

**United  
Way**



**United Way of South Texas**  
Serving Hidalgo and Starr Counties

**Audited Annual  
Financial Report**

**Year Ended December 31, 2021**

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

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

DECEMBER 31, 2021

**BOARD OF DIRECTORS**

**ELVIRA I. ALONZO**  
Campaign Co-Chair

**DR. PRISCILLA CANALES**  
Board Member

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

**DR. D'UANDRE DRAIN**  
Community Relations Co-Chair

**EDNA GARCIA**  
Past Board Chair

**LISA GARZA**  
Fund Distribution Co-Chair

**DR. JOSE GONZALEZ**  
Board Member

**LARRY C. GONZALEZ**  
Finance Co-chair

**LISA KILLION**  
Community Relations Co-Chair

**CRIS MONCAYO**  
Board Member

**GERARDO PAZ**  
Campaign Co-Chair

**MICHELLE QUIROZ**  
Board Member

**ROBERT ROSELL**  
Board Member

**TYLER STONE**  
Board Chair

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

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

**UNITED WAY OF SOUTH TEXAS, INC.**  
**AUDITED ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**TABLE OF CONTENTS**

**I. FINANCIAL SECTION**

	<u>Page</u>
Independent Auditor's Report .....	1-2

**II. BASIC FINANCIAL STATEMENTS**

Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Cash Flows .....	5

**III. NOTES TO FINANCIAL STATEMENTS ..... 6-16**

**IV. SUPPLEMENTARY INFORMATION**

Schedule of Functional Expenses.....	17
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## **FINANCIAL SECTION**





**Oscar R. Gonzalez CPA  
& Associates PLLC**

Certified Public Accountants

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Oscar R. Gonzalez, CPA

Melissa Gonzalez, CPA

Associates:

Janet Robles, CPA

**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

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, 2021, and the related statements of activities 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 South Texas, Inc. as of December 31, 2021, 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.

**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 South Texas, 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 South Texas, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

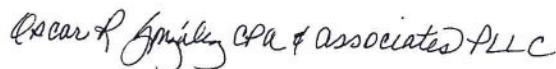
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of South Texas, 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 South Texas, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses 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  
August 31, 2022

## **FINANCIAL STATEMENTS**



**UNITED WAY OF SOUTH TEXAS, INC.**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	<u>2021</u>	<u>Total</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,169,324	\$ 1,169,324
Investments-Certificates of Deposit	827,834	827,834
Unconditional Promise to Give:		
Contribution Receivable	1,132,926	1,132,926
Prepaid Expenses	77,292	77,292
Cash - Restricted	31,986	31,986
Property and Equipment	1,592,312	1,592,312
<b>Total Assets</b>	<u><u>\$ 4,831,674</u></u>	<u><u>\$ 4,831,674</u></u>
<b>Liabilities</b>		
Accounts Payable	\$ 45,410	\$ 45,410
Accrued Liabilities	8,509	8,509
Due to Agencies - From Restricted Sources -SECC	247,950	247,950
<b>Total Liabilities</b>	<u><u>\$ 301,869</u></u>	<u><u>\$ 301,869</u></u>
<b>Net Assets</b>		
Without Donor Restrictions	3,663,770	3,663,770
With Donor Restrictions	866,035	866,035
<b>Total Net Assets</b>	<u><u>4,529,805</u></u>	<u><u>4,529,805</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 4,831,674</u></u>	<u><u>\$ 4,831,674</u></u>

