

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

**FINANCIAL STATEMENTS  
TOGETHER WITH AUDITORS' REPORT**

June 30, 2021 and 2020

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## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1-2
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-15
Additional Information:	
Schedule of Allocations to Participating Agencies .....	16

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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, 2021, and 2020 and the related statements of activities and changes in net assets, 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.

### **Auditors' 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 auditors' 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, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of 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.*

**February 21, 2022**  
Beaumont, TX 77703

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021**  
**(with comparative amount for June 30, 2020)**

<b>ASSETS</b>		<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	881,779	\$ 581,282
Campaign receivables (net)		256,689	450,499
Other contributions receivable		-	51,941
Investments		1,540,718	1,512,525
Other		26,579	9,045
Total Current Assets		<u>2,705,765</u>	<u>2,605,292</u>
<b>PROPERTY AND EQUIPMENT</b>			
Furniture and equipment		86,304	76,677
Accumulated depreciation		<u>(77,341)</u>	<u>(75,784)</u>
Total Property and Equipment		<u>8,963</u>	<u>893</u>
<b>OTHER ASSETS</b>			
Beneficial interest in endowments		3,718,400	3,355,800
Investments		<u>891,093</u>	<u>1,611,193</u>
Total Other Assets		<u>4,609,493</u>	<u>4,966,993</u>
Total Assets	\$	<u><u>7,324,221</u></u>	<u><u>\$ 7,573,178</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	\$	97,390	\$ 74,175
Allocations and designated pledges payable		1,107,254	1,391,405
Current portion of long-term debt		<u>1,272</u>	<u>23,218</u>
Total Current Liabilities		1,205,916	1,488,798
<b>LONG-TERM DEBT</b>		<u>39,461</u>	<u>29,582</u>
Total Liabilities		<u><u>1,245,377</u></u>	<u><u>1,518,380</u></u>
<b>NET ASSETS</b>			
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		<u>406,617</u>	<u>603,675</u>
Total net assets without donor restrictions		2,107,692	2,304,750
With donor restrictions		<u>3,971,152</u>	<u>3,750,048</u>
Total Net Assets		<u><u>6,078,844</u></u>	<u><u>6,054,798</u></u>
Total Liabilities and Net Assets	\$	<u><u>7,324,221</u></u>	<u><u>\$ 7,573,178</u></u>

The accompanying notes are an integral part of these financial statements

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(with comparative amount for June 30, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>SUPPORT, REVENUES, AND GAINS</b>				
Gross campaign results	\$ 899,537	\$ 43,613	\$ 943,150	\$ 1,766,514
Less amounts designated by donor for specific agencies	(204,450)	-	(204,450)	(373,625)
Less provision for uncollectible pledges	(53,841)	-	(53,841)	(126,896)
Net campaign pledges	641,246	43,613	684,859	1,265,993
Designations from other United Ways	9,427	-	9,427	24,386
Other	184,695	41,950	226,645	471,701
Total Contributions	835,368	85,563	920,931	1,762,080
Service fees	99	-	99	-
Special events (net)	33,262	-	33,262	37,814
Investment income (net)	16,257	-	16,257	89,645
COVID19 relief programs	73,513	-	73,513	-
Change in value of beneficial interest in endowments	-	362,600	362,600	161,400
Net assets released from restrictions				
Satisfaction of purpose restrictions	29,904	(29,904)	-	-
Satisfaction of time restrictions	197,155	(197,155)	-	-
Total Revenues	1,185,558	221,104	1,406,662	2,050,939
<b>EXPENSES AND LOSSES</b>				
Agency Allocations				
Gross funds awarded	1,107,254	-	1,107,254	1,331,814
Less net collectible pledges designated by donor for specific agencies	(196,272)	-	(196,272)	(358,680)
Special and emergency grants	57,885	-	57,885	169,259
Net funds awarded	968,867	-	968,867	1,142,393
Program services				
Fund distribution	86,325	-	86,325	83,147
Community outreach	88,831	-	88,831	52,460
Service support				
Fund raising	85,488	-	85,488	77,741
Management and general	112,628	-	112,628	159,042
United Way Worldwide dues	40,477	-	40,477	36,340
Total Expenses and Losses	1,382,616	-	1,382,616	1,551,123
<i>Change in Net Assets</i>	(197,058)	221,104	24,046	499,816
Net Assets - Beginning	2,304,750	3,750,048	6,054,798	5,554,982
Net Assets - Ending	\$ 2,107,692	\$ 3,971,152	\$ 6,078,844	\$ 6,054,798

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 YEAR ENDED JUNE 30, 2021**  
**(with comparative amount for June 30, 2020)**

