For the Year Ended December 31, 2019

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**UNITED WAY OF SOUTH TEXAS, INC.**

DECEMBER 31, 2019

**BOARD OF DIRECTORS**

**EDNA GARCIA**  
Board Chair

**CHRIS JULIAN**  
Community Relations Chair

**JEANETTE AHLENIUS**  
Community Relations  
Co- Chair

**LEE JONES**  
Past Board Chair

**LISA KILLION**  
Campaign Chair

**D'UANDRE DRAIN**  
Campaign Co-Chair

**TYLER STONE**  
Finance Co-Chair

**FIDENCIO MERCADO**  
Fund Distribution Co-Chair

**PAOLA E. CASTILLO**  
Fund Distribution Co-Chair

**BLANCA I. VILLALOBOS**  
Finance Co-Chair

**ELVIRA I. ALONZO**  
Board Member

**DR PRISCILLA CANALES**  
Board Member

**LISA GARZA**  
Board Member

**MICHELLE QUIROZ**  
Board Member

**LARRY C. GONZALEZ**  
Board Member

**ROBERT ROSELL**  
Board Members

**GERARDO PAZ**  
Board Member

**LILLY LOPEZ-KILLELEA**  
President &  
Chief Professional Officer

## **FINANCIAL SECTION**



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Oscar R. González  
Melissa González

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Way of South Texas, Inc.  
McAllen, Texas

We have audited the accompanying financial statements of United Way of South Texas, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of South Texas, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Oscar R. Gonzalez, CPA & Associates PLLC*

Oscar R. Gonzalez, CPA & Associates, PLLC  
Certified Public Accountants  
Pharr, Texas

September 4, 2020

# **FINANCIAL STATEMENTS**

**UNITED WAY OF SOUTH TEXAS, INC.**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	2019	Total
<b>Assets</b>		
Cash and Cash Equivalents	\$ 819,740	\$ 819,740
Investments-Certificates of Deposit	839,593	839,593
Accounts Receivable	4,998	4,998
Unconditional Promise to Give:		
Contribution Receivable	1,557,756	1,557,756
Prepaid Expenses	91,912	91,912
Cash - Restricted	57,923	57,923
Property and Equipment	1,680,452	1,680,452
<b>Total Assets</b>	<b>\$ 5,052,374</b>	<b>\$ 5,052,374</b>
<b>Liabilities</b>		
Accounts Payable	\$ 81,927	\$ 81,927
Accrued Liabilities	2,704	2,704
Deferred Revenue	3,000	3,000
Due to Partners	-	-
Due to Agencies - From Restricted Sources	158,052	158,052
<b>Total Liabilities</b>	<b>\$ 245,683</b>	<b>\$ 245,683</b>
<b>Net Assets</b>		
Without Donor Restrictions	3,520,398	3,520,398
With Donor Restrictions	1,286,293	1,286,293
<b>Total Net Assets</b>	<b>4,806,691</b>	<b>4,806,691</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,052,374</b>	<b>\$ 5,052,374</b>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>Revenues and Gains</b>		
Contributions	\$ 141,008	\$ 141,008
Program Service Fees	5,539	5,539
Interest	7,691	7,691
In-Kind Contributions	361,407	361,407
<b>Total Revenues and Gains</b>		
<b>Without Donor Restrictions</b>	515,645	515,645
Net Assets Released from Restrictions		
Restrictions Satisfied by Expenditures Incurred	1,879,640	1,879,640
<b>Total Net Assets Released from Restrictions</b>	1,879,640	1,879,640
<b>Total Revenue, Gains, and Other</b>		
<b>Support Without Donor Restrictions</b>	2,395,285	2,395,285
<b>Equity Transfers</b>	-	-
<b>Expenses</b>		
Program Services	2,127,184	2,127,184
Support Services		
Management and General Administrative	172,686	172,686
Fund-Raising	276,704	276,704
<b>Total Expenses</b>	2,576,574	2,576,574
<b>Increase (Decrease) in Net Assets</b>		
<b>Without Donor Restrictions</b>	(181,289)	(181,289)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions		
Campaign Pledges	1,831,140	1,831,140
Grants	48,500	48,500
Net Assets Released from Restrictions	(1,879,640)	(1,879,640)
<b>Increase (Decrease) in Net Assets</b>		
<b>With Donor Restrictions</b>	-	-
Equity Transfer	-	-
<b>Change in Net Assets</b>	(181,289)	(181,289)
<b>Net Assets, Beginning of Year</b>	4,883,420	4,883,420
Prior Period Adjustment	104,560	104,560
<b>Total Net Assets, End of Year</b>	\$ 4,806,691	\$ 4,806,691

