

**LUBBOCK AREA UNITED WAY, INC.**

**LUBBOCK, TEXAS**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE TOTALS FOR 2020**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK AREA UNITED WAY, INC.**  
**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

**TABLE OF CONTENTS**

	<u>Statement Identification</u>	<u>Page No.</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1
Statement of Financial Position	Exhibit A	4
Statement of Activities	Exhibit B	5
Statement of Cash Flows	Exhibit C	6
Statement of Functional Expenses	Exhibit D	7
Notes to Financial Statements		8
<b>ACCOMPANYING INFORMATION</b>		
Comparison of Actual Revenues and Expenses with Operating Budget	Schedule 1	18
Reconciliation of Budget Comparison to Financial Statements	Schedule 2	19

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**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

Board of Directors  
Lubbock Area United Way, Inc.  
Lubbock, Texas

**Opinion**

We have audited the accompanying financial statements of Lubbock Area United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lubbock Area United Way, Inc. as of December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lubbock Area United Way, Inc. (the Organization) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Summarized Comparative Information**

We have previously audited the Organization's 2020 financial statements, and our report dated April 21, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying Comparison of Actual Revenues and Expenses with Operating Budget and Reconciliation of Budget Comparison to Financial Statements are presented for purposes of additional analysis and are 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.

*Bolinger, Segars, Gilbert & Moss L.L.P.*

Certified Public Accountants

Lubbock, Texas

April 26, 2022

## LUBBOCK AREA UNITED WAY, INC.

Exhibit A

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

**ASSETS**

	Current Funds	Endowment Fund	Custodian Fund SECC	Totals December 31,	
				2021	2020
Cash	\$ 1,792,659	\$ 10,565	\$ 190,955	\$ 1,994,179	\$ 2,110,104
Temporary Investments (CDs)	1,735,135			1,735,135	1,735,135
Investments		3,823,591		3,823,591	3,479,521
Pledges Receivable - Annual Campaign (Less Allowance for Uncollectibles of \$564,496)	3,579,245			3,579,245	3,651,583
Pledges Receivable - SECC Campaign (Less Allowance for Uncollectibles of \$36,149)			587,338	587,338	532,357
Interfund Other Receivable (Payable)	95,992	1,590	(97,582)		
Other Receivables	38,879			38,879	23,896
Other Prepaid Expenses	13,736		64,042	77,778	85,173
Total Current Assets	<u>\$ 7,255,646</u>	<u>\$ 3,835,746</u>	<u>\$ 744,753</u>	<u>\$ 11,836,145</u>	<u>\$ 11,617,769</u>
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$995,488	570,880			570,880	610,048
Total Assets	<u>\$ 7,826,526</u>	<u>\$ 3,835,746</u>	<u>\$ 744,753</u>	<u>\$ 12,407,025</u>	<u>\$ 12,227,817</u>

**LIABILITIES**

Accounts Payable	\$ 38,995	\$	\$ 149	\$ 39,144	\$ 23,626
Donor Designations Payable	655,368			655,368	712,751
Agency Designations Payable - SECC Campaign			702,354	702,354	559,395
Due to Participating Federations/Agencies	28,926		42,250	71,176	107,958
Deferred Rental Revenue	4,020			4,020	1,960
Deferred Compensation	127,845			127,845	111,882
Paycheck Protection Program Loan					146,200
Total Liabilities	<u>\$ 855,154</u>	<u>\$ 0</u>	<u>\$ 744,753</u>	<u>\$ 1,599,907</u>	<u>\$ 1,663,772</u>

