



**Audited Annual
Financial Report
Year Ended December 31, 2024**

**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, 2024

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FINANCIAL SECTION



Oscar R. Gonzalez CPA & Associates PLLC

Certified Public Accountants

208 W Ferguson, Unit 1, Pharr, TX 78577

(956) 787-9909 fax: (956) 787-3067

info@orgcpa.com

Partners:

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, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of South Texas, Inc. as of December 31, 2024, 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

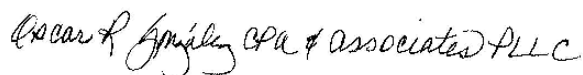
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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.

A handwritten signature in cursive script that reads "Oscar R. Gonzalez CPA & Associates PLLC".

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

Pharr, Texas
August 30, 2025

FINANCIAL STATEMENTS

UNITED WAY OF SOUTH TEXAS, INC.
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	<u>2024</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 1,104,581	\$ 1,104,581
Investments-Certificates of Deposit	1,223,587	1,223,587
Unconditional Promise to Give:		
Contribution Receivable	1,417,393	1,417,393
Accounts Receivable - Other	4,003	4,003
Cash - Restricted	74,121	74,121
Property and Equipment (Net)	1,478,294	1,478,294
Total Assets	<u><u>\$ 5,301,979</u></u>	<u><u>\$ 5,301,979</u></u>
Liabilities		
Accounts Payable	\$ 194	\$ 194
Accrued Liabilities	5,900	5,900
Operating Lease Liability	5,204	5,204
Due to Agencies - From Restricted Sources -SECC	24,193	24,193
Total Liabilities	<u><u>\$ 35,491</u></u>	<u><u>\$ 35,491</u></u>
Net Assets		
Without Donor Restrictions	4,361,488	4,361,488
With Donor Restrictions	905,000	905,000
Total Net Assets	<u><u>5,266,488</u></u>	<u><u>5,266,488</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,301,979</u></u>	<u><u>\$ 5,301,979</u></u>

See Notes to Financial Statements

UNITED WAY OF SOUTH TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and Gains		
Contributions	\$ 48,595	\$ 48,595
Program Service Fees	5,973	5,973
Rental Income	9,725	9,725
Interest	65,777	65,777
In-Kind Contributions	352,310	352,310
Total Revenues and Gains		
Without Donor Restrictions	482,380	482,380
Net Assets Released from Restrictions		
Restrictions Satisfied by Expenditures Incurred	1,741,151	1,741,151
Total Net Assets Released from Restrictions	1,741,151	1,741,151
Total Revenue, Gains, and Other		
Support Without Donor Restrictions	2,223,531	2,223,531
Expenses		
Program Services	1,890,427	1,890,427
Support Services		
Management and General Administrative	209,608	209,608
Fundraising	279,631	279,631
Total Expenses	2,379,666	2,379,666
Increase (Decrease) in Net Assets		
Without Donor Restrictions	(156,135)	(156,135)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions		
Campaign Pledges	1,588,816	1,588,816
Grants	152,335	152,335
Net Assets Released from Restrictions	(1,741,151)	(1,741,151)
Increase (Decrease) in Net Assets		
With Donor Restrictions	-	-
Change in Net Assets	(156,135)	(156,135)
Net Assets, Beginning of Year	5,123,551	5,123,551
Prior Period Adjustment	299,072	299,072
Total Net Assets, End of Year	<u>\$ 5,266,488</u>	<u>\$ 5,266,488</u>

