

**UNITED WAY OF BEAUMONT AND
NORTH JEFFERSON COUNTY**

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITORS' REPORT**

June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
United Way of Beaumont and North Jefferson County
Beaumont, Texas

We have audited the accompanying financial statements of United Way of Beaumont and North Jefferson County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 Beaumont and North Jefferson County as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years 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 allocations to participating agencies 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.

Lawrence, Blackburn, Meek, Maxey & Co., P.C.

May 4, 2021
Beaumont, TX 77703

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 581,282	\$ 636,244
Campaign receivables (net)	450,499	494,447
Other contributions receivable	51,941	-
Investments	1,512,525	1,136,773
Other	9,045	13,094
Total Current Assets	2,605,292	2,280,558
PROPERTY AND EQUIPMENT		
Furniture and equipment	76,677	76,677
Accumulated depreciation	(75,784)	(73,633)
Total Property and Equipment	893	3,044
OTHER ASSETS		
Beneficial interest in endowments	3,355,800	3,194,400
Investments	1,611,193	1,790,777
Total Other Assets	4,966,993	4,985,177
Total Assets	\$ 7,573,178	\$ 7,268,779
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 74,175	\$ 57,041
Allocations and designated pledges payable	1,391,405	1,656,756
Current portion of long-term debt	23,218	-
Total Current Liabilities	1,488,798	1,713,797
LONG-TERM DEBT		
Total Liabilities	29,582	-
Total Liabilities	1,518,380	1,713,797
NET ASSETS		
Without donor restrictions:		
Board designated		
Operating reserves	1,134,116	1,134,116
Disaster reserves	500,000	500,000
Other	66,959	66,959
Undesignated	603,675	606,646
Total net assets without donor restrictions	2,304,750	2,307,721
With donor restrictions		
Total Net Assets	3,750,048	3,247,261
Total Net Assets	6,054,798	5,554,982
Total Liabilities and Net Assets	\$ 7,573,178	\$ 7,268,779

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
SUPPORT, REVENUES, AND GAINS				
Gross campaign results	\$ 1,569,359	\$ 197,155	\$ 1,766,514	\$ 2,007,526
Less amounts designated by donor for specific agencies	(373,625)	-	(373,625)	(423,554)
Less provision for uncollectible pledges	(126,896)	-	(126,896)	(187,057)
Net campaign pledges	1,068,838	197,155	1,265,993	1,396,915
Designations from other United Ways	24,386	-	24,386	24,453
Other	187,508	284,193	471,701	209,224
Total Contributions	1,280,732	481,348	1,762,080	1,630,592
Service fees	-	-	-	65
Special events (net)	37,814	-	37,814	50,408
Investment income (net)	89,645	-	89,645	108,826
Change in value of beneficial interest in endowments	-	161,400	161,400	(117,200)
Net assets released from restrictions				
Satisfaction of purpose restrictions	139,961	(139,961)	-	-
Total Revenues	1,548,152	502,787	2,050,939	1,672,691
EXPENSES AND LOSSES				
Agency Allocations				
Gross funds awarded	1,331,814	-	1,331,814	1,655,338
Less net collectible pledges designated by donor for specific agencies	(358,680)	-	(358,680)	(406,612)
Special and emergency grants	169,259	-	169,259	690,479
Net funds awarded	1,142,393		1,142,393	1,939,205
Program services				
Fund distribution	83,147	-	83,147	81,975
Community outreach	52,460	-	52,460	56,634
Service support				
Fund raising	77,741	-	77,741	77,818
Management and general	159,042	-	159,042	160,775
United Way Worldwide dues	36,340	-	36,340	20,041
Total Expenses and Losses	1,551,123	-	1,551,123	2,336,448
<i>Change in Net Assets</i>	(2,971)	502,787	499,816	(663,757)
Net Assets - Beginning	2,307,721	3,247,261	5,554,982	6,218,739
Net Assets - Ending	\$ 2,304,750	\$ 3,750,048	\$ 6,054,798	\$ 5,554,982

