

**THE UNITED WAY OF GALVESTON, TEXAS**

**FINANCIAL STATEMENTS**  
**with Report of Independent Auditors**

**Years Ended December 31, 2022 and 2021**

**THE UNITED WAY OF GALVESTON, TEXAS**

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*a professional limited liability company*

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*certified public accountants and business consultants*

## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
United Way of Galveston, Inc.  
Galveston, Texas

### **Opinion**

We have audited the accompanying financial statements of United Way of Galveston, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Galveston, Inc. as of December 31, 2022 and 2021, 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 ("GAAP").

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Galveston, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 GAAP, 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, which raise substantial doubt about United Way of Galveston, 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 GAAS 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as identified in the table of contents, 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.

**DRDA, PLLC**

DRDA, PLLC  
Houston, Texas  
October 19, 2023

**UNITED WAY OF GALVESTON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31,**

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 933,234	\$ 646,874
Investments	395,677	729,960
Receivables:		
Pledges receivable, net of allowance for uncollectible pledges of \$30,000	413,358	427,317
SECC reimbursement	3,917	17,212
Inventory	11,025	11,025
Total Current Assets	1,757,211	1,832,388
 Right-of-use asset - operating lease	 15,247	 28,543
 Total Assets	 \$ 1,772,458	 \$ 1,860,931
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,680	\$ 5,968
Accrued payroll and related	9,172	-
Allocations payable to participating agencies	19,030	80,470
Designations payable: Community campaign	37,499	74,052
Designations payable: SECC UWG campaigns	252,313	260,445
Lease obligation - current portion	5,755	20,592
Total Current Liabilities	329,449	441,527
 Lease obligation - net of current portion	 9,492	 7,951
 Total Liabilities	 338,941	 449,478
 <b>Net Assets</b>		
Without donor restrictions		
Inventory	11,025	11,025
Operating	1,128,381	1,171,349
Total without donor restrictions	1,139,406	1,182,374
With donor restrictions	294,111	229,079
Total Net Assets	1,433,517	1,411,453
 Total Liabilities and Net Assets	 \$ 1,772,458	 \$ 1,860,931