**NET ASSETS**

Net Assets without Donor Restrictions					
Designated by the Governing Board for:					
Capital Improvements	\$ 80,000	\$	\$	\$ 80,000	\$ 80,000
Casa de Amistad	10,248			10,248	7,400
Board Initiatives	53,223			53,223	53,223
Undesignated - Available for General Activities	1,620,021			1,620,021	1,838,819
Net Investment in Fixed Assets	570,880			570,880	610,048
Total Net Assets without Donor Restrictions	<u>\$ 2,334,372</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,334,372</u>	<u>\$ 2,589,490</u>
Net Assets with Donor Restrictions					
Restricted by Time or Donor for:					
Operating Budget	\$ 839,850	\$	\$	\$ 839,850	\$ 693,030
Future Campaigns	86,685			86,685	86,685
Designations from PY Campaign	118,224			118,224	141,629
Agency Allocations	3,592,241			3,592,241	3,527,468
Endowment		3,835,746		3,835,746	3,525,743
Total Net Assets with Donor Restrictions	<u>\$ 4,637,000</u>	<u>\$ 3,835,746</u>	<u>\$ 0</u>	<u>\$ 8,472,746</u>	<u>\$ 7,974,555</u>
Total Net Assets	<u>\$ 6,971,372</u>	<u>\$ 3,835,746</u>	<u>\$ 0</u>	<u>\$ 10,807,118</u>	<u>\$ 10,564,045</u>
Total Liabilities and Net Assets	<u>\$ 7,826,526</u>	<u>\$ 3,835,746</u>	<u>\$ 744,753</u>	<u>\$ 12,407,025</u>	<u>\$ 12,227,817</u>

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit B

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**WITH COMPARATIVE TOTALS FOR 2020**

	Without Donor Restrictions	With Donor Restrictions	Totals December 31,	
			2021	2020
<b>REVENUE</b>				
Public Support from Annual Campaign				
Current Year Campaign	\$	\$ 5,665,762	\$ 5,665,762	\$ 5,259,806
Less: South Plains State Employee Charitable Campaign Support for Other Organizations		(615,701)	(615,701)	(565,780)
Donor Designations		(462,855)	(462,855)	(467,306)
Provision for Uncollectible Pledges		(287,983)	(287,983)	(283,469)
Net Current Year Annual Campaign	\$	\$ 4,299,223	\$ 4,299,223	\$ 3,943,251
Net Assets Released from Restrictions				
Prior Year Campaign Contributions	4,638,640	(4,638,640)		
Less: Provision for Uncollectible Pledges	(276,513)	276,513		
Allocations in Excess of Current Campaign	(251,092)	251,092		
Allowance Loss for Prior Campaign Year	(85,262)		(85,262)	(65,062)
Additional Campaign Revenue (Loss) from Prior Campaigns	(38,687)		(38,687)	65,248
Net Campaign Revenue	\$	\$ 188,188	\$ 4,175,274	\$ 3,943,437
Other Public Support and Revenue				
Contributions and Endowment Pledges	\$	\$ 33,478	\$ 33,478	\$ 91,016
Other Revenue, Net of Related Expense	14,721		14,721	334,085
PPP Loan Forgiveness	146,200		146,200	
Investment Income, Net of Fees	161,106	276,525	437,631	306,110
Rent Income	110,899		110,899	115,012
Total Other Public Support and Revenue	\$	\$ 310,003	\$ 742,929	\$ 846,223
Total Revenue	\$	\$ 498,191	\$ 4,918,203	\$ 4,789,660
<b>ALLOCATIONS, EXPENSES, AND LOSSES</b>				
Allocations and Designations to Agencies	\$		\$ 3,928,816	\$ 3,966,835
Less: Donor Designations	(462,855)		(462,855)	(467,306)
Other Giving				25,000
Total Allocations	\$	\$ 0	\$ 3,465,961	\$ 3,524,529
Functional Expenses				
Community Services	\$	\$	\$ 63,110	\$ 75,253
Community Impact	47,885		47,885	45,112
Supporting Services:				
Management and General	716,733		716,733	711,778
Fund Raising	381,441		381,441	352,157
Total Functional Expenses	\$	\$ 0	\$ 1,209,169	\$ 1,184,300
Total Allocations and Expenses	\$	\$ 0	\$ 4,675,130	\$ 4,708,829
CHANGE IN NET ASSETS	\$	\$ 498,191	\$ 243,073	\$ 80,831
NET ASSETS - BEGINNING OF YEAR	2,589,490	7,974,555	10,564,045	10,483,214
NET ASSETS - ENDING OF YEAR	\$	\$ 8,472,746	\$ 10,807,118	\$ 10,564,045