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Program Services		Service Support		Total	
	Fund	Community	Fund	Management	2020	2019
	Distribution	Outreach	Raising	& General		
Salaries	\$ 49,740	\$ 30,237	\$ 41,866	\$ 84,285	\$ 206,128	\$ 202,618
Employee benefits	10,754	6,352	8,635	23,603	49,344	48,548
Payroll taxes	3,902	2,372	3,293	6,717	16,284	16,080
Total Personnel						
Expenses	64,396	38,961	53,794	114,605	271,756	267,246
Conferences and meetings	197	631	159	468	1,455	2,206
Contract services	132	76	107	315	630	1,719
Depreciation	448	260	367	1,075	2,150	5,208
Equipment rental and maintenance	218	672	2,387	516	3,793	3,538
Insurance	-	-	-	-	-	-
Miscellaneous	492	1,302	451	1,172	3,417	1,518
Occupancy	7,776	4,443	6,295	18,514	37,028	36,970
Postage and shipping	227	71	446	519	1,263	1,748
Printing	15	9	6,052	37	6,113	7,811
Professional fees	5,852	3,357	4,754	13,605	27,568	26,867
Supplies	672	1,011	716	1,601	4,000	7,706
Telephone	843	482	683	2,008	4,016	3,853
Travel and transportation	990	510	810	2,490	4,800	4,800
United Way of Texas dues	889	675	720	2,117	4,401	6,012
Total Functional						
Expenses	<u>\$ 83,147</u>	<u>\$ 52,460</u>	<u>\$ 77,741</u>	<u>\$ 159,042</u>	<u>\$ 372,390</u>	<u>\$ 377,202</u>

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 499,816	\$ (663,757)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operation Activities		
Depreciation	2,150	5,208
Amortized bond premiums	2,463	2,125
(Gain) loss on securities	(37,561)	(49,131)
Change in value of beneficial interest in endowments	(161,400)	117,200
(Increase) Decrease in:		
Campaign receivables (net)	43,948	97,165
Other contributions receivable	(51,941)	-
Other current assets	4,049	2,800
Increase (Decrease) in:		
Accounts payable	17,134	2,960
Allocations and designations payable	(265,351)	2,423
Net Cash Provided (Used) by Operating Activities	53,307	(483,007)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,219,777)	(100,969)
Proceeds from sales of investments	1,058,708	992,237
Net Cash Provided (Used) by Investing Activities	(161,069)	891,268
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	52,800	-
Net Cash Provided (Used) by Financing Activities	52,800	-
Net Increase (Decrease) in Cash and Cash Equivalents	(54,962)	408,261
Cash and Cash Equivalents - Beginning	636,244	227,983
Cash and Cash Equivalents - Ending	\$ 581,282	\$ 636,244
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:

Organization

United Way of Beaumont and North Jefferson County (“United Way”) is a nonprofit organization that serves as a federated fund-raising agency for other nonprofit organizations in Jefferson County. Campaign contributions are solicited annually from individuals, companies and their employees. Funds are distributed to member agencies’ programs to provide services to individuals needing assistance.

United Way was originally incorporated on June 5, 1952 under the name United Appeals of Beaumont and North Jefferson County and the name was changed on August 6, 1979. United Way is governed by a volunteer board of trustees.

Mission Statement

To provide visionary leadership in uniting the community’s resources of donors, volunteers and organizations.

Basis of Accounting

The financial statements for United Way have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial Statement Presentation

The financial statements of United Way have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations’ (the “Guide”). ASC 958-205 was effective January 1, 2018 with early implementation allowed.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of United Way and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of United Way’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of United Way or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these amounts.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. generally accepted accounting principles (US GAAP) establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). United Way groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Cash and Cash Equivalents

United Way considers all demand deposits at financial institutions to be cash and cash equivalents.