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF GALVESTON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Other Support:			
Gross campaign revenues 2022/2023	\$ -	\$ 582,549	\$ 582,549
Less donor designations - Community	-	(37,499)	(37,499)
Less donor designations - SECC	-	(208,338)	(208,338)
Less donor designations - SECC United Way	-	(147,081)	(147,081)
Net campaign revenues 2021/2022	<u>-</u>	<u>189,631</u>	<u>189,631</u>
Gross campaign revenues 2021/2022	679,268	(679,268)	-
Less donor designations - Community	(74,052)	74,052	-
Less donor designations - SECC	(215,338)	215,338	-
Less donor designations - SECC United Way	(194,797)	194,797	-
Less provisions for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net campaign revenues 2021/2022, including prior year received in prior year net contributions, released from restriction in current year	<u>195,081</u>	<u>(195,081)</u>	<u>-</u>
Total campaign results	195,081	(5,450)	189,631
Additional support from:			
Prior years	55,222	-	55,222
Other contributions	23,668	-	23,668
Other income	12,297	-	12,297
Galveston County Recovery	-	70,482	70,482
Net loss on investments	(9,032)	-	(9,032)
Investment income	<u>9,511</u>	<u>-</u>	<u>9,511</u>
Total revenues and other support	<u>286,747</u>	<u>65,032</u>	<u>351,779</u>
Expenses:			
Program services			
Allocations to agencies	167,705	-	167,705
(Less donor designations)	(184,580)	-	(184,580)
Other program services	<u>275,046</u>	<u>-</u>	<u>275,046</u>
Total program services	<u>258,171</u>	<u>-</u>	<u>258,171</u>
Supporting services			
Management and general	56,457	-	56,457
Fundraising	<u>15,087</u>	<u>-</u>	<u>15,087</u>
Total supporting services	<u>71,544</u>	<u>-</u>	<u>71,544</u>
Total expenses	<u>329,715</u>	<u>-</u>	<u>329,715</u>
Change in net assets	(42,968)	65,032	22,064
Net Assets, beginning of year	<u>1,182,374</u>	<u>229,079</u>	<u>1,411,453</u>
Net Assets, end of year	<u>\$ 1,139,406</u>	<u>\$ 294,111</u>	<u>\$ 1,433,517</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF GALVESTON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Other Support:			
Gross campaign revenues 2021/2022	\$ -	\$ 679,268	\$ 679,268
Less donor designations - Community	-	(74,052)	(74,052)
Less donor designations - SECC	-	(215,338)	(215,338)
Less donor designations - SECC United Way	-	(194,797)	(194,797)
Net campaign revenues 2021/2022	<u>-</u>	<u>195,081</u>	<u>195,081</u>
Gross campaign revenues 2020/2021	751,150	(751,150)	-
Less donor designations - Community	(83,829)	83,829	-
Less donor designations - SECC	(207,488)	207,488	-
Less donor designations - SECC United Way	(168,600)	168,600	-
Less recovery of uncollectibles	(20,708)	20,708	-
Less provisions for uncollectibles	<u>(25,388)</u>	<u>-</u>	<u>(25,388)</u>
Net campaign revenues 2019/2020, including prior year received in prior year net contributions released from restriction in current year	<u>245,137</u>	<u>(270,525)</u>	<u>(25,388)</u>
Total campaign results	245,137	(75,444)	169,693
Additional support from:			
Prior years	137,434	-	137,434
Other contributions	11,170	-	11,170
Other income	53,686	-	53,686
Galveston County Recovery	-	640,688	640,688
Unrestricted grants	25,000	-	25,000
Net unrealized gain (loss) on investments	(14,488)	-	(14,488)
Investment income	<u>10,927</u>	<u>-</u>	<u>10,927</u>
Total revenues and other support	<u>468,866</u>	<u>565,244</u>	<u>1,034,110</u>
Expenses:			
Program services			
Allocations to agencies	485,776	-	485,776
(Less donor designations)	(268,849)	-	(268,849)
Galveston County Recovery	-	583,448	583,448
Other program services	<u>228,745</u>	<u>-</u>	<u>228,745</u>
Total program services	<u>445,672</u>	<u>583,448</u>	<u>1,029,120</u>
Supporting services			
Management and general	63,696	-	63,696
Fundraising	<u>21,721</u>	<u>-</u>	<u>21,721</u>
Total supporting services	<u>85,417</u>	<u>-</u>	<u>85,417</u>
Total expenses	<u>531,089</u>	<u>583,448</u>	<u>1,114,537</u>
Change in net assets	(62,223)	(18,204)	(80,427)
Net Assets, beginning of year	<u>1,244,597</u>	<u>247,283</u>	<u>1,491,880</u>
Net Assets, end of year	<u>\$ 1,182,374</u>	<u>\$ 229,079</u>	<u>\$ 1,411,453</u>

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF GALVESTON, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31,**

