



Consolidated Financial Statements
December 31, 2021 and 2020

United Way of Abilene, Inc.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of United Way of Abilene, Inc., which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of United Way of Abilene, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and our 2021 audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. The 2020 audit was not required to be conducted in accordance with *Government Auditing Standards*. 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 Abilene, Inc. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Abilene, Inc.'s ability to continue as a going concern for one year after the date that the consolidated 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 consolidated 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 and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 United Way of Abilene, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Abilene, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 35 through 39 and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2022 on our consideration of United Way of Abilene, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Abilene, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Abilene, Inc.'s internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas
August 17, 2022

United Way of Abilene, Inc.
Consolidated Statements of Financial Position
December 31, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,798,879 | \$ 1,283,867 |
| Contract revenue receivable | 92,805 | 85,150 |
| Receivables - other | 207,807 | 241,210 |
| Campaign promises to give, net | 943,915 | 1,127,322 |
| Prepaid expenses | 14,714 | 13,140 |
| Endowment promises to give, net of discount | 398,371 | 586,779 |
| Investments | 4,936,653 | 4,524,218 |
| Cash surrender value of life insurance | 170,091 | 94,485 |
| Beneficial interest in assets held by others | 69,247 | 60,782 |
| Property and equipment, net | 303,088 | 323,640 |
| | \$ 8,935,570 | \$ 8,340,593 |
| Liabilities and net assets | | |
| Liabilities | | |
| Accounts payable | \$ 261,958 | \$ 225,279 |
| Deferred revenue | 33,909 | 41,814 |
| Payroll and benefits payable | 52,857 | 47,699 |
| Community funds commitment | 1,426,443 | 1,375,002 |
| Capital lease payable | - | 10,629 |
| Total liabilities | 1,775,167 | 1,700,423 |
| Net assets | | |
| Without donor restrictions (Note 10) | 2,608,311 | 2,432,127 |
| With donor restrictions (Note 11) | 4,552,092 | 4,208,043 |
| Total net assets | 7,160,403 | 6,640,170 |
| Total liabilities and net assets | \$ 8,935,570 | \$ 8,340,593 |

| | 2021 | | Total |
|--|------------------------------|---------------------------|---------------------|
| | Without Donor Restriction | With Donor Restriction | |
| OPERATING REVENUES | | | |
| Public support from annual campaigns | | | |
| 2022 - 2023 and future campaigns | \$ - | \$ 30,000 | \$ 30,000 |
| 2021 - 2022 Campaign | - | 1,849,988 | 1,849,988 |
| 2020 - 2021 Campaign | - | 121,350 | 121,350 |
| 2019 - 2020 Campaign | - | 237 | 237 |
| Federal and state employee campaigns | - | 1,394 | 1,394 |
| Foundation contributions, net of discount | - | 111,237 | 111,237 |
| Net assets released from restrictions | | | |
| Satisfaction of program or period restriction (Note 12) | 2,027,790 | (2,027,790) | - |
| Total public support from annual campaigns | <u>2,027,790</u> | <u>86,416</u> | <u>2,114,206</u> |
| Other public support and revenues | | | |
| Abilene United disaster relief contributions | - | 312,331 | 312,331 |
| TXU Energy Aid Program | - | 54,453 | 54,453 |
| First Responders Emergency and Disaster Aid | - | 5,600 | 5,600 |
| Community network - state contracts | 511,968 | - | 511,968 |
| Community network - other funding | 965,495 | 92,524 | 1,058,019 |
| Special events | | | |
| Gross revenue from special events | 999,878 | - | 999,878 |
| Less cost of direct benefits to donors | (60,358) | - | (60,358) |
| Net revenue from special events | <u>939,520</u> | <u>-</u> | <u>939,520</u> |
| Sponsorships | 25,359 | - | 25,359 |
| Investment return, net | 98,102 | 323,147 | 421,249 |
| Other revenue | 13,830 | - | 13,830 |
| PPP loan forgiveness (Note 21) | - | - | - |
| Net assets released from restrictions | | | |
| Satisfaction of program or period restriction (Note 12) | 538,887 | (538,887) | - |
| Total other public support and revenues | <u>3,093,161</u> | <u>249,168</u> | <u>3,342,329</u> |
| Total operating revenues | <u>5,120,951</u> | <u>335,584</u> | <u>5,456,535</u> |
| OPERATING EXPENSES | | | |
| Program services | 3,900,139 | - | 3,900,139 |
| Supporting services | 1,044,628 | - | 1,044,628 |
| Total operating expenses | <u>4,944,767</u> | <u>-</u> | <u>4,944,767</u> |
| OPERATING EXCESS | 176,184 | 335,584 | 511,768 |
| Change in beneficial interest in assets held by others | - | 8,465 | 8,465 |
| Change in net assets | 176,184 | 344,049 | 520,233 |
| Net assets at beginning of year | <u>2,432,127</u> | <u>4,208,043</u> | <u>6,640,170</u> |
| Net assets at end of year | <u>\$ 2,608,311</u> | <u>\$ 4,552,092</u> | <u>\$ 7,160,403</u> |