Investments

Investments, which are reflected in the financial statements at fair market value, consist of certificates of deposit and government bonds. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets.

Furniture and Equipment

Furniture and equipment are recorded at cost if acquired, or fair market value if donated. Expenditures in excess of \$500 for furniture and equipment are capitalized. Depreciation is provided using the straight-line method over the useful lives (5-10 years) of the assets.

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Salaries and benefits are allocated based on time and effort. Most other expenses are allocated based on full-time equivalents.

Revenue Recognition

Annual campaigns are conducted to raise support for allocation to participating agencies. Pledges are recorded as received and allowances are made for amounts estimated as uncollectible. Unless specifically restricted by the donor, all pledges are considered to be available for unrestricted use. Pledges designated by the donor for distribution to a specific agency are not recognized as revenue by United Way.

Provision for uncollectible is computed based upon a historical average adjusted by management estimates of current economic factors, applied to gross campaign, including donor designations.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Expenditures

All expenditures are recorded on the accrual basis.

Donated Materials and Services

United Way receives a significant amount of donated services from unpaid volunteers who assist in the organization's management and fundraising. No amounts have been recognized in the statement of activities for these services because they do not meet the necessary criteria under US GAAP.

Income Tax Status

United Way is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509 (a) of the Code. United Way's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2017, 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after the return was filed.

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with United Way’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 2 – AVAILABILITY AND LIQUIDITY:

The following represents United Way’s financial assets at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial Assets at year-end		
Cash and cash equivalents	\$ 581,282	\$ 636,244
Pledges receivable	450,499	494,447
Investments	<u>3,123,718</u>	<u>2,927,550</u>
Total Financial Assets	<u>\$ 4,155,499</u>	<u>\$ 4,058,241</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	394,248	52,861
Board designated reserves	<u>1,201,075</u>	<u>1,201,075</u>
Total Financial Assets	<u>\$ 1,595,323</u>	<u>\$ 1,253,936</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 2,560,176</u>	<u>\$ 2,804,305</u>

United Way’s goal is to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, and U S Treasury obligations.

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 3 – CAMPAIGN RECEIVABLES:

Campaign receivables as of June 30, 2020 and 2019, consisted of:

	<u>2020</u>	<u>2019</u>
Pledges Receivable	\$ 728,744	\$ 809,008
Allowance for Uncollectibles	<u>(278,245)</u>	<u>(314,561)</u>
Net Campaign Receivables	<u>\$ 450,499</u>	<u>\$ 494,447</u>

All pledges are due within one year.

NOTE 4 – INVESTMENTS:

Investments are composed of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 296,082	\$ 296,082	\$ 200,000	\$ 200,000
Government Obligations	2,604,883	2,650,565	2,776,380	2,727,550
Mutual funds	<u>175,000</u>	<u>177,071</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,075,965</u>	<u>\$ 3,123,718</u>	<u>\$ 2,976,380</u>	<u>\$ 2,927,550</u>

Investment returns for the years ended June 30, 2020 and 2019 were composed of the following:

	<u>2020</u>	<u>2019</u>
Investment income		
Interest and dividend income	\$ 60,557	\$ 68,597
Investment manager fees	(8,473)	(8,902)
Gains and (losses)		
Realized	(4,022)	(7,867)
Unrealized	<u>41,583</u>	<u>56,998</u>
Total investment returns	<u>\$ 89,645</u>	<u>\$ 108,826</u>

As of June 30, 2020 and 2019, all investments were considered level 1 investments.

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 5 – BENEFICIAL INTEREST IN ENDOWMENTS:

Various donors have established endowed funds for the benefit of United Way with a non-profit community foundation which distributes an amount based on the value of the endowment as of December 31st and a distribution rate approved on an annual basis. The present value of the future benefits to be received is calculated based on the average annual distribution received during the previous ten years at a discount rate based on the yield of US Treasury obligations. The present value is limited to the fair market value of the endowed fund, when applicable. The fair market value of the endowed fund is valued using level 1 inputs, which are based on an unadjusted quoted price within active markets.

