

HUTCHINSON COUNTY UNITED WAY, INC.

AUDITED
FINANCIAL STATEMENTS

FISCAL YEAR ENDED
MARCH 31, 2022

HUTCHINSON COUNTY UNITED WAY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hutchinson County United Way, Inc.
Borger, Texas

We have audited the accompanying financial statements of Hutchinson County United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 of 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 Hutchinson County United Way, Inc. as of March 31, 2022 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, pages 6 and 7, and the schedule of agency allocations, page 12, are presented for purposes of additional analysis and are not required as a 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.

A handwritten signature in black ink, appearing to read "Allen & Ortega". The signature is written in a cursive, flowing style.

Allen & Ortega CPAs
August 31, 2022

HUTCHINSON COUNTY UNITED WAY, INC.
 STATEMENTS OF FINANCIAL POSITION
 FOR THE FISCAL YEARS ENDED MARCH 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Cash in banks and on hand	\$ 682,044	\$ 601,605
Pledges receivable, net of allowance	266,645	244,503
Prepaid Expenses	1,764	1,807
Accrued Interest	14	47
Office equipment, net of accumulated depreciation	611	1,017
TOTAL ASSETS	\$ 951,078	\$ 848,979
 <u>LIABILITIES</u>		
Accounts payable	\$ 172	\$ 466
Payroll taxes payable	903	860
Allocations payable	571,020	534,249
TOTAL LIABILITIES	572,095	535,575
 <u>NET ASSETS</u>		
Net assets without donor restrictions	378,983	313,404
TOTAL NET ASSETS	378,983	313,404
TOTAL LIABILITIES AND NET ASSETS	\$ 951,078	\$ 848,979

See Notes to the Financial Statements and Independent Auditor's Report.

HUTCHINSON COUNTY UNITED WAY, INC.
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED MARCH 31, 2022 AND 2021

	2022	2021
<u>REVENUES, GAINS AND OTHER SUPPORT</u>		
Support		
Annual campaign	\$ 616,770	\$ 612,086
Less estimated uncollectible pledges	(30,249)	(41,452)
Net Campaign contributions	586,521	570,634
Special events	152,606	59,115
Other revenue	4,821	28,269
Covid-19 relief funds		30,110
PPP proceeds		14,400
In-kind support	87,479	39,699
Investment income	1,618	4,016
	833,045	746,243
<u>EXPENSES</u>		
Program services		
Funds allocated to agencies and other United Ways	436,573	338,963
Funds allocated to non-agencies		
	436,573	338,963
Community impact	189,299	138,400
Support services		
Management and general	66,193	66,075
Fund-raising	75,401	42,066
	767,466	585,504
TOTAL EXPENSES	767,466	585,504
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	65,579	160,739
Net Assets at Beginning of Year	313,404	152,665
NET ASSETS AT END OF YEAR	\$ 378,983	\$ 313,404

See Notes to the Financial Statements and Independent Auditor's Report.

HUTCHINSON COUNTY UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2022 AND 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 65,579	\$ 160,739
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	407	276
(Increase) decrease		
Pledges receivable	(22,142)	(1,912)
Prepaid expenses	43	140
Accrued interest	33	160
Equipment		(689)
Increase (decrease)		
Accounts payable	(294)	466
Allocations payable	36,770	(27,667)
Payroll taxes payable	43	(162)
	80,439	131,351
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	80,439	131,351
NET INCREASE (DECREASE) IN CASH	80,439	131,351
CASH - BEGINNING OF YEAR	601,605	470,254
CASH - END OF YEAR	\$ 682,044	\$ 601,605

See Notes to the Financial Statements and Independent Auditor's Report.

HUTCHINSON COUNTY UNITED WAY, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED MARCH 31, 2022