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit C

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE TOTALS FOR 2020**

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 243,073	\$ 80,831
Adjustments to Reconcile Change in Net Assets to Cash From Operating Activities		
Depreciation	51,483	54,034
PPP Loan Forgiveness	(146,200)	
Unrealized (Gain) Loss on Investments	72,896	(14,110)
Changes in Assets and Liabilities		
Accounts Receivable	(14,983)	4,223
Prepaid Expenses	7,395	(456)
Pledges Receivable	17,357	497,595
Accounts Payable	15,518	6,071
Donor Designations Payable	85,576	(81,662)
Due to Participating Federations/Agencies	(36,782)	551
Deferred Rental Revenue	2,060	460
Deferred Compensation	15,963	15,496
Net Cash From Operating Activities	<u>\$ 313,356</u>	<u>\$ 563,033</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Investment Activity	\$ (416,966)	\$ (203,117)
Purchase of Equipment	<u>(12,315)</u>	<u>(16,556)</u>
Net Cash From Investing Activities	<u>\$ (429,281)</u>	<u>\$ (219,673)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advance on Paycheck Protection Program Loan	<u>\$</u>	<u>\$ 146,200</u>
Net Cash From Financing Activities	<u>\$ 0</u>	<u>\$ 146,200</u>
NET CHANGE IN CASH	\$ (115,925)	\$ 489,560
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,845,239</u>	<u>3,355,679</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,729,314</u>	<u>\$ 3,845,239</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest	<u>\$ 0</u>	<u>\$ 0</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.



LUBBOCK AREA UNITED WAY, INC.

Exhibit D

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
WITH COMPARATIVE TOTALS FOR 2020

	Community Services				Management and General	Fund Raising	Totals	
	Community Status Report	Emergency Food and Shelter	Casa de Amistad	Total			December 31, 2021	December 31, 2020
Salaries	\$ 30,318	\$ 4,341	\$	\$ 34,659	\$ 341,220	\$ 225,948	\$ 614,919	\$ 589,676
Employee Benefits, Taxes, and Fees	7,749	1,109		8,858	87,211	57,750	157,165	162,845
Total Salaries and Related Expenses	\$ 38,067	\$ 5,450	\$ 0	\$ 43,517	\$ 428,431	\$ 283,698	\$ 772,084	\$ 752,521
Professional Fees	6,758			6,758	22,216		28,974	26,592
Insurance	410			410	13,926	3,909	18,916	23,162
Supplies					9,464	2,859	22,868	10,639
Telephone					4,293	1,837	6,757	7,060
Postage and Shipping	41			41		10,499	10,623	8,480
Occupancy Expense			9,548	9,548	47,505		57,053	54,120
Maintenance and Rental of Equipment					16,041	2,633	19,201	24,389
Printing and Publications					3,694	9,343	14,953	16,506
Travel					558	708	1,266	595
Conferences and Meetings					3,766	3,532	8,928	8,198
Software Maintenance					8,826	36,908	49,120	49,816
Membership Dues					100,398	620	101,113	94,923
Awards					1,408	2,858	4,266	1,360
Property Taxes					22,577		22,577	22,041
Other					16,701	2,286	18,987	29,864
Total Expenses Before Depreciation	\$ 45,276	\$ 5,450	\$ 9,548	\$ 60,274	\$ 699,804	\$ 361,690	\$ 1,157,686	\$ 1,130,266
Depreciation Expense			2,836	2,836	16,929	19,751	51,483	54,034
Total Expenses	\$ 45,276	\$ 5,450	\$ 12,384	\$ 63,110	\$ 716,733	\$ 381,441	\$ 1,209,169	\$ 1,184,300

See accompanying notes to financial statements.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

The Lubbock Area United Way, Inc. (the Organization) is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization analyzes local needs, brings together resources to address priority issues, and invests in programs that will bring about long-term changes in the community.

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting, and accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

The Organization is required to classify net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions: Net assets subject to donor-(or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment.

**Functional Allocation of Expenses**

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Functional expenses have been allocated between community services and supporting services based on an analysis of personnel time and space utilized for the related activities.