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets		\$ (181,289)
Adjustments to Reconcile Change in Net Assets to Cash from Operating Activities		
Depreciation		49,105
Changes in Assets and Liabilities		
Accounts Receivable	41,800	
Contributions Receivable	(25,640)	
Prepaid Expenses	6,059	
Accounts Payable	(16,503)	
Accrued Compensation Expenses	(8,472)	
Deferred Revenue	(17,898)	
Due to Agencies - From Restricted Sources	125,197	
		104,543
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		<b>(27,642)</b>

**CASH FLOW FROM INVESTMENT ACTIVITIES:**

Purchase of Capital Assets	(4,914)	
Purchase of Investments	(206,583)	
Interest Received	7,691	
		<b>(203,806)</b>

**CASH FLOW FROM FINANCING ACTIVITIES:**

<b>NET CHANGE IN CASH</b>		(231,448)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR - RESTATED</b>		1,109,111
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>\$ 877,663</b>

The accompanying notes are an integral part of these financial statements.

# **NOTES TO FINANCIAL STATEMENTS**

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

The accounting policies of the United Way of South Texas, Inc. (UWST, INC.) are based on accounting principles generally accepted in the United States of America. A summary of the significant accounting and reporting policies consistently applied in the preparation of the accompanying financial statements follows.

The following is a summary of the more significant policies.

**Description of the Entity**

The Hidalgo County United Way (HCUW) was incorporated as a nonprofit, charitable organization on May 1, 1979. The purpose of HCUW was to aid the local community in funding qualifying exempt organizations which provide human services needed throughout the community. HCUW's name was changed to the United Way of South Texas, Inc. (UWST, INC.) in 1998.

UWST, INC. has both individual and institutional members. Individual members serve without compensation and are to number between 18 and 24. They are elected by the Board of Directors and serve for no more than two consecutive three-year terms. Eight members of the Board constitute a quorum. Institutional members are those who apply for support and meet and agree to abide in accordance with the minimum standards and rules of conduct for agencies supported by UWST, INC.

UWST, INC. is funded by contributions pledged by businesses and their employees primarily through voluntary payroll deductions. The ability to raise support and revenues is dependent upon the ability of the citizens in the community to contribute and the quality of services provided by its agencies. Therefore, contributions are dependent upon various factors, such as economic growth, which affect the community as a whole.

**Basis of Presentation**

The financial statements of the UWST, INC. have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned and or incurred.

**Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, the UWST, INC. considers all highly liquid investments with an original maturity of the three months or less to be cash equivalents.

**Investments**

The objectives of the investment policy of UWST, INC. are to preserve capital, assure safety of funds, maintain sufficient liquidity, maximize investment income through effective cash management and provide diversification of investments. The policy authorizes investments in obligations of the United States Treasury and those unconditionally guaranteed or insured by the full faith and credit of the United States, its agencies and instrumentalities; certificates of deposit insured by the FDIC; and money market mutual funds registered with and regulated by the Securities & Exchange Commission. The investment term varies by the type of investment, but no investment shall have a maturity in excess of two years. Investment income for 2019 was limited to interest earned on deposit accounts.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Promises to give**

Contributions are recognized when the donor makes a promise to give to UWST, INC. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. UWST, INC. uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Pledges Receivable**

Pledges are normally withheld from employee earnings during the year following the commencement of the pledge. Matching pledges by employers are due each payroll. The fair value of pledges is assumed to be the amount pledged less the estimated uncollectible amount.

**Cash Restricted to Purchase Property and Equipment**

Cash restricted to purchase property and equipment has been restricted by donors and is not available for operating purposes.

**Property and Equipment**

UWST, INC. capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, UWST, INC. reports expirations of donor restrictions when the donated or acquired assets are placed in service. UWST, INC. reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three years for furniture and vehicles to forty years for buildings. Ancillary costs are included in the capitalized cost of the asset.