NOTE 6 – RESULTS OF ANNUAL CAMPAIGNS:

Pledges received and allowance for uncollectible pledges for the years ended June 30, 2020 and 2019, are as follows:

	<u>Undesignated</u>	<u>Donor Designated to Specific Agencies</u>	<u>Total</u>
<i>Year ended June 30, 2020</i>			
Pledges Received			
2017 Campaign	\$ 67		\$ 67
2018 Campaign	86,099		86,099
2019 Campaign	1,109,568	373,625	1,483,193
2020 Campaign	<u>197,155</u>		<u>197,155</u>
Total Pledges	1,392,889	373,625	1,766,514
Allowance for Uncollectibles			
2018 Campaign	(15,901)	-	(15,901)
2019 Campaign	(110,995)	(14,945)	(125,940)
2020 Campaign	<u>-</u>	<u>-</u>	<u>-</u>
Net Pledges	<u>\$ 1,265,993</u>	<u>\$ 358,680</u>	<u>\$ 1,624,673</u>
<i>Year ended June 30, 2019</i>			
Pledges Received			
2016 Campaign	\$ 229		\$ 229
2017 Campaign	109,601		109,601
2018 Campaign	1,442,769	423,554	1,866,323
2019 Campaign	<u>31,373</u>		<u>31,373</u>
Total Pledges	1,583,972	423,554	2,007,526
Allowance for Uncollectibles			
2017 Campaign	(67,596)	-	(67,596)
2018 Campaign	(119,461)	(16,942)	(136,403)
2019 Campaign	<u>-</u>	<u>-</u>	<u>-</u>
Net Pledges	<u>\$ 1,396,915</u>	<u>\$ 406,612</u>	<u>\$ 1,803,527</u>

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 –LONG-TERM DEBT:

In response to the coronavirus (COVID-19) outbreak in 2020, the U. S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, United Way obtained a PPP loan for \$52,800, which is included in United Way’s long-term debt balance at June 30, 2020. The note matures in April 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. United Way believes it used all the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time United Way will recognize a gain on the forgiveness of the loan.

Future scheduled maturities of the loan are as follows:

Year Ended June 30,	2020
2021	\$ 23,218
2022	29,582
	\$ 52,800

NOTE 8 –NET ASSETS:

Net assets with donor restrictions as of June 30, 2020 and 2019 were as follows:

	2020	2019
Specific Purpose		
Disaster Relief	\$ 197,093	\$ 52,861
Passage of Time		
Support for Subsequent Year Campaign	197,155	-
Not Subject to Appropriation or Expenditure		
Beneficial interest in endowments	3,355,800	3,194,400
Total Net Assets with Donor Restrictions	\$ 3,750,048	\$ 3,247,261

NOTE 9 –ALLOCATIONS AND DESIGNATED PLEDGES PAYABLE:

Unconditional allocations authorized but unpaid and estimated net collectible designated pledges at year end are reported as liabilities. The allocations and designated pledges payable at June 30, 2020 and 2019, are to be disbursed by United Way within one year, thus no discount has been calculated.

NOTE 10 – RETIREMENT PLAN:

United Way maintains a defined contribution retirement plan covering substantially all employees. Contributions to the plan are discretionary but may not exceed 15% of compensation. Contributions to the plan totaled \$24,289 and \$21,622 for the years ending June 30, 2020 and 2019, respectively.

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 11 – LEASE OBLIGATIONS:

United Way renewed a three-year lease for office space effective August 1, 2017 through July 31, 2020. The lease calls for monthly rental payments of \$2,300, with possible increases based on operating costs. Rent expense under this lease for the years ended June 30, 2020 and 2019 was \$29,835 and \$29,836, respectively.