See Notes to Consolidated Financial Statements

United Way of Abilene, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2021 and 2020

| 2020 | | |
|------------------------------|---------------------------|---------------------|
| Without Donor Restriction | With Donor Restriction | Total |
| \$ - | \$ - | \$ - |
| - | - | - |
| - | 1,787,444 | 1,787,444 |
| - | 150,277 | 150,277 |
| - | 1,661 | 1,661 |
| - | 567,768 | 567,768 |
| <u>1,885,867</u> | <u>(1,885,867)</u> | <u>-</u> |
| <u>1,885,867</u> | <u>621,283</u> | <u>2,507,150</u> |
| - | 676,144 | 676,144 |
| - | 45,040 | 45,040 |
| - | 3,600 | 3,600 |
| 390,696 | - | 390,696 |
| 166,458 | 80,229 | 246,687 |
| 860,245 | - | 860,245 |
| <u>(44,800)</u> | <u>-</u> | <u>(44,800)</u> |
| 815,445 | - | 815,445 |
| 25,086 | - | 25,086 |
| 104,552 | 248,123 | 352,675 |
| 8,032 | - | 8,032 |
| 164,670 | - | 164,670 |
| <u>695,344</u> | <u>(695,344)</u> | <u>-</u> |
| <u>2,370,283</u> | <u>357,792</u> | <u>2,728,075</u> |
| <u>4,256,150</u> | <u>979,075</u> | <u>5,235,225</u> |
| 2,883,689 | - | 2,883,689 |
| 892,518 | - | 892,518 |
| <u>3,776,207</u> | <u>-</u> | <u>3,776,207</u> |
| 479,943 | 979,075 | 1,459,018 |
| - | 6,856 | 6,856 |
| 479,943 | 985,931 | 1,465,874 |
| <u>1,952,184</u> | <u>3,222,112</u> | <u>5,174,296</u> |
| <u>\$ 2,432,127</u> | <u>\$ 4,208,043</u> | <u>\$ 6,640,170</u> |

| | 2021 | | | |
|--|---------------------------|---------------------|-------------------------|---------------------|
| | Program Services | | | Total |
| | Allocations and Grants | Community Impact | Community Investment | |
| Allocations and direct assistance | | | | |
| Allocations and grants | \$ 1,700,443 | \$ 19,924 | \$ - | \$ 1,720,367 |
| Disaster relief and other assistance | - | 1,190,153 | - | 1,190,153 |
| Total allocations and direct assistance | <u>1,700,443</u> | <u>1,210,077</u> | <u>-</u> | <u>2,910,520</u> |
| Personnel expenses | | | | |
| Salaries and wages | - | 421,675 | 10,420 | 432,095 |
| Payroll taxes | - | 33,027 | 841 | 33,868 |
| Retirement | - | 13,682 | - | 13,682 |
| Health insurance | - | 52,925 | - | 52,925 |
| Workers compensation insurance | - | 326 | - | 326 |
| Staff development | - | 1,459 | - | 1,459 |
| Contract services | - | 91,214 | - | 91,214 |
| Total personnel expenses | <u>-</u> | <u>614,308</u> | <u>11,261</u> | <u>625,569</u> |
| Other expenses | | | | |
| Membership investment - Texas | - | - | - | - |
| Membership investment - UWA | - | - | - | - |
| Occupancy | - | 16,683 | - | 16,683 |
| Telephone | - | 6,307 | - | 6,307 |
| Office supplies | - | 2,746 | - | 2,746 |
| Postage | - | 147 | - | 147 |
| In-kind expense | - | 11,351 | - | 11,351 |
| Equipment repairs, maintenance, and lease | - | 2,567 | - | 2,567 |
| Office equipment | - | 10,206 | - | 10,206 |
| Information system expense | - | 49,186 | - | 49,186 |
| IT consulting - tech support | - | 3,668 | - | 3,668 |
| Community events | - | 73,812 | 1,041 | 74,853 |
| Travel | - | 57 | - | 57 |
| Dues/memberships | - | 6,958 | - | 6,958 |
| Professional fees | - | 8,149 | - | 8,149 |
| Printing | - | 2,464 | - | 2,464 |
| Insurance expense | - | 675 | - | 675 |
| Bank, credit card, and trust fees | - | - | - | - |
| Marketing and advertising | - | 30 | - | 30 |
| Event and meeting expense | - | - | - | - |
| Special event expense | - | - | - | - |
| Cost of direct benefits to donors | - | - | - | - |
| Indirect cost allocation | - | 164,204 | - | 164,204 |
| Total other expenses before depreciation | <u>-</u> | <u>359,210</u> | <u>1,041</u> | <u>360,251</u> |
| Depreciation | - | 3,799 | - | 3,799 |
| Unrelated business income tax | - | - | - | - |
| Less expenses included with revenues on the statement of activities | | | | |
| Cost of direct benefits to donors | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>\$ 1,700,443</u> | <u>\$ 2,187,394</u> | <u>\$ 12,302</u> | <u>\$ 3,900,139</u> |