**Classification of Net Assets**

- *Net Assets with Donor Restrictions*: – net assets subject to donor-imposed restriction (donors include other types of contributors, including makers of certain grants).
- *Net Assets without Donor Restrictions*: – net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants)

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

- *Underwater Endowment Fund*: - an endowment fund, which is donor-restricted, for which the fair value of the fund at the reporting date is less than either the amount of the original gift or the amount required to be maintained by the donor or by law that extends donor restrictions.
- *Agency Assets and Liabilities*: - are those held by UWST, INC. in a trustee capacity for other agencies. Agency funds are custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. These relate to the state campaign.

**Contributed Services**

Only specific amounts stipulated as per Statement of Financial Accounting Standards (SFAS) #116 have been reflected in the financial statements for donated services. UWST, INC. generally pays for services requiring specific expertise. UWST, INC. received services from 1,087 volunteers and a total of 12,463 volunteer hours during the year under audit.

**Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

**Income Taxes**

UWST, INC. is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, it has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2019. Federal income tax and information returns for tax years 2017, 2018, and 2019 remain subject to examination by the Internal Revenue Services.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates. These assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements. Also affected are the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The UWST, INC.’s most significant estimate is the allowance for uncollectible pledges as described in Note 4. Estimates are also used for the functional allocation of costs, estimating the useful lives of assets for depreciation computation, and valuing in-kind donations.

**Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization and occupancy, which are allocated on a square footage basis. Telephone costs are allocated based on line counts by functional category.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**Restricted and Unrestricted Revenue and Net Assets**

Management has elected to hold restricted funds in a separate bank account reflecting the restriction despite the absence of any such known requirement. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as assets released from restriction.

Campaigns begin in the early fall each year and continue well into the following spring. Pledges received in the fall are considered temporarily restricted until the campaign is complete and a determination is made of allocations to the partner agencies.

**NOTE 2 – STATE EMPLOYEE CHARITABLE CAMPAIGN**

The State Employee Charitable Campaign (SECC) provides state employees with a convenient way to make voluntary, tax- deductible contributions to charities through payroll deduction, cash, or check. A combined campaign involves many charities offering employees broad choices in contributing. The various charities are organized under several different federations. A federation is an agency which collects donations from the SECC and distributes to the various charities designated by the donor.

The UWST, INC. acts as a federation for the SECC by collecting state employee donations and distributing them as specified by the donor. On December 31, 2019, UWST, INC. held \$57,671 of funds payable to various charities. Only amounts designated to United Way of South Texas or one of its partner agencies are included as contributions in this report. Other funds are held for or distributed to the designated charity.

Approximate distributions made to various charities including UWST, INC. during the year ending December 31, 2019 was \$99,344 for the state campaign.

Distributions are made periodically during the campaign year with a final distribution being made once the campaign is complete and the administration fee is paid.

UWST, INC. is reimbursed for certain expenses involved in conducting the campaign. These expenses are incurred in one year and reimbursement is received the following year. Approximate balances pending reimbursement at December 31, 2019 are included in the receivables described in Note 3.

Expenses incurred and administrative fees for this campaign was approximately \$99,344 in expenses and \$19,663 for administrative fees respectively.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 – ACCOUNTS RECEIVABLE**

The current unrestricted receivables consist of the following:

Community Development Block Grant	4,998
	\$ 4,998

**NOTE 4 – PLEDGES RECEIVED AND OUTSTANDING**

Pledges less an estimated provision for uncollectible amounts, are recorded as revenue in the year made. The provision for uncollectible pledges is based on the UWST, INC.'s collection policy and past experience. Collections are highly dependent on the continued employment of the donor.

Beginning pledge receivable	\$ 2,294,807	
Pledges received during the year	2,132,895	
Collections	(1,787,854)	
Net write-off uncollectible receivables:		
2017 campaign year	(339,392)	
 Pledges receivable - ending		\$ 2,300,456
 Beginning allowance for uncollectible pledges receivable	\$ 762,691	
Current year provision	319,401	
Write-off uncollectible pledges:		
2017 campaign year	(339,392)	
 Less: Allowance for uncollectible pledges receivable - ending		742,700
 Net pledges receivable		\$ 1,557,756

In addition to pledges, donations include those made for the special projects described in Note 11. Pledges are reported net of approximately \$319,401 of estimated uncollectible pledges. Based on past experience, this estimate represents approximately 15 percent of pledges received. Since actual results depend on economic conditions and the stability of employment of those making pledges, these results are being monitored to determine if results are comparable to this estimate. Uncollected pledges from the previous campaign at April 30 the following year are charged off.