**Fund Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. The assets, liabilities, and net assets are reported in self-balancing fund groups.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Contributions**

The annual fundraising campaign is conducted each year to raise financial support for payment of allocations to participating agencies in the subsequent year. Pledges are considered unconditional promises. These pledges, less an allowance for uncollectible accounts, are recorded as net assets with or without donor restrictions depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

The restriction on the pledges received is a time restriction since the pledges received in the fall of the year are for the expenses and the allocations to be paid in the following year. As a result, the pledges are recorded with donor restrictions when received. The 2022 allocations are awarded subsequent to year end. Therefore, these contributions will be released from net assets with donor restrictions in 2022 in order to cover those allocations.

**Allocations and Designations**

The allocations consist of amounts allocated by the Organization and amounts designated to specific agencies by the donors.

The Organization allocated amounts to the agencies in February 2022. Therefore, the allocation expense related to the 2021 campaign will be recognized in 2022. The allocations expense recognized in 2021 relates to the 2020 campaign. In contrast, donor designations are recognized as an expense the year of the campaign.

**Endowment Fund**

The Organization has adopted a Planned Giving and Endowment Program and related policy. Pledges are recorded when made by the donor if it is considered an unconditional promise. The pledges are solicited for the purpose of creating a principal balance to fund the endowment. These pledges are considered to be restricted by the donor. The earnings on the principal balance are distributed based on any restrictions imposed by the donor. If the donor has not imposed restrictions, the pledge is considered to be without donor restrictions. The assets of the Endowment Fund are maintained by the Organization in various financial instruments, including money market accounts, mutual funds, government securities, and other investments as authorized by the Board of Directors. These funds are separate from the endowment maintained by the Community Foundation of West Texas as disclosed in Note 8.

**Fair Value Investments**

The Organization has adopted a generally accepted financial accounting standard which provides a framework for measuring fair value under accounting standards generally accepted in the United States of America. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

These levels, defined by the valuation techniques are described below:

Level 1 – Inputs include quoted prices in active markets for identical assets.

Level 2 – Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 – Inputs are subjective and generally based on the entity’s own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

See Note 8 for a detail of endowment investments and their fair value.

The Organization’s management has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions; (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment and spending policies of the Organization.

**Uncertain Tax Positions**

The Organization has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Organization is its filing status as a tax exempt entity. The Organization determined that it is more likely than not that its tax position would be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority. There were no penalties or interest related to income taxes recognized during the year ended December 31, 2021. The Organization is no longer subject to U.S. federal tax examinations by federal taxing authorities for years before 2018.

**Capital Expenditures**

Capital expenditures and depreciation for land, buildings, and equipment are recorded in the current fund and are reflected as equity in fixed assets.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers cash and temporary investments to be cash and cash equivalents.

**Comparative Totals**

The financial information for the year ended December 31, 2020 is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Use of Estimates in the Preparation of Financial Statements**

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

**Revenue from Contracts with Customers**

The Organization has adopted *Revenue from Contracts with Customers, Topic 606* (ASU No. 2014-09).

The Organization receives revenue from tenants for rental revenue. Rent is billed and recorded at the beginning of every month. Deferred rental revenue on the statement of financial position consists of \$4,020 of deferred rent. This is rent collected for January 2022 that will be recognized at the time the rental obligation has been satisfied. All other rental obligations have been satisfied as of December 31, 2021.

**Concentrations of Credit Risk**

Pledges receivable are due from contributors concentrated in Lubbock, Texas and the immediate surrounding area.

The Organization maintains cash and short-term investments in several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the balance in these accounts exceeded the insured limits.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**2. Pledges Receivable**

The Pledges Receivable – annual campaign is net of an allowance for uncollectibles of \$564,496, which is considered to be adequate to cover future uncollected pledges.