See Notes to Consolidated Financial Statements

United Way of Abilene, Inc.
Consolidated Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

| 2021 | | | |
|-------------------------------|-------------|------------------------------|--------------|
| Supporting Services | | | |
| General and Administrative | Fundraising | Total Supporting Services | Total |
| \$ - | \$ - | \$ - | \$ 1,720,367 |
| - | - | - | 1,190,153 |
| - | - | - | 2,910,520 |
| 173,826 | 114,986 | 288,812 | 720,907 |
| 14,019 | 8,572 | 22,591 | 56,459 |
| 7,578 | 11,458 | 19,036 | 32,718 |
| 26,425 | 7,611 | 34,036 | 86,961 |
| 326 | - | 326 | 652 |
| 1,696 | - | 1,696 | 3,155 |
| 14,036 | - | 14,036 | 105,250 |
| 237,906 | 142,627 | 380,533 | 1,006,102 |
| - | 5,595 | 5,595 | 5,595 |
| - | 31,530 | 31,530 | 31,530 |
| 17,155 | - | 17,155 | 33,838 |
| 3,653 | - | 3,653 | 9,960 |
| 6,167 | 1,914 | 8,081 | 10,827 |
| 5,712 | - | 5,712 | 5,859 |
| - | 61,816 | 61,816 | 73,167 |
| 4,548 | - | 4,548 | 7,115 |
| 1,773 | - | 1,773 | 11,979 |
| 20,104 | 2,096 | 22,200 | 71,386 |
| 1,643 | 45 | 1,688 | 5,356 |
| 3,927 | 7,386 | 11,313 | 86,166 |
| 82 | 49 | 131 | 188 |
| 943 | - | 943 | 7,901 |
| 31,313 | - | 31,313 | 39,462 |
| 5,415 | 6,598 | 12,013 | 14,477 |
| 30,388 | - | 30,388 | 31,063 |
| 2,120 | 2,513 | 4,633 | 4,633 |
| - | 20,309 | 20,309 | 20,339 |
| 221 | - | 221 | 221 |
| - | 493,023 | 493,023 | 493,023 |
| - | 60,358 | 60,358 | 60,358 |
| (164,204) | - | (164,204) | - |
| (29,040) | 693,232 | 664,192 | 1,024,443 |
| 8,715 | 51,546 | 60,261 | 64,060 |
| - | - | - | - |
| - | (60,358) | (60,358) | (60,358) |
| \$ 217,581 | \$ 827,047 | \$ 1,044,628 | \$ 4,944,767 |