Certain pledges are conditional pledges by employers to match those made by their employees. Hence, these pledges represent a higher credit risk. Total fund raising costs are \$ 264,815 and \$11,889 for the local and combined campaigns respectively plus a provision of \$319,400 for uncollectible pledges. Advertising costs are expensed when incurred; no advertising costs were capitalized.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 – PREPAID EXPENSES**

Other current assets consist of prepaid expenses of approximately \$ 91,912 of allocations to be paid to partner agencies on January 2020.

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 540,599
Operating investments	584,676
Accounts receivable	4,998
Promises to give	<u>1,218,364</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,348,637</u></u>

As part of UWST, Inc.'s liquidity management, it invests cash in excess of daily requirements in short-term investments, typically CDs. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, with was at December 31, 2019.

**NOTE 7 – FIXED ASSETS**

Fixed assets at December 31, 2019 consist of the following:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Land and Improvement	\$ 550,135	\$ -	\$ -	\$ 550,135
Building	1,368,103	-	-	1,368,103
Furniture, Fixtures and Equipment	71,399	4,914	-	76,313
	<u>1,989,637</u>	<u>4,914</u>	<u>-</u>	<u>1,994,551</u>
Less: Accumulated Depreciation	(264,994)	(49,105)	-	(314,099)
	<u><u>\$ 1,724,643</u></u>	<u><u>\$ (44,191)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,680,452</u></u>

Depreciation charged for 2019 was \$49,105. Non-depreciable assets include the original cost of fully depreciated assets and land. These are carried at approximately \$ 104,619 and \$445,516 respectively at December 31, 2019.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (FASB ASC 825-10) require disclosure of the fair value information about financial instruments, whether or not recognized in the balance sheet. In case where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. UWST, INC. categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs.

In the regard, the derived fair value estimates cannot be sustained by comparison to independent markets and, cases could not be realized in immediate settlement of the instruments. Certain financial instruments and all nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of UWST, INC.

The following methods and assumptions were used by UWST, INC. in estimating its fair value disclosure for financial instruments:

*Cash and Cash Equivalents:* The carrying amount reported in the balance sheet for cash and cash equivalents is the fair value.

*Time deposits:* Fair values of certificates of deposit are at cost plus accrued interest.

*Accounts Receivable* – The carrying amount approximates fair value because of the short maturity of these instruments.

*Payable and Accruals:* The carrying amounts approximate fair value because of the short maturity period.

<b>Financial Assets:</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Cash and Cash Equivalents	\$ 819,740	\$ 819,740
Investments	839,593	839,593
Accounts Receivable, net	4,998	4,998
Contribution Receivable	1,557,756	1,557,756
Prepaid Expense	91,912	91,912
Cash - Restricted	57,923	57,923
<b>Financial Liabilities:</b>		
Accounts Payable	\$ 81,927	\$ 81,927
Accrued Liabilities	2,704	2,704
Deferred Revenue	3,000	3,000
Due to Agencies - From Restricted Sources	158,052	158,052

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 9 – RESTRICTED ASSETS**

The primary restricted assets for 2019 are pledges obtained in the fall as a part of the campaign to be completed in the spring as described in Note 1. These pledges provide funding for operations for the subsequent year. The Board may periodically designate certain amounts to be transferred to restricted assets. Board designated restrictions at December 31, 2019 are as follows:

Operating Reserve	\$ 1,151,293
Building	35,000
Emergency & Natural Disasters	<u>100,000</u>
	<u>\$ 1,286,293</u>

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

As of December 31, 2019, the following prior period adjustment was posted to the financial statements:

	<u>Amount</u>
To correct deferred revenue not recognized in prior year	\$ 49,920
To void outstanding checks and deposits from prior year	(823)
To clear amounts allocated to partners but not disbursed from prior year.	<u>55,463</u>
Total Prior Period Adjustment	<u>\$ 104,560</u>