See Notes to Financial Statements

UNITED WAY OF SOUTH TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	United Way Fundraising	Agency Fundraising	Total
Grants					
Allocation to Partner Agencies	\$ 900,500	\$ -	\$ -	\$ -	\$ 900,500
Emergency Grants	5,000	-	-	-	5,000
Community Impact	80,700	-	-	-	80,700
Special Projects	132,120	-	-	-	132,120
Designated Gifts	2,580	-	-	-	2,580
Total Grants	<u>1,120,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,120,900</u>
Expenses					
Audit and Accounting Fees	23,828	7,942	7,942	-	39,712
Bank Fees	1,927	241	241	-	2,409
Campaign	-	-	72,248	2,927	75,175
Computer Maintenance	1,836	918	306	-	3,060
Conference and Trainings	3,130	1,878	1,252	-	6,260
Contract Labor	2,627	1,970	1,971	-	6,568
Employee Health Insurance	31,430	19,557	16,065	2,793	69,845
Facility Maintenance	13,699	6,849	2,283	-	22,831
FEMA Expense	820	-	-	-	820
Insurances	9,361	3,601	1,440	-	14,402
Latina Hope	9,222	-	-	-	9,222
Membership Dues	26,453	30	198	-	26,681
Mileage Allowance	350	864	-	55	1,269
Miscellaneous	1,590	145	1,157	-	2,892
Office Equipment	915	305	305	-	1,525
Payroll Taxes	14,665	9,125	7,495	1,303	32,588
Postage	1,025	410	615	-	2,050
Supplies	5,438	2,719	5,438	-	13,595
Telephone and Internet	5,893	2,357	3,536	-	11,786
Utilities	8,386	2,096	3,494	-	13,976
VITA	110,238	-	-	-	110,238
Wages	<u>178,359</u>	<u>110,979</u>	<u>91,161</u>	<u>15,855</u>	<u>396,354</u>
Operating Expense before Depreciation & In-kind Donations	451,192	171,986	217,147	22,933	863,258
Depreciation	25,918	12,960	4,320	-	43,198
In-kind Donations	<u>292,417</u>	<u>24,662</u>	<u>28,185</u>	<u>7,046</u>	<u>352,310</u>
Total Expenses	<u>\$ 1,890,427</u>	<u>\$ 209,608</u>	<u>\$ 249,652</u>	<u>\$ 29,979</u>	<u>\$ 2,379,666</u>

See Notes to Financial Statements

UNITED WAY OF SOUTH TEXAS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

**Reconciliation of Change in Net Assets to Net Cash
from (used for) Operating Activities**

Change in Net Assets		\$ (156,135)
Adjustments to Reconcile Change in Net Assets to Cash from (Used for) Operating Activities:		
Depreciation		43,198
Changes in Operating Assets and Liabilities		
Contributions Receivable	124,988	
Accounts Receivable - Other	(660)	
Accounts Payable	(1,717)	
Accrued Liabilities	(2,296)	
Due to Agencies - From Restricted Sources - SECC	6,782	
		<u>127,097</u>
Net Cash from (used for) Operating Activities		<u>14,160</u>
Cash Flows from Investing Activities		
Purchase of Capital Assets	(10,584)	
Purchase of Investments	(215,827)	
Investment Maturities	105,029	
Interest Received from Investments	65,777	
Net Cash from (used for) Investing Activities		<u>(55,605)</u>
Cash Flows from Financing Activities		
Payments on Lease Payables	(1,263)	
Net Cash from (used for) Financing Activities		<u>(1,263)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash		(42,708)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year		<u>1,221,410</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year		<u><u>\$ 1,178,702</u></u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, Cash Equivalents, and Restricted Cash

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, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for purchase of property and equipment are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the amounts shown in the statement of cash flows:

Cash and cash equivalents	\$ 1,104,581
Cash equivalents restricted for various purposes	74,121
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u><u>\$ 1,178,702</u></u>

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 2024 was limited to interest earned on deposit accounts.

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.

Property and Equipment

UWST, INC. capitalizes property and equipment over \$500. Lesser amounts are expended. 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.

Right to use leased assets and related liabilities are recognized at the lease commencement date and represent our right to use an underlying asset and lease obligations for the lease term. Right

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

to use assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

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)
- 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.

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.

Revenue and Revenue Recognition

We recognize revenue from program service fees when the programs are delivered.

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 737 volunteers and a total of 8,247 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. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the I.R.S. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We file an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report our unrelated business taxable income. Federal income tax and information returns for tax years 2022, 2023, and 2024 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expense. Accordingly, certain costs have been allocated among the programs, management and general, United Way fundraising and agency fundraising by certain categories of expenses that are attributable to more than one program or another category. 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 based on estimates of time and effort, as well as depreciation, 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, 2024

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, 2024, UWST, INC. held \$0 of funds payable to United Way and United Way partner agencies. 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, 2024, was \$50,702 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, 2024 are included in the receivables described in Note 3.

Expenses incurred and administrative fees for this campaign was approximately \$302 in expenses and \$13,000 for administrative fees respectively.

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 UWST, INC.'s collection policy and past experience. Collections are highly dependent on the continued employment of the donor.