| | 2020 | | | |
|--|---------------------------|---------------------|-------------------------|---------------------------|
| | Program Services | | | Total Program Services |
| | Allocations and Grants | Community Impact | Community Investment | |
| Allocations and direct assistance | | | | |
| Allocations and grants | \$ 1,575,000 | \$ - | \$ - | \$ 1,575,000 |
| Disaster relief and other assistance | - | 566,006 | - | 566,006 |
| Total allocations and direct assistance | <u>1,575,000</u> | <u>566,006</u> | <u>-</u> | <u>2,141,006</u> |
| Personnel expenses | | | | |
| Salaries and wages | - | 422,194 | 11,054 | 433,248 |
| Payroll taxes | - | 29,118 | 890 | 30,008 |
| Retirement | - | 27,015 | - | 27,015 |
| Health insurance | - | 46,799 | - | 46,799 |
| Workers compensation insurance | - | 490 | - | 490 |
| Staff development | - | 1,028 | - | 1,028 |
| Contract services | - | 32,493 | - | 32,493 |
| Total personnel expenses | <u>-</u> | <u>559,137</u> | <u>11,944</u> | <u>571,081</u> |
| Other expenses | | | | |
| Membership investment - Texas | - | - | - | - |
| Membership investment - UWA | - | - | - | - |
| Occupancy | - | 16,640 | - | 16,640 |
| Telephone | - | 6,463 | - | 6,463 |
| Office supplies | - | 6,544 | - | 6,544 |
| Postage | - | 25 | - | 25 |
| In-kind expense | - | 25,305 | - | 25,305 |
| Equipment repairs, maintenance, and lease | - | 2,437 | - | 2,437 |
| Office equipment | - | 2,052 | - | 2,052 |
| Information system expense | - | 19,157 | - | 19,157 |
| IT consulting - tech support | - | 2,464 | - | 2,464 |
| Community events | - | 28,803 | 932 | 29,735 |
| Travel | - | 147 | - | 147 |
| Dues/memberships | - | 1,217 | - | 1,217 |
| Professional fees | - | 7,690 | - | 7,690 |
| Printing | - | 2,845 | - | 2,845 |
| Insurance expense | - | 2,310 | - | 2,310 |
| Bank, credit card, and trust fees | - | - | - | - |
| Marketing and advertising | - | 1,230 | - | 1,230 |
| Event and meeting expense | - | - | - | - |
| Special event expense | - | - | - | - |
| Cost of direct benefits to donors | - | - | - | - |
| Indirect cost allocation | - | 45,341 | - | 45,341 |
| Total other expenses before depreciation | <u>-</u> | <u>170,670</u> | <u>932</u> | <u>171,602</u> |
| Depreciation | - | - | - | - |
| Interest | - | - | - | - |
| Less expenses included with revenues on the statement of activities | | | | |
| Cost of direct benefits to donors | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses | <u>\$ 1,575,000</u> | <u>\$ 1,295,813</u> | <u>\$ 12,876</u> | <u>\$ 2,883,689</u> |

See Notes to Consolidated Financial Statements

United Way of Abilene, Inc.
Consolidated Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

| 2020 | | | |
|-------------------------------|-------------|------------------------------|--------------|
| Supporting Services | | | |
| General and Administrative | Fundraising | Total Supporting Services | Total |
| \$ - | \$ - | \$ - | \$ 1,575,000 |
| - | - | - | 566,006 |
| - | - | - | 2,141,006 |
| 138,969 | 118,328 | 257,297 | 690,545 |
| 11,208 | 8,919 | 20,127 | 50,135 |
| 4,251 | - | 4,251 | 31,266 |
| 20,026 | 6,132 | 26,158 | 72,957 |
| 490 | - | 490 | 980 |
| 1,148 | - | 1,148 | 2,176 |
| - | - | - | 32,493 |
| 176,092 | 133,379 | 309,471 | 880,552 |
| - | 5,595 | 5,595 | 5,595 |
| - | 36,273 | 36,273 | 36,273 |
| 16,690 | - | 16,690 | 33,330 |
| 3,395 | - | 3,395 | 9,858 |
| 4,212 | 6,108 | 10,320 | 16,864 |
| 4,877 | - | 4,877 | 4,902 |
| - | 27,062 | 27,062 | 52,367 |
| 3,576 | - | 3,576 | 6,013 |
| 1,061 | - | 1,061 | 3,113 |
| 12,020 | 2,457 | 14,477 | 33,634 |
| 1,631 | 338 | 1,969 | 4,433 |
| 3,534 | 4,990 | 8,524 | 38,259 |
| - | 684 | 684 | 831 |
| 683 | - | 683 | 1,900 |
| 17,497 | - | 17,497 | 25,187 |
| 4,373 | 9,609 | 13,982 | 16,827 |
| 12,241 | - | 12,241 | 14,551 |
| 2,204 | 2,482 | 4,686 | 4,686 |
| - | 15,874 | 15,874 | 17,104 |
| 1,472 | 4,942 | 6,414 | 6,414 |
| - | 407,152 | 407,152 | 407,152 |
| - | 44,800 | 44,800 | 44,800 |
| (45,341) | - | (45,341) | - |
| 44,125 | 568,366 | 612,491 | 784,093 |
| 8,505 | 6,101 | 14,606 | 14,606 |
| - | 750 | 750 | 750 |
| - | (44,800) | (44,800) | (44,800) |
| \$ 228,722 | \$ 663,796 | \$ 892,518 | \$ 3,776,207 |