	Program Services		Service Support		Total	
	Fund Distribution	Community Outreach	Fund Raising	Management & General	2021	2020
Salaries	\$ 48,873	\$ 30,961	\$ 44,646	\$ 60,414	\$ 184,894	\$ 206,128
Employee benefits	11,161	7,090	9,307	14,750	42,308	49,344
Payroll taxes	3,845	2,426	3,526	4,786	14,583	16,284
<b>Total Personnel Expenses</b>	<b>63,879</b>	<b>40,477</b>	<b>57,479</b>	<b>79,950</b>	<b>241,785</b>	<b>271,756</b>
Assistance to individuals	-	29,880	-	-	29,880	-
Conferences and meetings	122	74	104	178	478	1,455
Contract services	145	84	118	328	675	630
Depreciation	400	243	343	571	1,557	2,150
Equipment rental and maintenance	731	992	2,836	1,080	5,639	3,793
Insurance					-	-
Miscellaneous	482	294	542	707	2,025	3,417
Occupancy	9,785	5,939	8,376	13,973	38,073	37,028
Postage and shipping	283	50	637	226	1,196	1,263
Printing	-	-	5,676	-	5,676	6,113
Professional fees	7,030	4,259	6,007	10,259	27,555	27,568
Supplies	693	4,972	735	1,110	7,510	4,000
Telephone	1,008	612	863	1,439	3,922	4,016
Travel and transportation	1,034	510	1,145	1,761	4,450	4,800
United Way of Texas dues	733	445	627	1,046	2,851	4,401
<b>Total Functional Expenses</b>	<b>\$ 86,325</b>	<b>\$ 88,831</b>	<b>\$ 85,488</b>	<b>\$ 112,628</b>	<b>\$ 373,272</b>	<b>\$ 372,390</b>

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 YEAR ENDED JUNE 30, 2021**

**(with comparative amount for June 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 24,046	\$ 499,816
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operation Activities		
Depreciation	1,557	2,150
Amortized bond premiums	6,274	2,463
(Gain) loss on securities	38,790	(37,561)
Forgiveness of PPP loan	(52,800)	
Change in value of beneficial		
interest in endowments	(362,600)	(161,400)
(Increase) Decrease in:		
Campaign receivables (net)	193,810	43,948
Other contributions receivable	51,941	(51,941)
Other current assets	(17,534)	4,049
Increase (Decrease) in:		
Accounts payable	23,215	17,134
Allocations and designations payable	(284,151)	(265,351)
Net Cash Provided (Used) by Operating Activities	<u>(377,452)</u>	<u>53,307</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	(9,627)	-
Purchase of investments	(495,782)	(1,219,777)
Proceeds from sales of investments	<u>1,142,625</u>	<u>1,058,708</u>
Net Cash Provided (Used) by Investing Activities	<u>637,216</u>	<u>(161,069)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	<u>40,733</u>	<u>52,800</u>
Net Cash Provided by Financing Activities	<u>40,733</u>	<u>52,800</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	300,497	(54,962)
Cash and Cash Equivalents - Beginning	<u>581,282</u>	<u>636,244</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 881,779</u></u>	<u><u>\$ 581,282</u></u>

### 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 YEAR ENDED JUNE 30, 2021 AND 2020**

**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 YEAR ENDED JUNE 30, 2021 AND 2020**

**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.

Contributions Receivable

Contribution's receivable, campaign receivables, consists of unconditional promises to give that are expected to be collected within one year and are reported at net realizable value. An allowance for uncollectible receivable is provided when it is believed balances may not be collected in full.

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 YEAR ENDED JUNE 30, 2021 AND 2020**

**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, 2018, 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after the return was filed.

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, 2020, from which the summarized information was derived.

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

New Accounting Pronouncement –

During the fiscal year ended June 30, 2021, two new accounting pronouncements became effective for the organization. Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606) (ASU 2014-09)* and Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 953): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)*,

The core principle of ASU 2014-09 is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services using a 5-step process to determine when performance obligations are satisfied and revenue is recognized.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organization on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or exchanges transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information amounts for not-for-profit entities.

Management has analyzed the provisions of both ASU 2014-09 and ASU 2018-08, and has concluded that no changes were necessary to conform with the new standards, therefore; the implementation of these ASU's had no impact on beginning net asset or current revenue.