FUNCTIONAL EXPENSES	SUPPORT SERVICES			TOTAL	
	PROGRAM SERVICES	COMMUNITY IMPACT	MANAGEMENT AND GENERAL		FUND RAISING
Agency allocations	\$ 436,573			\$ 436,573	
Salaries		\$ 4,726	\$ 23,630	\$ 18,904	47,260
Payroll taxes		366	1,831	1,465	3,662
Total Salaries and payroll taxes		5,092	25,461	20,369	50,922
Advertising				2,065	2,065
Awards				10,209	10,209
Back to school fair expense		89,163			89,163
Campaign expense				39,354	39,354
Community impact expense		34,481			34,481
Computer expense		331	1,657	1,325	3,313
Day of caring expense		11,273			11,273
Depreciation			407		407
Insurance			16,559		16,559
Membership dues			11,777		11,777
Office supplies			2,171		2,171
Postage and box rent		39	193	154	386
Professional services			4,900		4,900
Rent			661		661
Telephone		236	1,181	945	2,362
Travel		211	1,054	843	2,108
Volunteer Hours		48,439			48,439
Miscellaneous		34	172	137	343
TOTAL FUNCTIONAL EXPENSES	\$ 436,573	\$ 189,299	\$ 66,193	\$ 75,401	\$ 767,466

HUTCHINSON COUNTY UNITED WAY, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED MARCH 31, 2021

<u>FUNCTIONAL EXPENSES</u>	SUPPORT SERVICES			<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>COMMUNITY IMPACT</u>	<u>MANAGEMENT AND GENERAL</u>	
Agency allocations	\$ 436,573			\$ 436,573
Salaries		\$ 4,690	\$ 23,452	\$ 18,762
Payroll taxes		363	1,817	1,454
Total Salaries and payroll taxes		5,053	25,269	20,216
Advertising				2,100
Awards				3,855
Back to school fair expense		82,521		82,521
Campaign expense				9,778
Community impact expense		31,889		31,889
Computer expense		217	1,086	869
Depreciation			276	276
Insurance			13,136	13,136
Membership dues			12,079	12,079
Office supplies			2,321	2,321
Postage and box rent		24	120	96
Professional services			4,700	4,700
Rent			649	649
Telephone		236	1,181	945
Volunteer Hours		17,408		17,408
Miscellaneous		1,052	5,258	4,207
TOTAL FUNCTIONAL EXPENSES	\$ 436,573	\$ 138,400	\$ 66,075	\$ 42,066
	\$ 683,114			\$ 683,114

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hutchinson County United Way, Inc. (the Organization) is an autonomous, community-based, nonprofit corporation, that provides joint fundraising with member organizations. Approximately 74% and 82% of the organization's support for the year ended March 31, 2022 and 2021, came from donor contributions. The Organization is concentrated in the geographic area.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows the guidance of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, Not-for Profit Entities Presentation of Financial Statements. Under FASB ASC 958-205-55-5, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: net assets without donor restrictions, temporarily restricted net assets, and permanently restricted net assets.

Financial Statement Presentation

Hutchinson County United Way, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are the portion of net assets whose use is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use of management and the Board of Directors for general operations.

Temporarily restricted net assets are the portion of net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization. There were no temporarily restricted net assets as of March 31, 2022 and 2021.

Permanently restricted net assets are the portion of net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by the actions of the Organization. There were no permanently restricted net assets as of March 31, 2022 and 2021.

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 the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Fair value approximates carrying amounts.

Pledges Receivable, net

The Organization conducts an annual fundraising campaign usually in the last quarter of each calendar year. All contributions are considered to be available for unrestricted use unless specifically restricted by the contributor. Pledges receivable are recorded as revenue at the amount the Organization expects to collect on outstanding balances. Included in the pledges are contributions designated for other nonprofit organizations for which the Organization serves as the fiscal agent in the solicitation and distribution of the pledges. These pledges are included in campaign support and are deducted as donor designations to other organizations in arriving at net campaign support. All pledges receivable at the end of the year are for the year in which they are pledged and are recorded in unrestricted net assets. An allowance of \$44,548 and \$39,366 for uncollectible pledges in the years ended March 31, 2022 and 2021, respectively, has been established to provide for uncollectible pledges.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Purchases of land, building, and furniture and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method, over their estimated useful lives of 5 to 10 years.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

Functional expenses have been allocated between program services or supporting services based on an estimated personnel time and space utilized for the related activities. Program services include direct and indirect costs related to providing the services for which purpose the Organization exists. Supporting services include administration and fundraising activities.

In-kind Donations of Materials and Services

Donated materials and services are reflected as "In-kind support" at their estimated fair values at the date of receipt. Donated materials are comprised of equipment, supplies, and food. Donated services are comprised of professional services as well as advertising and any other services that enhance or create non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in many areas, including program services, fund raising events and office support, but do not meet these criteria and are, therefore, not recorded in the financial statements.