	2022					2021				
	Program Services		Management and General	Fundraising	Totals	Program Services		Management and General	Fundraising	Totals
	Direct Aid	Other				Direct Aid	Other			
Salaries and related expenses:										
Salaries and wages	\$ -	\$ 145,000	\$ 12,384	\$ 9,111	\$ 166,495	\$ -	\$ 125,560	\$ 10,724	\$ 7,876	\$ 144,160
Employee benefits	-	20,874	1,783	1,312	23,969	-	19,738	1,686	1,238	22,662
payroll taxes	-	11,348	969	713	13,030	-	10,125	865	635	11,625
Total salaries and related expenses	-	177,222	15,136	11,136	203,494	-	155,423	13,275	9,749	178,447
Other expenses:										
Allocations to agencies	167,705	-	-	-	167,705	485,776	-	-	-	485,776
(Less donor designations)	-	-	-	-	-	(268,849)	-	-	-	(268,849)
Galveston County Recovery	-	-	-	-	-	583,448	-	-	-	583,448
Bank charges	-	289	-	-	289	-	367	-	-	367
Accounting & auditing	-	14,075	26,139	-	40,214	-	-	-	-	-
Campaign promotion & advertising	-	-	-	1,788	1,788	-	-	-	8,046	8,046
Community awareness	-	14,897	-	-	14,897	-	9,621	-	-	9,621
Insurance	-	3,698	316	232	4,246	-	3,446	294	216	3,956
Membership dues	-	3,120	267	196	3,583	-	4,871	416	305	5,592
Miscellaneous	-	22,137	441	728	23,306	-	19,302	1,648	1,210	22,160
Moving expense	-	1,093	-	-	1,093	-	-	-	-	-
Occupancy expenses	-	21,466	-	-	21,466	-	18,473	1,578	1,159	21,210
Information technology	-	7,868	672	494	9,034	-	7,970	681	500	9,151
Office supplies	-	4,191	358	263	4,812	-	5,996	512	376	6,884
Postage and shipping	-	-	-	-	-	-	724	-	-	724
Professional fees	-	-	363	-	363	-	-	36,304	-	36,304
Repairs & maintenance	-	-	-	-	-	-	-	2,708	-	2,708
Telephone	-	3,983	340	250	4,573	-	2,552	218	160	2,930
Travel & mileage	-	1,007	-	-	1,007	-	-	-	-	-
SECC fees net of reimbursement	-	-	12,425	-	12,425	-	-	6,062	-	6,062
Total other expenses	167,705	97,824	41,321	3,951	310,801	800,375	73,322	50,421	11,972	936,090
Total Expenses	<u>\$ 167,705</u>	<u>\$ 275,046</u>	<u>\$ 56,457</u>	<u>\$ 15,087</u>	<u>\$ 514,295</u>	<u>\$ 800,375</u>	<u>\$ 228,745</u>	<u>\$ 63,696</u>	<u>\$ 21,721</u>	<u>\$ 1,114,537</u>

The accompanying notes are an integral part of these financial statements.



**UNITED WAY OF GALVESTON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31,**

	2022	2021
Cash Flows From Operating Activities		
Change in Net Assets	\$ 22,064	\$ (80,427)
Adjustments to reconcile change in net assets to net cash from Operating Activities:		
Net loss on investments	9,032	14,488
Forgiveness of Paycheck Protection Program loan	-	(35,990)
Changes in assets and liabilities:		
Decrease (increase) in pledges receivable	13,959	146,604
Decrease (increase) in other receivables	13,295	(1,207)
(Decrease) increase in accounts payable	(288)	(1,734)
(Decrease) increase in accrued payroll	9,172	-
(Decrease) increase in allocations and designations payable	(106,125)	84,719
Net cash (used in) provided by operating activities	(38,891)	126,453
Cash Flows From Investing Activities		
Proceeds from sale of investments	1,850,251	-
Purchase of investments	(1,470,116)	(144,815)
Cash withdrawals	(54,884)	-
Net cash used in investing activities	325,251	(144,815)
 (Decrease) Increase in Cash and Cash Equivalents	 286,360	 (18,362)
Cash and Cash Equivalents, Beginning of Year	646,874	665,236
Cash and Cash Equivalents, End of Year	\$ 933,234	\$ 646,874

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE A - Organization and Nature of Activities**

**Organization**

United Way of Galveston, Inc., a nonprofit organization, was incorporated in the State of Texas in 1923. The Internal Revenue Service has determined that the United Way of Galveston, Inc. (the "Organization") is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). It is classified as a public charity under Section 170(b)(1)(A)(vi). Also the Comptroller of Public Accounts of the State of Texas has determined that the Organization is qualified for exemption from state franchise tax.

**Nature of Activities**

The Organization invest in a broad array of services that focus on developing children and youth to their full potential, creating strong families and safe neighborhoods, sustaining senior independence, and supporting people rebuilding their lives. The Organization's services touched over 22,000 lives in the community last year. In addition, the Organization connects people with services through 2-1-1 Texas in order to bring services closer to where people live.

The Organization's fundraising efforts include workplace campaigns, individual leadership giving programs, corporate giving, Organization grants, and special efforts to respond to emerging such as disaster recovery. Additionally, the Organization acts as the Local Campaign Manager for the local Galveston Area State Employees Charitable Campaign, soliciting funds from Texas state employees.