NOTE 12 – CONCENTRATION OF CREDIT RISK:

As of June 30, 2020 and 2019, United Way had funds on deposit with a local bank in excess of FDIC insurance coverage by approximately \$3,000 and \$192,000, respectively.

As of June 30, 2020 and 2019, United Way had funds on deposit with brokerage firm in excess of SIPC insurance coverage by approximately \$2,371,000 and \$2,285,000, respectively.

Campaign pledges received from one corporation and its employees provided approximately 67% and 43 %, respectively, of the total pledges for the years ended June 30, 2020 and 2019. Pledges receivable from this corporation and its employees as of June 30, 2020 and 2019 were approximately \$307,000 and \$75,000, respectively.

NOTE 13 – COST DEDUCTIONS:

United Way has committed to and was in compliance with the Cost Deduction Requirements for Membership Requirement M, as established by United Way Worldwide. The standard establishes uniform rules for deducting resource development and organizational administration expenses from donor pledges.

NOTE 14 – UNCERTANITIES

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity worldwide. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Company, if any, cannot be determined at this time.

NOTE 15 – SUBSEQUENT EVENTS:

Management has evaluated subsequent events through May 4, 2021, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY
SCHEDULE OF ALLOCATIONS TO PARTICIPATING AGENCIES
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative amount for June 30, 2019)

	<u>Awarded from Current Campaign</u>		<u>Lapse of Prior Year Grants</u>	<u>Special and Emergency Grants</u>	<u>Total</u>	
	<u>United Way</u>	<u>Donor Designated</u>			<u>2020</u>	<u>2019</u>
American Red Cross	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,135
Anayat House	541	6,959	-	-	7,500	12,000
The ARC of Greater Beaumont	19,558	8,442	-	-	28,000	26,500
Boys' Haven of America, Inc.	-	36,496	-	-	36,496	61,182
Capland Center	5,884	3,116	-	-	9,000	15,000
Catholic Charities	4,577	45,423	-	-	50,000	337,500
Communities in Schools	41,542	8,458	-	-	50,000	100,000
Family Services of Southeast Texas, Inc	78,839	46,161	-	7,052	132,052	219,654
Legacy Community Health	18,946	1,054	-	-	20,000	20,000
Recovery Council of Southeast Texas	155,682	4,318	-	-	160,000	283,158
Nutrition and Services for Seniors	155,007	32,493	-	55,689	243,189	277,411
Rape and Suicide Crisis Center of Southeast Texas, Inc.	34,929	20,071	-	-	55,000	70,000
Salvation Army	155,380	19,620	-	34,521	209,521	231,884
Samaritan Counseling Center of Southeast Texas	7,443	557	-	-	8,000	11,000
San Jacinto Girl Scouts	42,115	2,885	-	-	45,000	60,000
Richard L. Shorkey Education & Rehabilitation Center	100,874	29,126	-	-	130,000	151,369
Southeast Texas Family Resource Center	19,526	5,474	-	578	25,578	21,600
Southeast Texas Food Bank	86,482	38,518	-	3,743	128,743	180,070
Southeast Texas Hospice, Inc.	-	19,881	-	-	19,881	60,561
Three Rivers Council, Boy Scouts of America	47,645	19,355	-	-	67,000	119,112
	<u>974,970</u>	<u>348,407</u>	<u>-</u>	<u>101,583</u>	<u>1,424,960</u>	<u>2,287,136</u>
Designated to other United Ways, their member agencies, and other non-profit organizations	<u>-</u>	<u>10,273</u>	<u>(1,836)</u>	<u>67,676</u>	<u>76,113</u>	<u>58,681</u>
	<u>\$ 974,970</u>	<u>\$ 358,680</u>	<u>\$ (1,836)</u>	<u>\$ 169,259</u>	<u>\$ 1,501,073</u>	<u>\$ 2,345,817</u>

See independent auditors' report