United Way of Abilene, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Operating activities | | |
| Change in net assets | \$ 520,233 | \$ 1,465,874 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Net gains on investments | (349,393) | (279,119) |
| Change in beneficial interest in assets held with CFA | (8,465) | (6,856) |
| Depreciation | 64,060 | 14,606 |
| Loss on disposition of property and equipment | 481 | - |
| Contributions restricted for endowment | (45,316) | (549,186) |
| Change in cash value of life insurance | (75,606) | (31,000) |
| Noncash contributions of property and equipment | (22,000) | (146,431) |
| Changes in assets and liabilities | | |
| Contract revenue receivable | (7,655) | 41,967 |
| Receivables - other | 33,403 | (156,214) |
| Campaign promises to give, net | 183,407 | (13,051) |
| Prepaid expenses | (1,574) | 6,105 |
| Accounts payable | 36,679 | (21,449) |
| Deferred revenue | (7,905) | 3,219 |
| Payroll and benefits payable | 5,158 | (25,771) |
| Community funds commitment | 51,441 | 3,945 |
| Net cash from operating activities | <u>376,948</u> | <u>306,639</u> |
| Investing activities | | |
| Purchase of investments | (348,722) | (1,295,288) |
| Proceeds from sale of investments | 285,680 | 401,536 |
| Acquisition of property and equipment | <u>(21,989)</u> | <u>(138,382)</u> |
| Net cash used for investing activities | <u>(85,031)</u> | <u>(1,032,134)</u> |
| Financing activities | | |
| Payments on capital lease | (10,629) | (111) |
| Collections of contributions restricted for long-term investment | <u>233,724</u> | <u>736,240</u> |
| Net cash from financing activities | <u>223,095</u> | <u>736,129</u> |
| Net change in cash and cash equivalents | 515,012 | 10,634 |
| Cash and cash equivalents at beginning of year | <u>1,283,867</u> | <u>1,273,233</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,798,879</u> | <u>\$ 1,283,867</u> |
| Noncash investing and financing activities: | | |
| Acquisition of property and equipment through capital lease | <u>\$ -</u> | <u>\$ 10,740</u> |

Note 1 - Organization and Nature of Activities

The accompanying consolidated financial statements include the financial position, activities, functional expenses, and cash flows of United Way of Abilene, Inc. (United Way of Abilene) and its subsidiary, United Way Foundation of Abilene (the Foundation). All significant interrelated accounts and transactions have been eliminated in the consolidated financial statements.

About United Way of Abilene

United Way of Abilene, a not-for-profit organization, improves lives by leveraging the intellectual, organizational, institutional, financial, faith-based, and personal resources of its local communities to promote the health, education, and financial stability of every person in West Central Texas. United Way of Abilene's volunteer Community Investment Review Team identifies the greatest needs of local citizens in areas of health, education, and financial stability and recommends investment funding allocations for locally evaluated programs that address those needs.

About the Foundation

The Foundation, a not-for-profit organization, exists to build a permanent, sustainable avenue of support for the future of Abilene and West Central Texas. Through gifts, bequests, and planned giving, the Foundation generates a stable source of income to ensure continued funding for the network of agencies and programs supported by United Way of Abilene. Giving to the Foundation's endowment creates an enduring legacy that benefits the donor's local community for future generations.

Other Activities

United Way of Abilene serves as the fiscal agent for the Big Country Volunteer Organization Active in Disaster (BC VOAD), 2-1-1 A Call for Help (2-1-1 TX ACFH), TXU Energy Aid Program (TXU), First Responders Emergency and Disaster Assistance (FREDA) program, Military Partnership of West Central Texas (Military Partnership), and Texas Resources for Iraq-Afghanistan Deployment (TRIAD).