Advertising

The Organization expenses the cost of advertising the first time the advertising takes place. Advertising, promotion, and marketing expense for the years ended March 31, 2022 and 2021 was \$2,065 and \$2,100, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has made no provision for federal income taxes in the accompanying financial statements.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting Standards Updates [AS U]

AS U No. 2022-03, *Fair Value Measurement - Equity Securities*. The amendments in this Update do not change the principles of fair value measurement. The amendments clarify those principles when measuring the fair value of an equity security subject to a contractual sale restriction and improve current GAAP by reducing diversity in practice, reducing the cost and complexity in measuring fair value, and increasing comparability of financial information across reporting entities that hold those investments. This update is effective for fiscal years beginning after December 15, 2023. The Organization will not be directly affected by this Update.

AS U No. 2022-02, *Financial Instruments - Credit Losses*. The amendments in this Update eliminate the accounting guidance for TDRs by creditors in Subtopic 310-40, *Receivables—Troubled Debt Restructurings by Creditors*, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The amendments in this Update are effective for fiscal years beginning after December 15, 2022. The Organization will not be directly affected by this Update.

AS U No. 2022-01, *Derivatives and Hedging - Fair Value Hedging*. The amendments in this Update allow nonprepayable financial assets also to be included in a closed portfolio hedged using the portfolio layer method. That expanded scope permits an entity to apply the same portfolio hedging method to both prepayable and nonprepayable financial assets, thereby allowing consistent accounting for similar hedges. Update are effective for fiscal years beginning after December 15, 2022. The Organization will not be directly affected by this Update.

AS U No. 2021-10, *Government Assistance - Business Disclosures*. The amendments in this Update improve financial reporting by requiring disclosures that increase the transparency of transactions with a government accounted for by applying a grant or contribution accounting model by analogy, including the types of transactions, the accounting for those transactions, and the effect of those transactions on an entity's financial statements. The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. The Organization will not be directly affected by this Update.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There are no cash deposits in excess of federally insured limits potentially subject the organization to concentrations of credit risk at this time.

PLEDGES RECEIVABLE

Pledges receivable and allowance for uncollectible amounts are summarized as follows for March 31:

	2022	2021
Total pledges receivable	\$ 311,193	\$ 283,869
Less allowance for uncollectible pledges	(44,548)	(39,366)
Net pledges receivable	\$ 266,645	\$ 244,503

The provision for uncollectible pledges is made for campaign contributions (total amount raised) and is based primarily on recent historical experience as well as other factors anticipated by management to affect collections.

PROPERTY AND EQUIPMENT

Depreciation of equipment, furniture, and fixtures is provided on a straight-line basis and accelerated methods over the estimated useful lives of the assets. The following schedule is a summary of furniture and equipment as of March 31:

	2022	2021
Furniture and equipment	\$ 7,619	\$ 7,620
Less accumulated depreciation	(7,009)	(6,603)
Net capital assets	\$ 610	\$ 1,017

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 31, 2022, the date which the financial statements were available to be issued. There were no subsequent events requiring disclosure in these financial statements.

HUTCHINSON COUNTY UNITED WAY, INC.
SCHEDULES OF AGENCY ALLOCATIONS
FOR THE FISCAL YEARS ENDED MARCH 31, 2022 AND 2021

<u>AGENCY ALLOCATIONS</u>	<u>2022</u>	<u>2021</u>
Partner		
Borger Area Learning Center	\$ 20,000	\$ 20,000
Golden Spread Council - Boy Scouts	40,000	40,000
Buttercup House	65,625	60,000
Connect Community Services	1,816	
Epilepsy Foundation	6,024	5,030
Girl Scouts of the Texas Oklahoma Plains	5,200	5,000
High Plains Helping Hand	65,500	56,225
HutchCares	25	10,469
Hutchinson County Crisis Center	75,650	64,470
Jerry Waggoner Foundation	10,480	11,565
Living Water Benevolence Ministries	42,447	22,020
Opportunities, Inc	37,084	24,500
Salvation Army	25,240	35,240
Texas Panhandle Centers	14,700	13,740
The Bridge	8,095	9,320
Other Allocations		
Back to School Fair	75,000	82,520
Community Impact Grants	30,000	30,000
Day of Caring	10,000	10,000
Friends of Drug Court	29,950	24,150
Mental Health	10,000	10,000
Prior year allocation adjustment	(136,263)	(195,286)
 Total	 <u>\$ 436,573</u>	 <u>\$ 338,963</u>