**NOTE B - Summary of Significant Accounting Policies**

Following is a summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

**Basis of Accounting and Presentation**

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Net assets of the Organization and changes therein are classified according to the existence or absence of donor-imposed restrictions and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions - Net assets with donor restrictions are net assets subject to donor-imposed stipulations. Net assets with donor-imposed restrictions include net assets that are either (i) restricted until the donor-imposed stipulation has been met through the passage of time and/or by actions of the Board of Directors, or (ii) expected to be maintained in perpetuity. When a purpose restriction is accomplished, or a time restriction ends, net assets with donor restrictions are reclassified or released to net assets without donor restrictions.

**Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits and all short-term investments with a maturity of three months or less when purchased.

The Organization maintains deposits in a few financial institutions, which may at time exceed amount covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses related to amounts in excess of FDIC limits.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE B - Summary of Significant Accounting Policies** (continued)

**Investments**

Investments are reported at fair value. Investment returns are reported in the statements of activities as an increase in net assets without donor restrictions unless the use of income is limited to donor-imposed restriction. Investments may include mutual funds and certificates of deposit with a maturity of greater than three months when purchased.

**Inventory**

Inventory consists of recognition pins and is stated at the lower of cost or net realizable value.

**Pledges Receivable**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with restrictions by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made, as well as other factors anticipated to affect collections.

**Campaign Pledges and Designations**

An annual fundraising campaign is conducted to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectable.

Community-wide donations and pledges are recorded as donor restricted revenues in the campaign year and released into net assets without donor restriction as restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by the Organization, but are reported as part of campaign results from which the amounts are then deducted to arrive at campaign revenue.

Donor designated pledges are assess a processing fee based on actual historical costs in accordance with Untied Way of America membership standards as outlined in their publication *titled Untied Way of America Implementation Requirements for Membership Standard M (cost deductions for designated funds)*.

**Contributed Services**

The amount of contributed services received in 2022 and 2021 was not material and therefore has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

**Contributions**

Contributions received are recorded as support with or without restriction depending on the existence and/or nature of any donor restrictions. When a restriction expires(that is, when a stipulated time restriction ends or a purpose restrict is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. All contributions are considered to be available for without donor restrictions use unless specifically restricted by the donor.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE B - Summary of Significant Accounting Policies** (continued)

**Advertising Costs**

Advertising costs are expensed as incurred and amounted to \$1,788 in 2022 and \$8,046 in 2021, and are included in fundraising expenses on the statements of activities.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, except on income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization annually files a Federal Exempt Organization Business Tax Return, Form 990, and no tax returns are currently under examination by any tax authority. The Organization did not incur any penalties or interest during the years ended December 31, 2022 or 2021.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

**Fair Value of Financial Instruments**

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarch are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted for identical asset or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated b observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Organization had no Level 3 assets or liabilities during years ended December 31, 2022 or 2021.

At December 31, 2022, investments consisted of certificates of deposit with maturities greater than three months with a combined value of \$395,677, classified as Level 1. At December 31, 2021, investments consisted of exchange traded mutual funds with a fair value of \$729,960, classified as Level 2.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE B - Summary of Significant Accounting Policies** (continued)

**Recent Accounting Standard**

Leases - Adoption of FASB ASC 2016-02, Topic 842

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the balance sheet.

The Organization elected to retroactively adopt these ASUs effective January 1, 2021 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities and changes in net assets. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases.

**NOTE C - Pledges Receivable and Allowance for Uncollectible Pledges**

Pledges receivable consist of pledges to be used to fund the subsequent years operating budgets including allocations to participating agencies. The amount of \$30,000 for uncollectible pledges is considered sufficient based on historical data and expectations at December 31, 2022 and 2021, respectively. The pledges are reported at fair value because of the short-term nature of the receivables. The pledges are due within one year as follows:

	2022	2021
Pledges receivable 2020/2021	\$ -	\$ 98,595
Pledges receivable 2021/2022	156,386	358,722
Pledges receivable 2022/2023	286,972	-
Allowance for uncollectible	(30,000)	(30,000)
Pledge receivables, net	\$ 413,358	\$ 427,317

**NOTE D - Paycheck Protection Program Loan**

On March 27, 2020, the U.S. Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which included provision for the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration ("SBA"). The PPP allowed qualifying business to borrow up to \$10 million calculated based on qualifying payroll costs. PPP loans bear a fixed interest rate of 1% over a two-year term, and are guaranteed by the Federal government.