**NOTE 11 – GRANTS**

Grants were received to assist in the implementation of the following programs:

Campaign Pledges	\$ 1,831,140
VITA	43,500
Latina Hope	<u>5,000</u>
	<u>\$ 1,879,640</u>

**NOTE 12 – IN-KIND DONATIONS**

A substantial number of volunteers donated significant amounts of time to UWST, INC. Donated services are used in fund-raising, administration, training, monitoring partner agencies, and providing services in the VITA Program. Amounts included in the financial statements for such services relate to the training of loaned executives, facilitating the board retreat and the VITA Program. These services were valued at \$316,934 according to United Way of America guidelines and occupational employment statistics for tax preparers. Other in-kind donations were valued at \$44,473. The aggregate total for the year was \$361,407.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 13 – AWARDS**

Community Impact Grants are one-time awards that are made to agencies that could be new in the area or experiencing an unusual need. These awards may be made at various times during the year. A portion of these grants may not be funded at year end.

Awards for 2019 and commitments to agencies for 2020 based on the success of 2019 campaign are as follows:

	2019 Award	Pending 2020 Award
American Red Cross	\$ 47,532	\$ 47,532
Aurora House Foundation	31,281	31,281
BGC Edinburg	146,158	146,158
BGC McAllen	123,015	123,015
BGC Mission	64,830	54,024
BGC Pharr	84,608	84,608
RGV Boy Scouts	55,966	55,966
CASA	23,380	23,380
Children's Advocacy	37,087	37,087
Girls Scouts Tip of Texas	59,785	49,821
Goodwill	45,000	22,500
Hidalgo Youth Center	32,000	26,667
Mercedes Recreation Center	40,700	33,917
Palmer Drug Abuse Programs	76,918	76,918
Salvation Army	117,422	108,347
Serving Children & Adolescent	25,000	25,000
Silver Ribbon	34,735	34,735
Starr County Victims of Domestic Violence	35,000	35,000
Su Casa Esperanza	43,332	43,332
Women Together	75,308	75,308
	<u>\$ 1,199,057</u>	<u>\$ 1,134,596</u>

UWST, INC. serves as grantor to certain partner agencies who receive annual funding on a regular basis.

**UNITED WAY OF SOUTH TEXAS, INC.**  
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**DECEMBER 31, 2019**

**NOTE 13 – AWARDS (CONTINUED)**

Community impact grants were made for the following agencies or projects.

CIG - Comfort House	\$ 30,000
CIG City of Rio Grande City	1,500
CIG Friends of the RGC Public	2,250
CIG Roma High School Buisness	1,125
CIG Precinct 1 Food Bank	500
CIG Precinct 4 Food Bank	500
CIG Precinct 3 Food Bank	2,000
CIG Precinct 2 Food Bank	500
CIG City of Roma	1,500
CIG - Starr Co. Victims of Dom	4,250
CIF Other	14,848
	<u>\$ 58,973</u>

**NOTE 14 – SPECIAL PROJECTS**

UWST, INC. initiates, coordinates, and provides financial support for numerous special projects during the year. Funds either designated from UWST, INC.'s budget or raised for these special projects are as follows:

In Style Shopping	\$ 22,545
Day of Caring	9,220
Transportation	27,098
Emergency Grant	-
Education Council Drop Out	36,792
Voluntary Management	4,665
Integrated Database	-
Marketing and Youth	20,498
Twelve Days of Christmas	5,499
Other	60,950
	<u>\$187,267</u>

**NOTE 15 – RETIREMENT PLAN**

During 1996, UWST, INC.'s Board approved the establishment of a Simplified Employee Pension Plan. The Plan covers all employees who are at least twenty-one years of age, have performed service for UWST, INC. in at least one year of the immediately preceding five calendar years, and have received at least \$396 in compensation for services during the current year. UWST, INC. contributed 7 percent of compensation for each eligible employee. Employees may contribute up to 12 percent. The UWST, INC. is not required to make contributions each year. However, if the UWST, INC. does so, contributions must be made for all eligible employees. Vesting is full after one

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – RETIREMENT PLAN (Continued)**

year of employment. There are no withdrawal or transfer restrictions. Contributions to the plan during 2019 were approximately \$21,583 with about \$2,029 of that amount being related to the VITA program.