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, 2021**

	2021	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>Revenues and Gains</b>		
Contributions	\$ 59,452	\$ 59,452
Program Service Fees	7,019	7,019
Interest	16,129	16,129
In-Kind Contributions	187,722	187,722
<b>Total Revenues and Gains</b>		
<b>Without Donor Restrictions</b>	270,322	270,322
Net Assets Released from Restrictions		
Restrictions Satisfied by Expenditures Incurred	1,734,487	1,734,487
<b>Total Net Assets Released from Restrictions</b>	1,734,487	1,734,487
<b>Total Revenue, Gains, and Other</b>		
<b>Support Without Donor Restrictions</b>	2,004,809	2,004,809
<b>Equity Transfers</b>	-	-
<b>Expenses</b>		
Program Services	1,693,059	1,693,059
Support Services		
Management and General Administrative	165,827	165,827
Fundraising	249,591	249,591
<b>Total Expenses</b>	2,108,477	2,108,477
<b>Increase (Decrease) in Net Assets</b>		
<b>Without Donor Restrictions</b>	(103,668)	(103,668)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions		
Campaign Pledges	1,489,998	1,489,998
Grants	244,489	244,489
Net Assets Released from Restrictions	(1,734,487)	(1,734,487)
<b>Increase (Decrease) in Net Assets</b>		
<b>With Donor Restrictions</b>	-	-
Equity Transfer	-	-
<b>Change in Net Assets</b>	(103,668)	(103,668)
<b>Net Assets, Beginning of Year</b>	4,793,300	4,793,300
Prior Period Adjustment	(159,827)	(159,827)
<b>Total Net Assets, End of Year</b>	<u>\$ 4,529,805</u>	<u>\$ 4,529,805</u>

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, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets		\$ (103,668)
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Adjustments to Reconcile Change in Net Assets to Cash from Operating Activities		
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Depreciation		46,271
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Changes in Assets and Liabilities

Contributions Receivable	79,057	
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Prepaid Expenses	(10,084)	
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Accounts Payable	(48,366)	
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Accrued Liabilities	2,816	
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Due to Agencies - From Restricted Sources - SECC	130,131	
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		153,554
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**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

		96,157
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**CASH FLOW FROM INVESTMENT ACTIVITIES:**

Purchase of Capital Assets	(2,359)	
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Proceeds from Investments	46,913	
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Interest Received	16,129	
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**NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES**

		60,683
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**NON CASH FINANCING ACTIVITIES**

Forgiveness from Paycheck Protection Program Loan		-
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		(81,600)
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**NET CHANGE IN CASH**

		75,240
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**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

		1,126,070
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**CASH AND CASH EQUIVALENTS AT END OF YEAR**

		\$ 1,201,310
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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, 2021**

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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:

**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, ensure 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 2021 was limited to interest earned on deposit accounts.



**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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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, 2021**

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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 347 volunteers and a total of 4,873 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, 2021. Federal income tax and information returns for tax years 2019, 2020, and 2021 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 3. 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, 2021**

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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, 2021, UWST, INC. held \$20,733 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, 2021, was \$79,929 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, 2021 are included in the receivables described in Note 3.

Expenses incurred and administrative fees for this campaign was approximately \$84,040 in expenses and \$14,467 for administrative fees respectively.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE 3 – 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	\$	2,515,744	
Pledges received during the year		1,408,177	
Collections		(1,757,823)	
Net write-off uncollectible receivables:			
2019 campaign year		<u>267,825</u>	
Pledges receivable - ending	\$		2,433,923
Beginning allowance for uncollectible			
pledges receivable	\$	1,033,172	
Current year provision		535,650	
Write-off uncollectible pledges:			
2019 campaign year		<u>(267,825)</u>	
Less: Allowance for uncollectible pledges			
receivable - ending			<u>1,300,997</u>
Net pledges receivable	\$		<u><u>1,132,926</u></u>

In addition to pledges, donations include those made for the special projects described in Note 11. Pledges are reported net of approximately \$267,825 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 \$ 235,735 and \$20,241 for the local and combined campaigns respectively plus a provision of \$267,825 for uncollectible pledges. Advertising costs are expensed when incurred; no advertising costs were capitalized.

**NOTE 4 – PREPAID EXPENSES**

Other current assets consist of prepaid expenses of approximately \$ 77,292 of allocations to be paid to partner agencies on January 2022.



**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE 5 – 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	\$ 900,840
Operating investments	727,629
Promises to give	800,949
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,429,418</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 \$781,035 at December 31, 2021.