**NOTE 2 – AVAILABILITY AND LIQUIDITY:**

The following represents United Way's financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets at year-end		
Cash and cash equivalents	\$ 881,779	\$ 581,282
Pledges receivable	256,689	450,499
Investments	<u>2,431,811</u>	<u>3,123,718</u>
Total Financial Assets	<u>\$ 3,570,279</u>	<u>\$ 4,155,499</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	252,752	394,248
Board designated reserves	<u>1,201,075</u>	<u>1,201,075</u>
Total Financial Assets	<u>\$ 1,453,827</u>	<u>\$ 1,595,323</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 2,116,452</u>	<u>\$ 2,560,176</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 YEAR ENDED JUNE 30, 2021 AND 2020**

**NOTE 3 – CAMPAIGN RECEIVABLES:**

Campaign receivables as of June 30, 2021 and 2020, consisted of:

	2021	2020
Pledges Receivable	\$ 454,309	\$ 728,744
Allowance for Uncollectibles	(197,620)	(278,245)
Net Campaign Receivables	<u>\$ 256,689</u>	<u>\$ 450,499</u>

All pledges are due within one year.

**NOTE 4 – INVESTMENTS:**

Investments are composed of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$ 300,152	\$ 300,152	\$ 296,082	\$ 296,082
Government Obligations	1,853,648	1,865,186	2,604,883	2,650,565
Mutual funds	266,700	266,473	175,000	177,071
Total	<u>\$ 2,420,500</u>	<u>\$ 2,431,811</u>	<u>\$ 3,075,965</u>	<u>\$ 3,123,718</u>

Investment returns for the years ended June 30, 2021 and 2020 were composed of the following:

	2021	2020
Investment income:		
Interest and dividend income	\$ 63,454	\$ 60,557
Investment manager fees	(8,407)	(8,473)
Gains and (losses)		
Realized	(2,349)	(4,022)
Unrealized	(36,441)	41,583
Total investment returns	<u>\$ 16,257</u>	<u>\$ 89,645</u>

As of June 30, 2021 and 2020, all investments were considered level 1 investments.



**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

**NOTE 4 – 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 31<sup>st</sup> 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 5 – RESULTS OF ANNUAL CAMPAIGNS:**

Pledges received and allowance for uncollectible pledges for the years ended June 30, 2021 and 2020, are as follows:

	<u>Undesignated</u>	<u>Donor Designated to Specific Agencies</u>	<u>Total</u>
<i>Year ended June 30, 2021</i>			
Pledges Received			
2018 Campaign	\$ 103	\$ -	\$ 103
2019 Campaign	55,606	-	55,606
2020 Campaign	639,378	204,450	843,828
2021 Campaign	<u>43,613</u>	<u>-</u>	<u>43,613</u>
Total Pledges	738,700	204,450	943,150
Allowance for Uncollectibles			
2018 Campaign	5,778	-	5,778
2019 Campaign	(59,619)	-	(59,619)
2020 Campaign	<u>-</u>	<u>(8,178)</u>	<u>(8,178)</u>
Net Pledges	<u>\$ 684,859</u>	<u>\$ 196,272</u>	<u>\$ 881,131</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>-</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	<u>(110,995)</u>	<u>(14,945)</u>	<u>(125,940)</u>
Net Pledges	<u>\$ 1,265,993</u>	<u>\$ 358,680</u>	<u>\$ 1,624,673</u>

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

**NOTE 6 –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. United Way obtained two loans under this program. The specifics of the two loans are as follows:

	<u>2021</u>	<u>2020</u>
Loan Origination Date	April 5, 2021	April 9, 2020
Loan Amount	\$ 40,733	\$ 52,800
Future Schedule Maturities for the Year Ended June 30,		
2021	-	23,218
2022	1,272	29,582
2023	10,147	-
2024	10,250	-
2025	10,355	-
2026	8,709	-
	<u>\$ 40,733</u>	<u>\$ 52,800</u>

United Way believes it used all the proceeds from the loans for qualifying expenses. The application for forgiveness of the loan dated April 9, 2020 was approved on May 12, 2021. United Way expects to receive approval of its application for the loan dated April 5, 2021 in the future, at which time United Way will recognize a gain on the forgiveness of the loan.

**NOTE 7 –NET ASSETS:**

Net assets with donor restrictions as of June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Disaster Relief	\$ 209,139	\$ 197,093
Passage of Time		
Support for Subsequent Year Campaign	43,613	197,155
Not Subject to Appropriation or Expenditure		
Beneficial interest in endowments	<u>3,718,400</u>	<u>3,355,800</u>
Total Net Assets with Donor Restrictions	<u>\$ 3,971,152</u>	<u>\$ 3,750,048</u>

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

**NOTE 7 – NET ASSETS (Continued):**

Net assets without donor restrictions as of June 30, 2021 and 2020 were as follows:

	2021	2020
Undesignated	\$ 406,617	\$ 603,675
Designated by the Board		
Operating reserves	1,134,116	1,134,116
Disaster reserves	500,000	500,000
Major equipment	6,192	6,192
Emergency	60,767	60,767
Total Net Assets without Donor Restrictions	<u>\$ 2,107,692</u>	<u>\$ 2,304,750</u>

The Board has designated net assets without donor restrictions as follows:

*Operating reserve* – This reserve is to provide for operations and community investments in the event of an unforeseen event or severe economic downturn. The reserve is maintained at a minimum of three and maximum of six months operating expenses and allocations.