Note 2 - Summary of Significant Accounting Policies

A summary of United Way of Abilene's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, the consolidated financial statements are presented based on the existence or absence of donor-imposed restrictions. Net assets and changes in net assets are classified and reported according to two types of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and other various items.

Net Assets With Donor Restrictions – Net assets subject to donor-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. The entity reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. These releases result in reclassifications from net assets with donor restrictions to net assets without donor restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of time or purpose restrictions on net assets are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with restrictions class, and reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Annual Campaign Revenue and Promises to Give

Annual campaigns for United Way of Abilene, the Combined Federal Campaign (CFC), and the State Employee Charitable Campaign (SECC) are conducted to raise support for program funding, allocations to participating agencies, and services to the community. A promise to give receivable is recorded and contribution revenue is recognized when a pledge is received. An allowance is provided for amounts estimated to be uncollectible based on prior collection history. Allowances for uncollectible promises to give receivable at December 31, 2021 and 2020, were \$238,421 (for campaign years 2022, 2021 and 2020) and \$215,464 (for campaign years 2021, 2020 and 2019), respectively, which are considered adequate to cover uncollected pledges. Pledges are unsecured and primarily from donors in the West Central Texas area and are generally due within one year, with the exception of one pledge to the Foundation. Campaign contributions that have not been appropriated for expenditure have a donor-imposed time restriction and, accordingly, are reported as net assets with donor restrictions.

Contract Revenues and Other Receivables

Contract revenues and other receivables are recorded at the contractual amounts owed by state and local governments and other parties. These receivables are unsecured and considered past due based on contractual terms. Management evaluates the collectability of these receivables and has determined that all amounts are collectable.

Community Funds Commitment

United Way of Abilene recognizes a liability for the allocations committed to be paid to participating agencies from the current year campaign. The commitment is normally paid as allocations to the recipient agencies over the subsequent 12-month allocation cycle. The community funds commitments of \$1,426,443 and \$1,375,002 are reflected as an expense and accrued at December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, United Way of Abilene considers all cash investments with original maturities of three months or less to be cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment or other long-term purposes are excluded from this definition.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the consolidated statements of financial position. Investment earnings are reported net of investment expenses of \$16,406 and \$12,743 for the years ended December 31, 2021 and 2020, respectively, and are recorded in the consolidated statements of activities.

Property and Equipment

Furniture and equipment are stated at cost. Donated fixed assets are capitalized at estimated fair value and recorded as contributions in the year received. Maintenance, repairs, and renewals are expensed as incurred, while long-lived additions and improvements are capitalized. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of three to fifteen years on a straight-line basis.

United Way of Abilene reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

Compensated Absences

Eligible employees are entitled to paid time off. Depending upon the length of employment, an employee can earn from 144 to 224 hours of paid time off annually. If unused at year end, up to one-half of the applicable annual allotment of hours may be accrued and carried forward. United Way of Abilene's liability for compensated absences at December 31, 2021 and 2020 was \$18,888 and \$21,860, respectively.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 Fair Value Measurements and Disclosures (ASC 820) provides a framework for measuring the fair value of assets and liabilities and illustrates key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The standard establishes a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. United Way of Abilene has implemented this standard with respect to the valuation of its financial assets and liabilities and their corresponding designations within the fair value hierarchy described in Note 17.

Marketing and Advertising Costs

Marketing and advertising costs are expensed as incurred and totaled \$20,339 and \$17,104 for the years ended December 31, 2021 and 2020, respectively.

Donated Services

A substantial number of volunteers make significant contributions of time to United Way of Abilene's programs and fundraising campaigns. The value of this contributed time does not meet the criteria for recognition as contributed service revenue/expense and, accordingly, is not reflected in the accompanying consolidated financial statements.