Pledges receivable by annual campaign and the associated allowances for uncollectibles are as follows:

	Total Campaign Income	Pledges Receivable	Allowance for Uncollectibles	Net Pledges Receivable
2020 Campaigns	\$ 5,259,806	\$ 518,041	\$ 276,513	\$ 241,528
2021 Campaigns	5,665,762	3,625,700	287,983	3,337,717
	<u>\$ 10,925,568</u>	<u>\$ 4,143,741</u>	<u>\$ 564,496</u>	<u>\$ 3,579,245</u>

**3. Fixed Assets and Depreciation**

The Organization capitalized fixed assets with a value of \$1,000 and a useful life of two years or more. Fixed assets are recorded at cost. Donated assets are valued at their fair market value at the date of the gift. Fixed assets purchased during the year for \$12,315 were capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis at annual rates of 3% for buildings and 7% to 33% for other equipment. Depreciation expense for the year ended December 31, 2021, was \$51,483.

The cost and accumulated depreciation as of December 31, 2021, are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land - Casa de Amistad	\$ 20,000	\$	\$ 20,000
Building - Casa de Amistad	236,038	226,196	9,842
Land - 1655 Main	177,592		177,592
Building - 1655 Main	747,892	552,536	195,356
Land - Parking Lot - 1655 Main	56,352		56,352
Paving - Parking Lot - 1655 Main	6,158	6,158	0
Land - Parking Lot - 2201 19th Street	48,907		48,907
Paving - Parking Lot - 2201 19th Street	8,255	8,255	0
Office Furniture and Equipment	219,020	156,189	62,831
Computer Software	46,154	46,154	0
	<u>\$ 1,566,368</u>	<u>\$ 995,488</u>	<u>\$ 570,880</u>

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

**4. Paycheck Protection Program Loan**

The Organization secured a \$146,200 loan with First Bank and Trust on April 10, 2020 through the Paycheck Protection Program (PPP) as part of the United States Treasury’s response to the COVID-19 pandemic. Loan proceeds were to be used on payroll costs, mortgage interest payments, rent payments, utility payments, and interest payments on any other debt obligations prior to COVID-19. Loan proceeds were used to pay the approved costs during the twenty-four week period following the loan disbursement. The Organization received forgiveness of the loan on April 16, 2021. Therefore, the loan was recorded as debt forgiveness income in the financial statements. There was no interest expense for the year ended December 31, 2021.

**5. Board Designated Funds**

The Casa de Amistad designated fund includes the operation of the Casa de Amistad office building. The donor of the property stipulated that the property continue to be used for the benefit of the Organization's agencies and other non-profit organizations. Any revenues generated by the property are designated to be used to cover future expenses of the fund. The net assets of the fund are \$10,248 at year end.

**6. Custodian Fund – SECC**

The State Employees Charitable Campaign (SECC), a program initiated by the State of Texas in 1994, is conducted by the Organization in the South Plains area. The net assets do not belong to the Organization and are reflected as due to participating federations/agencies on the statement of financial position.

**7. Net Assets with Donor Restrictions**

At December 31, 2021, net assets with donor restrictions consisted of the following:

	<u>Balance</u> <u>1/1/2021</u>	<u>Net Current</u> <u>Year Campaign</u>	<u>Released from</u> <u>Restrictions</u>	<u>Balance</u> <u>12/31/2021</u>
Campaign Income Restricted for:				
Allocations to Agencies	\$ 3,527,468	\$ 3,592,241	\$ (3,527,468)	\$ 3,592,241
Operating Budget	693,030	839,850	(693,030)	839,850
Designations from PY Campaign	141,629	118,224	(141,629)	118,224
Future Campaigns	86,685			86,685
Endowment	<u>3,525,743</u>	<u>310,003</u>		<u>3,835,746</u>
	<u>\$ 7,974,555</u>	<u>\$ 4,860,318</u>	<u>\$ (4,362,127)</u>	<u>\$ 8,472,746</u>

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**8. Endowment Funds**

The Organization's Endowment Funds consist of long-term investments in corporate bonds and mutual funds held by Plains Capital Bank (PCB) and other funds held by Community Foundation of West Texas (CFWT). The value of all of these endowments less the amounts appropriated to the general funds of the Organization are presented as net assets with donor restrictions. The amount contributed to the general fund during the year amounted to \$125,135. Net investment activity is shown in net assets with donor restrictions net of the distributions to the operating fund. A set percentage is used to transfer amounts to net assets without donor restrictions annually regardless of the amount of investment income earned.