Beginning pledge receivable	\$ 2,011,927	
Pledges received during the year	2,009,319	
Collections	<u>(1,851,808)</u>	
Pledges receivable - ending		\$ 2,169,438
Beginning allowance for uncollectible pledges receivable	\$ 768,618	
Current year provision	262,993	
Write-off uncollectible pledges:		
2022 campaign year	(34,288)	
Correction of Allowance	<u>(245,278)</u>	
Less: Allowance for uncollectible pledges receivable - ending		<u>752,045</u>
Net pledges receivable		<u><u>\$ 1,417,393</u></u>

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 – PLEDGES RECEIVED AND OUTSTANDING (CONTINUED)

In addition to pledges, donations include those made for the special projects described in Note 13. Pledges are reported net of approximately \$272,621 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 \$249,652 and \$29,979 for the local and combined campaigns respectively, plus a provision of \$272,621 for uncollectible pledges. Advertising costs are expensed when incurred; no advertising costs were capitalized.

NOTE 4 – DUE TO AGENCIES

Due to agencies – from restricted sources - SECC consists of distributions of approximately \$50,702 of allocations to be paid to agencies in 2024.

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	\$ 763,394
Operating investments	718,569
Promises to give	<u>1,109,970</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,591,933</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, which was \$820,000 at December 31, 2024.

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.

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

Financial Assets:	Carrying Amount	Fair Value
Cash and Cash Equivalents	\$ 1,104,581	\$ 1,104,581
Investments	1,223,587	1,223,587
Contribution Receivable	1,383,105	1,383,105
Accounts Receivable - Other	4,003	4,003
Cash - Restricted	74,121	74,121
 Financial Liabilities:		
Accounts Payable	\$ 194	\$ 194
Accrued Liabilities	5,900	5,900
Due to Agencies - From Restricted Sources - SECC	24,193	24,193

NOTE 7 – FIXED ASSETS

Fixed assets on December 31, 2024 consist of the following:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Land and Improvement	\$ 550,135	\$ -	\$ -	\$ 550,135
Building	1,368,103	-	-	1,368,103
Furniture, Fixtures and Equipment	71,556	11,196	1,360	81,392
Right of Use Assets	6,674	-	-	6,674
	1,996,468	11,196	1,360	2,006,304
Less: Accumulated Depreciation	(485,560)	(43,198)	(748)	(528,010)
	<u>\$ 1,510,908</u>	<u>\$ (32,002)</u>	<u>\$ 612</u>	<u>\$ 1,478,294</u>

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 – FIXED ASSETS (CONTINUED)

Depreciation charged for 2024 was \$43,195. 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, 2024.

NOTE 8 – LEASES

Equipment is leased under a long-term non-cancelable operating lease agreement. The lease expires in 2028. The risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable has been applied. The short-term lease exemption for all leases with a term of 12 months or less for both has been elected for existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. We elected the practical expedient to not separate lease and non-lease components for our equipment leases.

Total lease costs for the year ended December 31, 2024 was \$1,434.

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2024:

2025	\$ 1,434
2026	1,434
2027	1,434
2028	1,381
2029	-
	<u>\$ 5,683</u>
Less: Interest	<u>(479)</u>
Present value of lease liability	<u>\$ 5,204</u>

NOTE 9 – RESTRICTED ASSETS

The primary restricted assets for 2024 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, 2024 are as follows:

Operating Reserve	\$ 820,000
Building	35,000
Emergency & Natural Disasters	50,000
	<u>\$ 905,000</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.

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10 – PRIOR PERIOD ADJUSTMENT

As of December 31, 2024, the following prior period adjustment was posted to the financial statements:

	<u>Amount</u>
To correct allowance for contribution receivable from prior years.	299,072
Total Prior Period Adjustment	<u><u>\$ 299,072</u></u>

NOTE 11 – GRANTS

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

Campaign Pledges	\$ 1,588,816
IRS	95,835
VITA/Latina Hope	56,500
	<u><u>\$ 1,741,151</u></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 \$336,924 according to United Way of America guidelines and occupational employment statistics for tax preparers. Other in-kind donations were valued at \$15,386. The aggregate total for the year was \$352,310.

NOTE 13 – 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	\$ 22,468
Day of Caring - Hidalgo County	25,180
Day of Caring - Starr County	9,951
Transportation Vouchers	11,391
Spirit of Christmas	38,188
Voluntary Management	5,066
Marketing and Youth	11,876
Education Council Drop Out Rec	8,000
	<u><u>\$ 132,120</u></u>

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14 – 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.