The Organization applied for a PPP loan in the amount of \$35,990, which was approved by the SBA on April 7, 2020, and elected to account for the PPP loan in accordance with Accounting Standards Codification 470 – Debt. On March 16, 2021, the Organization received formal forgiveness for the full amount of the PPP loan of \$35,990, and included the amount in other income in its statement of activities and changes in net assets for year ended December 31, 2021.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE E - Designated Net Assets Without Donor Restrictions**

The Organization's Board of Directors has determined net assets without donor restrictions as follows:

Inventory – The reserve is made up of inventory of campaign and promotional items that remain at year-end and are accounted for as assets and as a component of net assets without donor restrictions based on their value at year-end.

**NOTE F - Net Assts With Donor Restrictions**

The restrictions on net assets at years ended December 31, 2022 and 2021 relate to pledges receivable for the subsequent years' allocations to participating agencies. The amount with donor restrictions at December 31, 2022 and 2021 is \$294,111 and \$229,079, respectively.

**NOTE G - Employee Benefits Plan**

The Organization offers health and dental care coverage for all full-time employees, and pays 100% of employee premiums for both health and dental coverage. Total premiums paid for years 2022 and 2021 were \$19,310 and \$22,662, respectively.

**NOTE H - Functional Expenses**

The costs of providing the Organization's programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations, specifically for salaries and employee benefits, are determined by management based on estimates of time and effort. Generally, the Organization records its expenses based on direct allocation by assigning each expense to a functional category based on direct usage.

**NOTE I - Operating Leases for Facilities**

On July 1, 2019, the Organization signed a two-year lease for its former office facilities at 2200 Market Street City of Galveston, requiring monthly rentals of \$1,623. During 2021, the Organization renewed this lease for the two-year period ending June 30, 2023, requiring monthly rentals of \$1,670 and \$1,716 for years one and two, respectively. This lease was terminated effective December 1, 2022 by mutual agreement of the Organization and the landlord. Rental expense under this lease for years ended December 31, 2022 and 2021 were \$19,966 and \$21,210.

On September 26, 2022, the Organization signed a lease for its current office facilities at Shearn Moody Plaza, City of Galveston, with an initial term ending September 30, 2023 and optional one-year extension, requiring monthly rentals of \$500 for office space and \$80 for parking, for the initial one-year term. Rental expense under this lease for year ended December 31, 2022 was \$1,500.

The Organization used a borrowing rate of 4.25% at January 1, 2021, the date of adoption of ASU 2016-02 (Topic 842), to determine the present value of its operating lease right-of-use assets and lease liabilities. See NOTE B.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE I - Operating Leases for Facilities** (continued)

The maturities of operating lease liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
2022	\$ -	\$ 20,592
2023	6,000	10,296
2024	6,000	-
2025	4,500	-
Total Lease Payments	16,500	30,888
Less: Interest	(1,253)	(2,345)
Present Value of Lease Payments	\$ 15,247	\$ 28,543

**NOTE J - Donor Designations**

Designations payable include amounts held in custody by the Organization and pledges receivable which are payable to donor specific agencies as a result of campaigns run by the Organization (“custodial funds”). The United Way of Galveston acts as an agent for the State Employees Charitable Campaign of Galveston, Texas (“SECC Galveston”) and in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-905 does not record contribution revenue or allocation expense on its statements of activities. Any undistributed custodial funds as of the end of the period are recorded on the statements of financial position. In addition, designations payable includes campaign contributions from donors that have designated all or par of their contributions to specific agencies. For accounting purposes, these specific donor designations are not considered to be part of the total public support and are deducted from the campaign amount available to the Organization.