**NOTE 6 - 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.

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

*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	\$ 1,169,324	\$ 1,169,324
Investments	827,834	827,834
Contribution Receivable	1,132,926	1,132,926
Prepaid Expense	77,292	77,292
Cash - Restricted	31,986	31,986
 <b>Financial Liabilities:</b>		
Accounts Payable	\$ 45,410	\$ 45,410
Accrued Liabilities	8,509	8,509
Due to Agencies - From Restricted Sources - SECC	247,950	247,950

**NOTE 7 - FIXED ASSETS**

Fixed assets on December 31, 2021 consist of the following:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Land and Improvement	\$ 550,135	\$ -	\$ -	\$ 550,135
Building	1,368,103	-	-	1,368,103
Furniture, Fixtures and Equipment	79,444	2,359	-	81,803
	1,997,682	2,359	-	2,000,041
Less: Accumulated Depreciation	(361,458)	(46,271)	-	(407,729)
	<u>\$ 1,636,224</u>	<u>\$ (43,912)</u>	<u>\$ -</u>	<u>\$ 1,592,312</u>

Depreciation charged for 2021 was \$46,271. 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, 2021.

**NOTE 8 - SHORT TERM DEBT**

On April 13, 2020, UWST, INC. received an unsecured SBA Paycheck Protection Program loan for \$81,600 to be used for payroll and payroll tax expenditures. This is a non-precomputed fixed rate (1.00%) non-disclosable installment loan due on April 13, 2022, if not forgiven. On August 17, 2021 the loan was forgiven for the total amount due.



**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 9 – RESTRICTED ASSETS**

The primary restricted assets for 2021 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, 2021 are as follows:

Operating Reserve	\$ 781,035
Building	35,000
Emergency & Natural Disasters	50,000
	<u>\$ 866,035</u>

The operating reserve is approximately the amount required to cover expenses for five months. The Board has determined that every effort will be made to maintain a \$50,000 emergency grant pool for use as needed relating to a natural disaster or extraordinary event as deemed appropriate by the Board.

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

As of December 31, 2021, the following prior period adjustment was posted to the financial statements:

	<u>Amount</u>
To clear amount recognized as deferred revenue in prior years	3,000
To clear accounts payable recorded twice in prior years	12,765
To clear amounts recognized twice in special project payables in prior years.	39,614
To recognize write-offs from prior years Campaign Receivables	<u>(215,206)</u>
Total Prior Period Adjustment	<u>\$ (159,827)</u>

**NOTE 11 – GRANTS**

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

Campaign Pledges	\$ 1,489,998
COVID 19	20,000
IRS	72,822
Paycheck Protection Program	81,667
Latina Hope	15,000
VITA	55,000
	<u>\$ 1,734,487</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 \$139,076 according to United Way of America guidelines

**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 12 – IN-KIND DONATIONS (CONTINUED)**

and occupational employment statistics for tax preparers. Other in-kind donations were valued at \$48,646. The aggregate total for the year was \$187,722.

**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 2021 and commitments to agencies for 2021 based on the success of 2021 campaign are as follows:

	2021 Award	Pending 2022 Award
American Red Cross	\$ 38,000	\$ 32,000
Aurora House Foundation	20,000	27,000
BGC Edinburg	106,000	110,000
BGC McAllen	89,000	100,000
BGC Mission	45,000	50,000
BGC Pharr	62,000	85,000
RGV Boy Scouts	35,000	36,000
CASA	18,700	20,000
Children's Advocacy	30,000	37,000
Comfort House	25,000	25,000
Girls Scouts Tip of Texas	38,000	40,000
Hidalgo Youth Center	23,000	32,000
Mercedes Recreation Center	28,500	33,000
Palmer Drug Abuse Programs	62,000	67,000
Salvation Army	70,000	67,000
Serving Children & Adolescent	18,000	20,000
Silver Ribbon	20,000	20,000
Starr County Victims of Domestic Violence	28,000	30,000
Su Casa Esperanza	31,300	31,500
Women Together	60,000	65,000
	<u>\$ 847,500</u>	<u>\$ 927,500</u>

Emergency grants were made as follows:

\$ 5,000
<u>\$ 5,000</u>

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



**UNITED WAY OF SOUTH TEXAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 13 – AWARDS (CONTINUED)**

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

CIG - COVID Grants	\$ 161,098
CIG - Roma High School Business	800
CIG City of Rio Grande City	1,500
CIG Friends of the RGC Public	1,000
CIG Starr County Hospital	2,000
CIG Precinct 1 Food Bank	800
CIG Precinct 4 Food Bank	800
CIG Precinct 3 Food Bank	1,800
CIG Precinct 2 Food Bank	800
CIG City of Roma	1,500
	<u>\$ 172,098</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	\$ 18,554
Day of Caring - Hidalgo County	20,773
Day of Caring - Starr County	10,287
Twelve Days of Christmas	9,650
Spirit of Christmas	21,090
Voluntary Management	4,600
Marketing and Youth	13,835
Education Council Drop Out Rec	16,500
Families in Need	20,602
	<u>\$ 135,891</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**  
**DECEMBER 31, 2021**

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**NOTE 15 – RETIREMENT PLAN (Continued)**

year of employment. There are no withdrawal or transfer restrictions. Contributions to the plan during 2021 were approximately \$16,920 with about \$0 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, 2021, 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 on December 31, 2021 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 \$814,152 for the 2021 campaign. Contributions received from the state combined campaigns were approximately \$17,427.

**NOTE 18 – COMMITMENTS AND CONTINGENCIES**

Commitments for continued funding to the various partner agencies contingent upon the success of the 2021 campaign are enumerated in Note 13.

Approximately \$128,702 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 August 31, 2022, the date of the report was available to be issued.

## **SUPPLEMENTARY INFORMATION**

**UNITED WAY OF SOUTH TEXAS, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	United Way Fundraising	Agency Fundraising	Total
<b>Grants</b>					
Allocation to Partner Agencies	\$ 847,500	\$ -	\$ -	\$ -	\$ 847,500
Emergency Grants	5,000	-	-	-	5,000
Community Impact	172,098	-	-	-	172,098
Special Projects	135,891	-	-	-	135,891
Designated Gifts	1,310	-	-	-	1,310
<b>Total Grants</b>	<u>1,161,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161,799</u>
<b>Expenses</b>					
Audit and Accounting Fees	22,894	7,632	7,632	-	38,158
Bank Fees	1,553	444	222	-	2,219
Campaign	-	-	62,224	5,587	67,811
Computer Maintenance	2,070	1,035	345	-	3,450
Conference and Trainings	71	43	28	-	142
Contract Labor	2,858	805	5,863	-	9,526
Employee Health Insurance	22,188	15,532	15,532	2,218	55,470
Facility Maintenance	11,882	5,941	1,980	-	19,803
FEMA Expense	3,104	-	-	-	3,104
Insurances	6,773	3,386	1,129	-	11,288
Latina Hope	5,000	-	-	-	5,000
Membership Dues	39,502	135	358	-	39,995
Mileage Allowance	208	831	-	-	1,039
Miscellaneous	1,645	149	1,196	-	2,990
Office Equipment	910	304	304	-	1,518
Payroll Taxes	9,685	6,780	6,780	968	24,213
Postage	1,650	660	990	-	3,300
Supplies	4,942	2,254	5,160	-	12,356
Telephone and Internet	5,390	2,156	3,234	-	10,780
Utilities	5,341	2,136	3,205	-	10,682
VITA	73,476	-	-	-	73,476
Wages	126,546	88,582	88,582	12,655	316,365
Operating Expense before Depreciation & In-kind Donations	347,688	138,805	204,764	21,428	712,685
Depreciation	27,763	13,881	4,627	-	46,271
In-kind Donations	155,809	13,141	15,018	3,754	187,722
<b>Total Expenses</b>	<u>\$ 1,693,059</u>	<u>\$ 165,827</u>	<u>\$ 224,409</u>	<u>\$ 25,182</u>	<u>\$ 2,108,477</u>

See Independent Auditors' Report.