*Disaster reserve* – This reserve is to enable United Way to respond quickly to the community in the aftermath of a disaster.

*Major equipment* – This reserve is for unanticipated repairs or maintenance or purchases of capital equipment

*Emergency* – This reserve is to provide funding to partner agencies in the event of emergency needs.

**NOTE 8 – 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, 2021 and 2020, are to be disbursed by United Way within one year, thus no discount has been calculated.

**NOTE 9 – 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 \$20,273 and \$24,289 for the years ending June 30, 2021 and 2020, respectively.

**NOTE 10 – LEASE OBLIGATIONS:**

United Way renewed a three-year lease for office space effective August 1, 2017 through July 31, 2020 at which time it became a month-to-month lease until renewal in September 2021. 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, 2021 and 2020 was \$29,835 and \$29,835, respectively.



**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

**NOTE 11 – CONCENTRATION OF CREDIT RISK:**

As of June 30, 2021 and 2020, United Way had funds on deposit with a local bank in excess of FDIC insurance coverage by approximately \$0 and \$3,000, respectively.

As of June 30, 2021 and 2020, United Way had funds on deposit with brokerage firm in excess of SIPC insurance coverage by approximately \$2,160,000 and \$2,371,000, respectively.

Campaign pledges received from one corporation and its employees provided approximately 37% and 67 %, respectively, of the total pledges for the years ended June 30, 2021 and 2020. Pledges receivable from this corporation and its employees as of June 30, 2021 and 2020 were approximately \$185,000 and \$307,000, respectively.

**NOTE 12 –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 12 –SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through February 21, 2022, the date on which the financial statements were available to be issued.

## **ADDITIONAL INFORMATION**

**UNITED WAY OF BEAUMONT AND NORTH JEFFERSON COUNTY**  
**SCHEDULE OF ALLOCATIONS TO PARTICIPATING AGENCIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(with comparative amount for June 30, 2020)**

	<u>Awarded from Current Campaign</u>		Special and Emergency Grants	<u>Total</u>	
	<u>United Way</u>	<u>Donor Designated</u>		<u>2021</u>	<u>2020</u>
Anayat House	\$ 3,260	\$ 4,240	\$ -	\$ 7,500	\$ 7,500
The ARC of Greater Beaumont	24,477	3,523	-	28,000	28,000
Boys' Haven of America, Inc.	1,246	13,754	-	15,000	36,496
Capland Center	3,272	1,728	-	5,000	9,000
Catholic Charities	24,239	25,761	-	50,000	50,000
Communities in Schools	45,538	4,462	-	50,000	50,000
Family Services of Southeast Texas, Inc	82,550	25,950	9,244	117,744	132,052
Legacy Community Health	19,513	487	-	20,000	20,000
Recovery Council of Southeast Texas	117,951	2,049	23,597	143,597	160,000
Nutrition and Services for Seniors	148,234	26,766	8,579	183,579	243,189
Rape and Suicide Crisis Center of Southeast Texas, Inc.	45,457	9,543	-	55,000	55,000
Salvation Army	120,300	14,700	4,008	139,008	209,521
Samaritan Counseling Center of Southeast Texas	7,283	717	-	8,000	8,000
San Jacinto Girl Scouts	38,528	1,472	-	40,000	45,000
Richard L. Shorkey Education & Rehabilitation Center	119,607	10,393	-	130,000	130,000
Southeast Texas Family Resource Cente	23,717	1,283	-	25,000	25,578
Southeast Texas Food Bank	47,545	27,455	12,457	87,457	128,743
Southeast Texas Hospice, Inc.	10,245	6,755	-	17,000	19,881
Three Rivers Council, Boy Scouts of America	28,020	7,980	-	36,000	67,000
	<u>910,982</u>	<u>189,018</u>	<u>57,885</u>	<u>1,157,885</u>	<u>1,424,960</u>
Designated to other United Ways, their member agencies, and other non-profit organizations	<u>-</u>	<u>7,254</u>	<u>-</u>	<u>7,254</u>	<u>76,113</u>
	<u><u>\$ 910,982</u></u>	<u><u>\$ 196,272</u></u>	<u><u>\$ 57,885</u></u>	<u><u>\$ 1,165,139</u></u>	<u><u>\$ 1,501,073</u></u>

See independent auditors' report