Donor designations made through the Organization’s current year community campaign are not considered to be part of the total public support and are deducted from the gross campaign results in the statements of activities. At December 31, 2022 and 2021 this amounts to \$37,499 and \$74,052, respectively. Any undistributed custodial funds as of the end of the period is recorded as a payable on the statements of financial position. At December 31, 2022 and 2021 this amounts to \$37,499 and \$74,052, respectively.

Donor designations made through the current year’s SECC Galveston campaign not received by or designated to either the Organization or its agencies are removed from pledges receivable on the statements of financial position and deducted from gross campaign results and excluded from allocations to agencies on the statements of activities. At December 31, 2022 and 2021, this amounts to \$208,338 and \$215,338, respectively.

Donor designations made through the current year’s SECC Galveston campaign that are designated to the Organization’s agencies are deducted from gross campaign results and allocations to agencies on the statements of activities with any undistributed custodial funds as of the end of the period recorded as a payable on the statements of financial position. At December 31, 2022 and 2021, this amount to \$147,082 and \$194,797.

Only non-designated pledges or those designated specifically to the Organization made through either the current year’s community campaign or SECC Galveston campaign are included in the net campaign results not of provision for uncollectibles in the statements of activities. At December 31, 2022 and 2021, this amount to \$189,631 and \$195,081, respectively.

**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE J - Donor Designations** (continued)

Donor designations made through the SECC Galveston that are designated to the Organization's agencies in a previous year and remain undistributed as of the end of the period are included in the allocations payable to participating agencies on the statements of financial position. At December 31, 2022 and 2021, this amount to \$156,386 and \$80,470, respectively.

Both designated and non-designated pledges made in the current year related to a previous year's campaign are included in additional support from prior years on the statements of activities. At December 31, 2022 and 2021, this amount to \$55,222 and \$137,434, respectively.

**NOTE K - Related Parties**

The Organization manages and performs fundraising and administrative functions for SECC Galveston. As a result, SECC Galveston's campaign is included in the gross campaign results of the Organization on the statements of activities.

Included in the gross campaign results on the statements of activities are donor designated pledges to the Organization and its agencies raised through SECC Galveston's campaign of \$173,791 and \$231,579 of which \$10,367 and \$13,508 are designated to the Organization with the remainder of designations going towards the Organization's agencies as of December 31, 2022 and 2021, respectively.

The Organization is a beneficiary of these donor designated pledges net of all allocated expenses which include administrative fees, pass-through pledges and upfront costs generated by the SECC. As of December 31, 2022 and 2021, the net donor designated pledges amount to \$156,412 and \$206,863 of which \$9,330 and \$12,066, respectively, are allocated to the Organization's agencies. These amounts are presented on the statements of activities.

Donor designated pledges outstanding to both the Organization and its agencies net of all allocated expenses raised through the SECC Galveston campaign relative to the 2021/2022 and 2022/2023 campaigns amounted to \$80,470 and \$156,412, respectively, as of December 31, 2022. Donor designated pledges outstanding to both the Organization and its agencies net of all allocated expenses raised through the SECC Galveston campaign relative to the 2021/2022 and 2022/2023 campaigns amounted to \$69,895 and \$206,863, respectively, as of December 31, 2021.

As noted above, SECC Galveston withholds allocated expenses on the payment to the Organization and its agencies' donor designated pledges. At December 31, 2022 and 2021, the amount recognized by the Organization is \$16,342 and \$23,274, respectively.

As a result of the Organization's management of SECC Galveston's campaign, SECC Galveston offers the Organization reimbursement based on actual expenditures incurred relative to the campaign. For years ended December 31, 2022 and 2021, the reimbursement from SECC Galveston was \$3,917 and \$17,212, respectively, and is presented as a receivable in the Organization's statements of financial position.

For years ended December 31, 2022 and 2021, amounts of the aforementioned SECC Galveston allocated expenses is net of the reimbursement from SECC Galveston of \$12,425 and \$6,062, respectively.