Functional Allocation of Expenses

United Way of Abilene's expenses are reported by direct cost and other costs allocated across the program and supporting services categories in the statements of functional expenses. Personnel expenses and certain other allocations to the program and supporting services are based on an analysis of personnel time charged to the specific services. Allocations to program services are made in three different categories. *Allocations and Grants* are the direct dollar allocations through various funding streams made to program providers. *Community Impact* includes the expenses for all programs and activities that directly affect the citizens of West Central Texas. Included in this category are 2-1-1 TX ACFH (see Note 13), TXU Energy Aid, disaster relief, and other impact programs. The expenses reflected in the *Community Investment* category are those directly associated with the request for proposals and volunteer review process to evaluate programs that will move the community toward attaining the Community Vision Goals; monitoring and ongoing evaluations of programs; and determining the dollar investments to programs and collaborations.

Use of Estimates

The preparation of consolidated 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, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Income Tax Status

United Way of Abilene and United Way Foundation of Abilene are organized as Texas nonprofit corporations and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC section 501(c)(3), qualify for the charitable contribution deduction, and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

Beneficial Interest in Assets Held by the Community Foundation

During 1993, United Way of Abilene established an endowment fund that is perpetual in nature (the fund) under the Community Foundation of Abilene (CFA) and named United Way of Abilene as beneficiary. The agreement established an endowment fund at CFA to which donors could contribute at any time. The endowment fund is designated to support the charitable purposes of United Way of Abilene. The beneficiary cannot be changed, and if the fund is terminated, remaining funds will be distributed to United Way of Abilene. The fund is held and invested by CFA for the benefit of United Way of Abilene's benefit and is reported at net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following:

| | 2021 | 2020 |
|--|------------------|------------------|
| Cash and cash equivalents | \$ 1,798,879 | \$ 1,283,867 |
| Accounts receivable | 300,612 | 326,360 |
| Campaign promises to give, net | 943,915 | 1,127,322 |
| Endowment promises to give due within one year | 203,097 | 200,793 |
| Investments | 4,936,653 | 4,524,218 |
| Total financial assets available within one year | 8,183,156 | 7,462,560 |
| Less: | | |
| Amounts unavailable for general expenditures within one year due to: | | |
| Donor restrictions as to purpose | (1,753,257) | (1,463,087) |
| Donor restrictions in perpetuity | (2,534,313) | (2,297,543) |
| Amounts unavailable to management without board approval: | | |
| Board-designated for quasi-endowment (Notes 10, 19) | (1,027,468) | (858,040) |
| Board-designated as to purpose (Note 10) | (362,598) | (389,374) |
| Total financial assets available to management for general expenditure within one year | \$ 2,505,520 | \$ 2,454,516 |

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

A board-designated quasi-endowment of \$1,027,468 and \$858,040 at December 31, 2021 and 2020, respectively, is subject to a spending policy as described in Note 19. Although the Organization does not intend to spend from this board-designated quasi-endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$345,000 as of December 31, 2021 and 2020.

Note 4 - Contract Revenue Receivable

United Way of Abilene has contracted with the Texas Health and Human Services Commission (HHSC) Texas Information and Referral Network (TIRN) to provide health and human services information and referrals. These contracts provide funding for 2-1-1 TX ACFH. The amounts receivable under these contracts as of December 31, 2021 and 2020 were \$91,705 and \$69,758, respectively. At December 31, 2021 and 2020, \$1,100 and \$2,200, respectively, were receivable on a contract to provide educational and community building services at the Villages at Westlake Community in Abilene. At December 31, 2021 and 2020, \$0 and \$11,170, respectively, were receivable under a contract with the City of Abilene for funding of Regionally Coordinated Transportation Planning and 2-1-1 TX ACFH.

Note 5 - Property and Equipment

Property and equipment at December 31, 2021 and 2020, consisted of the following:

| | 2021 | 2020 |
|-----------------------------|------------|------------|
| Furniture and equipment | \$ 238,251 | \$ 237,608 |
| Software | 55,140 | 55,140 |
| Leasehold improvements | 309,584 | 256,604 |
| Asset under capital lease | - | 10,740 |
| Accumulated depreciation | (299,887) | (236,452) |
| Property and equipment, net | \$ 303,088 | \$ 323,640 |

Depreciation expense totaled \$64,060 and \$14,606 for the years ended December 31, 2021 and 2020, respectively.