Values in these endowment funds, accumulated unrealized gains or losses, and valuation level as described in Note 1 are shown below:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>	<u>Level</u>
PCB - Endowment Fund Agency				
Cash and Cash Equivalents	\$ 123,418	\$ 123,418	\$	Cost
Mutual Funds	237,124	238,090	966	1
Equities	409,309	411,726	2,417	1
PCB - Operating Endowment Fund				
Cash and Cash Equivalents	308,240	308,240		Cost
Mutual Funds	853,792	862,648	8,856	1
Equities	1,479,564	1,493,296	13,732	1
Private Investments	17,270	2,650	(14,620)	2
CFWT - Endowment Fund	77,229	77,229		2
CFWT - Agency Fund	134,318	134,318		2
Cash Surrender Value of Life Insurance	95,153	171,976	76,823	2
	<u>\$ 3,735,417</u>	<u>\$ 3,823,591</u>	<u>\$ 88,174</u>	

Community Foundation of West Texas does not provide cost information on its statements. Therefore, the cost above is shown as the same as the market value. The Life Insurance Policies held by the Endowment Fund are recorded at their Cash Surrender Value which approximates market value.



## LUBBOCK AREA UNITED WAY, INC.

## NOTES TO FINANCIAL STATEMENTS

Changes in Endowment Fund Net Assets for the fiscal year ended December 31, 2021:

Endowment Net Assets, Beginning of Year	\$	<u>3,525,743</u>
Contributions	\$	<u>33,478</u>
Investment Activity:		
Investment Income	\$	76,425
Management Fees		(15,383)
Realized Gain on Investments		413,514
Unrealized Loss on Investments		(72,896)
Distribution of Earnings		<u>(125,135)</u>
Total Net Investment Income	\$	<u>276,525</u>
Endowment Net Assets, End of Year	\$	<u><u>3,835,746</u></u>

## 9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions or internal designations.

Cash	\$	1,994,179
Temporary Investments (CDs)		1,735,135
Investments		3,823,591
Pledges Receivable - Annual Campaign		3,579,245
Pledges Receivable - SECC Campaign		587,338
Other Receivables		38,879
Other Prepaid Expenses		77,778
Land, Building, and Equipment		<u>570,880</u>
Total Financial Assets	\$	<u>12,407,025</u>
Less contractual or donor-imposed restrictions:		
Cash	\$	(1,205,243)
Cash - Endowment		(10,565)
Cash - SECC		(190,955)
Investments - Endowment		(3,823,591)
Pledges Receivable - Annual Campaign		(3,337,717)
Pledges Receivable - SECC Campaign		(587,338)
Other Prepaid Expenses		(77,778)
Board-Designated Net Assets		(143,471)
Net Investment in Fixed Assets		<u>(570,880)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$	<u><u>2,459,487</u></u>

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

The Organization is supported by contributions. Due to donor restriction requirements to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, some financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term certificates of deposit. In the event of an unanticipated liquidity need, the Organization has reserve funds on hand to meet at least 90 days of normal operating expense.

**10. Maintained Endowment Funds – Community Foundation of West Texas**

Three separate endowment funds have been set up at the Community Foundation of West Texas. These assets are reflected on the records of the Community Foundation of West Texas and not included in the statement of financial position for the Organization. The earnings on these funds are to be distributed based on any restrictions of the donors. The Organization received distributions of earnings amounting to \$6,620 during 2021.

**11. Retirement Benefits**

Through a 403(b) Thrift Plan, maintained by Mutual of America Life Insurance Company, the Organization provides retirement benefits to its employees. The Organization made contributions to the plan totaling \$43,805 in 2021 which is funded through semi-monthly contributions. Employees must be 21 years of age with six months of service to be eligible to receive employer contributions. In addition, employees may voluntarily contribute to their individual accounts via semi-monthly payroll deductions.

**12. Deferred Compensation**

During the year ended December 31, 2013, the Organization established a non-qualified post-retirement benefit plan for the Chief Executive Officer to be funded at a maximum of \$12,600 per year until the earlier of his reaching retirement age or his retirement. In addition, each year, earnings of 3% per annum on the total accumulated amount, excluding any current year contributions, are added to this liability. At December 31, 2021, the balance of this liability is \$127,845 and is reflected as a liability on the statement of financial position.