**UNITED WAY OF GALVESTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE L - Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, available within one year of the dates of statements of financial position to meet cash needs for general expenditure. These amounts are reduced by net assets with donor restrictions which are subject to the restriction specified by the donor, making them unavailable for general use or expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	December 31,	
	2022	2021
Financial Assets, at year-end		
Cash and cash equivalents	\$ 436,581	\$ 539,388
Investments	892,330	837,446
Receivables	417,275	444,529
	1,746,186	1,821,363
Less those unavailable for general expenditure within one year due to:		
Restricted by donor with purpose restriction	(294,111)	(229,079)
Financial Assets available to meet cash needs for general expenditures within one year	\$ 1,452,075	\$ 1,592,284

**NOTE M - Subsequent Events**

In preparing the Organization's financial statement financial statements, management has evaluated all subsequent events through October 19, 2023, which is the date the financial statements were available to be issued.

**UNITED WAY OF GALVESTON, INC.**  
**SCHEDULES OF ALLOCTIONS AND DESIGNATIONS TO AGENCIES**  
**December 31,**

	2022	2021
Member Agencies Designations		
Boy Scouts of America	\$ 3,906	\$ 9,645
Boys & Girls Club of Greater Houston	5,829	31,592
CASA of Galveston County	8,508	21,954
Catholic Charities	10,279	31,160
Child Advocacy Center of Galveston	8,088	17,286
Family Service Center	4,717	28,213
Galveston College Foundation	1,550	6,359
Galveston County Big Brothers & Big Sisters	2,888	9,434
Galveston County Food Bank	32,504	54,530
Galveston Island Meals on Wheels	14,141	32,222
GISD Education Foundation	6,357	16,415
Libbie's Place	4,585	20,273
Lone Star Legal Aid	500	9,000
Moody Early Childhood Center	2,787	18,779
NAMI Gulf Coast	3,069	10,862
Resource & Crisis Center	(1,042)	41,748
Salvation Army	11,605	26,298
St. Vincent's House	20,310	37,587
Sunshine Center, Inc.	3,166	24,381
Teen Health Center	8,259	25,362
Total Member Agencies Designations	152,006	473,100
Non-Member Designations	15,699	12,676
Total Member Agencies and Non-Member Designations	\$ 167,705	\$ 485,776

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF GALVESTON, INC.**  
**SCHEDULES OF OVERHEAD RATES**  
**Years Ended December 31,**

	2022				2021			
	United Way of Galveston, Inc.	Allowance for Uncollectible Pledges	Donor Designated Pledges	Adjusted Total	United Way of Galveston, Inc.	Allowance for Uncollectible Pledges	Donor Designated Pledges	Adjusted Total
<b>Functional Expenses</b>								
Management and General	\$ 56,457	\$ -	\$ -	\$ 56,457	\$ 63,696	\$ -	\$ -	\$ 63,696
Fundraising	15,087	-	-	15,087	21,721	-	-	21,721
<b>Total Expenses</b>	<b>\$ 71,544</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 71,544</b>	<b>\$ 85,417</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85,417</b>
<b>Revenue</b>								
2022-2023 Campaign	\$ 189,631		\$ 184,580	\$ 374,211	\$ -	\$ -	\$ -	\$ -
2021-2022 Campaign	55,222	-	-	55,222	195,081	-	268,849	463,930
2020-2021 Campaign	-	-	-	-	112,046	25,388	-	137,434
Other Revenue	97,415	-	-	97,415	716,056	-	-	716,056
Investment Income	9,511	-	-	9,511	10,927	-	-	10,927
<b>Total Revenue</b>	<b>\$ 351,779</b>	<b>\$ -</b>	<b>\$ 184,580</b>	<b>\$ 536,359</b>	<b>\$ 1,034,110</b>	<b>\$ 25,388</b>	<b>\$ 268,849</b>	<b>\$ 1,328,347</b>
<b>Overhead Rates</b>				13.34%				6.43%

Note: The overhead rate is equal to functional expenses less program cost divided by total revenues, including the custodial funds. United Way of Galveston has calculated its overhead rate using the Gross Method, as established by a committee of Chief Financial Officers of United Ways from throughout the United States of America, under which functional expenses less program costs are divided by total public support and other revenues without deductions of an allowance for uncollectible pledges and donor designated pledges.