CIG BGC of Pharr	\$ 15,000
CIG City of Rio Grande City	2,700
CIG City of Roma	1,500
CIG Education School Districts	23,000
CIG McAllen Chamber	6,500
CIG Palmer Drug Abuse Program	7,000
CIG Palmview B & G Youth Center	13,000
CIG Precinct 1 Food Bank	800
CIG Precinct 2 Food Bank	800
CIG Precinct 3 Food Bank	1,800
CIG Precinct 4 Food Bank	800
CIG Roma High School Business	800
CIG Silver Ribbon Comm PTRS	5,000
CIG Starr County Hospital	2,000
	<u>\$ 80,700</u>

Awards for 2024 and commitments to agencies for 2025 based on the success of 2024 campaign are as follows:

	2024 Award	2025 Award
American Red Cross	\$ 28,000	\$ 22,400
BGC Edinburg	102,000	102,000
BGC McAllen	100,000	100,000
BGC Mission	55,000	55,000
BGC Pharr	90,000	90,000
RGV Boy Scouts	40,000	40,000
CASA	25,000	22,500
City of Palmview	-	20,000
Comfort House	25,000	25,000
Girls Scouts Tip of Texas	45,000	45,000
Hidalgo Youth Center	32,000	30,720
Mercedes Recreation Center	35,000	35,000
Palmer Drug Abuse Programs	70,000	70,000
Salvation Army	73,000	73,000
Serving Children & Adolescent	20,000	20,000
Silver Ribbon	25,000	25,000
Starr County Victims of Domestic Violence	30,000	35,000
Su Casa Esperanza	35,500	35,500
Women Together	70,000	70,000
	<u>\$ 900,500</u>	<u>\$ 916,120</u>

Emergency grants were made as follows:

Hutchinson County United Way - Fire Relief	\$ 5,000
	<u>\$ 5,000</u>

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14 – AWARDS (CONTINUED)

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

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

CIG BGC of Pharr	\$ 15,000
CIG City of Rio Grande City	2,700
CIG City of Roma	1,500
CIG Education School Districts	23,000
CIG McAllen Chamber	6,500
CIG Palmer Drug Abuse Program	7,000
CIG Palmview B & G Youth Center	13,000
CIG Precinct 1 Food Bank	800
CIG Precinct 2 Food Bank	800
CIG Precinct 3 Food Bank	1,800
CIG Precinct 4 Food Bank	800
CIG Roma High School Business	800
CIG Silver Ribbon Comm PTRS	5,000
CIG Starr County Hospital	2,000
	<u>\$ 80,700</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 year of employment. There are no withdrawal or transfer restrictions. Contributions to the plan during 2024 were approximately \$26,915 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, 2024, UWST, INC. had several bank balances that exceeded federally insured limits. The board of directors were aware and approved due to more competitive interest rates being available for investments.

NOTE 17 – RELATED PARTIES

In the normal course of business, UWST, INC. had substantial deposits on December 31, 2024 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 campaign. Contributions received from the state combined campaigns were approximately \$50,702.

UNITED WAY OF SOUTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Commitments for continued funding to the various partner agencies contingent upon the success of the 2024 campaign are enumerated in Note 14.

Approximately \$109,533 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 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 990

Presentation of certain expenditures are presented differently in the financial statements and Information Return Form 990. The following is a reconciliation:

	Financial Statements	Form 990
Schedule of Functional Expenses:		
Management and General		
Facility Maintenance	\$ 6,849	\$ 6,307
Insurance	3,601	3,259
Utilities	2,096	1,764
Depreciation	12,960	11,934
Total Expenses for management and general	<u>\$ 25,506</u>	<u>\$ 23,264</u>
Expenses related to rental income		-
Reconciliation of management and general expenses	<u><u>\$ 25,506</u></u>	<u><u>\$ 23,264</u></u>
Rental Income net of related expenses reported on Form 990:		
Rental Income		\$ 9,725
Expenses related to rental income:		
Facility Maintenance		542
Insurance		342
Utilities		332
Depreciation		1,026
Total expense related to rental income		<u>2,242</u>
Net Rental Income reported on Form 990		<u><u>\$ 7,483</u></u>

NOTE 20 – SUBSEQUENT EVENTS

For the purpose of reporting subsequent events, management has considered events occurring up to August 30, 2025, the date of the report was available to be issued.