**13. Donated Services**

Due to the nature of the Organization's operations, a substantial number of volunteers provide significant amounts of time for the program services and fund-raising campaigns for the Organization. These volunteer services are not of the nature of services required to be recorded and reflected in the financial statements.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**14. Restricted Campaign Revenue**

During the year ended December 31, 2007, the Organization received a large gift from an anonymous donor. This gift was not intended to all be used in the current year campaign. The donor designated this contribution to be applied to future campaigns at the discretion of the Board of Directors. These funds are invested in certificates of deposit. Annual earnings from the investment are available, at the Board's discretion, to be used for the Organization's strategic initiatives. As of December 31, 2021, the principal balance available for future campaigns is \$86,685.

**15. Subsequent Events**

The Organization's management has evaluated subsequent events through April 26, 2022, the date which the financial statements were available for issue. No events have occurred up to that date that would require adjustment to, or disclosure in, the financial statements.

**ACCOMPANYING INFORMATION**

LUBBOCK AREA UNITED WAY, INC.

Schedule 1

COMPARISON OF ACTUAL REVENUES AND EXPENSES WITH OPERATING BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2021

	2020 Actual	2021 Actual	2021 Budget	2021 Budget Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Loaned Executive Revenue	\$ 11,500	\$ 27,438	\$ 27,000	\$ 438
Campaign Event Sponsorship	27,000	25,500	30,000	(4,500)
Kickoff Revenue		20,074	22,000	(1,926)
Annual Meeting Revenue	14,610		15,000	(15,000)
Donor Choice Processing Fees	57,300	49,410	61,411	(12,001)
Operating Endowment Earnings	92,967	92,967	92,967	
Interest Income	47,253	33,270	40,000	(6,730)
PPP Loan Forgiveness		146,200		146,200
Other Income	268,467	38,299		38,299
<b>Total Operating Revenues</b>	<b>\$ 519,097</b>	<b>\$ 433,158</b>	<b>\$ 288,378</b>	<b>\$ 144,780</b>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 752,521	\$ 772,084	\$ 815,333	\$ 43,249
Campaign Expenses	35,735	150,185	85,600	(64,585)
Marketing and Communication	17,697	15,440	16,179	739
Meetings and Conferences	22,479	15,746	27,900	12,154
Professional Services	79,012	78,571	52,950	(25,621)
Utility Expenses	5,116	4,505	4,150	(355)
Office Operations	20,758	34,391	28,586	(5,805)
Financial Expenses	38,201	25,212	37,250	12,038
<b>Total Operating Expenses</b>	<b>\$ 971,519</b>	<b>\$ 1,096,134</b>	<b>\$ 1,067,948</b>	<b>\$ (28,186)</b>
<b>Total Operating Budget</b>	<b>\$ (452,422)</b>	<b>\$ (662,976)</b>	<b>\$ (779,570)</b>	<b>\$ 116,594</b>

LUBBOCK AREA UNITED WAY, INC.

Schedule 2

OPERATING FUND  
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES

Total Revenues - Schedule 1	\$ 433,158
Unbudgeted Revenues:	
Endowment Contributions and Pledges	33,478
Building Rental Income	110,899
Investment Income Other Than General Fund	1,289
Operating Endowment Income Reported in Endowment Fund	276,525
Operating Endowment Income Reported in General Fund	33,581
Expenses Shown Net of Other Revenue - Exhibit B	<u>(146,001)</u>
Total Other Public Support and Revenue - Exhibit B	<u>\$ 742,929</u>

EXPENSES

Total Expenses - Schedule 1	\$ 1,096,134
Unbudgeted Expenses:	
Building Expenses	98,869
Depreciation Expense	51,483
Casa Expenses	9,548
United Way Dues	99,136
Expenses Shown Net of Other Revenue - Exhibit B	<u>(146,001)</u>
Total Functional Expenses - Exhibit B	<u>\$ 1,209,169</u>