**NOTE 16 – CONCENTRATION OF CREDIT RISK**

Financial instruments that periodically potentially subject UWST, INC. to credit risk include cash balances at banks. At December 31, 2019, no UWST, INC. bank balance exceeded federally insured limits or that allowed by the investment policy.

**NOTE 17 – RELATED PARTIES**

In the normal course of business, UWST, INC. had substantial deposits at December 31, 2019 totaling at banks in which certain board members were involved in management.

Related party employers collect and frequently provide a match for employee donations. Related party pledges included in the top ten donors amounted to approximately \$990,594 for the 2019 campaign. Contributions received from the state combined campaigns were approximately \$28,796.

**NOTE 18 – COMMITMENTS AND CONTINGENCIES**

Commitments for continued funding to the various partner agencies contingent upon the success of the 2019 campaign are enumerated in Note 10.

Approximately \$192,088 of pledges received are matching pledges made by employers. The collection of these pledges is contingent on both the continued employment of the employee and the ability of the employer to fund the commitment.

**NOTE 19 – SUBSEQUENT EVENTS**

For the purpose of reporting subsequent events, management has considered events occurring up to September 4, 2020, the date of the report was available to be issued.

The COVID-19 pandemic sweeping across the country has resulted in mandatory closure of many businesses resulting in layoffs of much of the workforce. The economic effects of those closures are not yet known but could potentially affect collectability of future revenue pledges of the organization due to the significant economic impact on unemployment of the organizations' donors.

A COVID Community Fund was established in March 2020, UWST, Inc. contributed \$20,000 and has received various donations from corporations and individuals totaling to date \$255,450. Of this amount, \$95,000 has been spent for COVID related expenditures.

## **SUPPLEMENTARY INFORMATION**

**UNITED WAY OF SOUTH TEXAS, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Management and General	United Way Fund - Raising	Agency Fund - Raising	Total
<b>Grants</b>					
Allocation to Partner					
Agencies	\$ 1,199,057	\$ -	\$ -	\$ -	\$ 1,199,057
Emergency Grants	23,100	-	-	-	23,100
Community Impact	58,973	-	-	-	58,973
Special Projects	187,267	-	-	-	187,267
Designated Gifts	2,045	-	-	-	2,045
<b>Total Grants</b>	<u>1,470,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,470,442</u>
<b>Expenses</b>					
Audit and Accounting Fees	24,427	8,143	8,143	-	40,713
Bank Fees	2,006	573	287	-	2,866
Campaign	-	-	81,401	-	81,401
Computer Maintenance	2,347	1,174	391	-	3,912
Conference and Trainings	2,363	1,418	945	-	4,726
Contract Labor	805	805	1,072	-	2,682
Employee Health Insurance	22,261	16,695	16,695	-	55,651
Facility Maintenance	5,916	2,958	986	-	9,860
FEMA Expense	1,809	-	-	-	1,809
Insurances	5,860	2,930	977	-	9,767
Latina Hope	13,300	-	-	-	13,300
Membership Dues	26,341	437	1,158	-	27,936
Mileage Allowance	-	1,870	-	-	1,870
Miscellaneous	1,993	181	1,449	-	3,623
Office Equipment	1,517	759	253	-	2,529
Payroll Taxes	8,922	6,527	7,278	751	23,478
Postage	968	387	580	-	1,935
Supplies	5,160	2,580	5,160	-	12,900
Telephone and Internet	7,779	3,111	4,667	-	15,557
Utilities	6,215	2,486	3,729	-	12,430
VITA	75,064	-	-	-	75,064
Wages	110,813	81,067	90,400	9,331	291,611
Operating Expense before Depreciation & In-kind Donations	325,866	134,101	225,571	10,082	695,620
Depreciation	29,463	14,732	4,910	-	49,105
In-kind Donations	301,413	23,853	34,334	1,807	361,407
<b>Total Expenses</b>	<u>\$ 2,127,184</u>	<u>\$ 172,686</u>	<u>\$ 264,815</u>	<u>\$ 11,889</u>	<u>\$ 2,576,574</u>

See Independent Auditors' Report.