Note 6 - Campaign Promises to Give

Campaign promises to give receivable includes United Way of Abilene's pledges and pledges designated to United Way of Abilene from the CFC and the SECC. All campaign pledges are expected to be collected within the next year. A summary of the annual campaign promises to give receivable and the allowance for uncollectible promises to give as of December 31, 2021 and 2020, is as follows:

| | 2021 | 2020 |
|--|------------|--------------|
| Promises to Give Receivable | | |
| United Way 2021-2022 campaign | \$ 948,467 | \$ - |
| United Way 2020-2021 campaign | 163,317 | 1,161,224 |
| United Way 2019-2020 campaign | 69,633 | 117,314 |
| United Way 2018-2019 campaign | - | 63,513 |
| Combined Federal 2020-2021 campaign | 621 | - |
| Combined Federal 2019-2020 campaign | 298 | 550 |
| Combined Federal 2018-2019 campaign | - | 185 |
| Total promises to give receivable | 1,182,336 | 1,342,786 |
| Allowance for Uncollectible Promises to Give | | |
| United Way 2021-2022 campaign | (90,000) | - |
| United Way 2020-2021 campaign | (78,555) | (82,000) |
| United Way 2019-2020 campaign | (69,395) | (69,633) |
| United Way 2018-2019 campaign | - | (63,513) |
| Combined Federal 2020-2021 campaign | (173) | - |
| Combined Federal 2019-2020 campaign | (298) | (133) |
| Combined Federal 2018-2019 campaign | - | (185) |
| Total allowance for uncollectible promises to give | (238,421) | (215,464) |
| Net promises to give receivable | \$ 943,915 | \$ 1,127,322 |

There were \$168,198 and \$221,221 in related party promises to give receivable recorded as of December 31, 2021 and 2020, respectively.

Note 7 - Endowment Promises to Give

Endowment promises to give receivable are as follows at December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|------------|------------|
| Unconditional promises expected to be collected | | |
| Less than one year | \$ 203,097 | \$ 200,793 |
| One year to five years | 200,000 | 400,000 |
| | 403,097 | 600,793 |
| Less: Discount on promises to give | 4,726 | 14,014 |
| Total Endowment promises to give, net | \$ 398,371 | \$ 586,779 |

The Foundation's endowment promises to give receivable has been discounted at a rate of 2.42%. The pledges are primarily from a single donor. There were \$398,371 and \$586,731 in related party endowment promises to give receivable as of December 31, 2021 and 2020, respectively.

Note 8 - Lease Commitments

United Way of Abilene has a lease commitment for office space at 240 Cypress Street in Abilene, Texas and various equipment leases. United Way of Abilene also is committed to make \$20,000 of improvements each year to the Winter Lightfest venue through 2024, included in the table below. Future minimum lease payments under these leases are:

| | |
|------------------------------|------------|
| 2022 | \$ 55,779 |
| 2023 | 53,880 |
| 2024 | 52,756 |
| 2025 | 31,378 |
| 2026 | 30,000 |
| Total minimum lease payments | \$ 223,793 |

Rental expense for the years ended December 31, 2021 and 2020, was \$36,864 and \$35,213, respectively.

Note 9 - Allocations and Grants

United Way of Abilene has committed to pay agency allocations to the following agencies during the years ended December 31, 2021 and 2020:

| | Commitment at 12/31/21 | Allocations Paid in 2021 | Commitment at 12/31/20 | Allocations Paid in 2020 |
|--|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Agency Allocations | | | | |
| Abilene Christian University | \$ - | \$ 700 | \$ - | \$ - |
| Abilene Hope Haven | 120,000 | 125,169 | 120,000 | 125,517 |
| Abilene ISD | - | 899 | - | - |
| Abilene Taylor Public Health District | 50,000 | 57,593 | 50,000 | 72,069 |
| Adult Protective Services Partners | 10,000 | 15,542 | 10,000 | 11,035 |
| Alliance for Women and Children | 24,000 | 28,610 | 24,000 | 29,172 |
| Alzheimer's Association, North Central TX | 27,000 | 28,627 | 27,000 | 33,672 |
| American Red Cross | 15,000 | 29,915 | 15,000 | 4,950 |
| Baird ISD | - | 638 | - | - |
| Ben Richey Boys Ranch | - | 24,000 | 24,000 | 24,000 |
| Betty Hardwick Center | 40,000 | 20,000 | - | - |
| Big Brothers Big Sisters - Lone Star | 72,779 | 147,830 | 72,779 | 87,931 |
| Big Country CASA | 80,000 | 97,728 | 80,779 | 94,207 |
| Boys and Girls Club of Abilene | 84,860 | 91,641 | 84,861 | 86,910 |
| Cancer Services Network | 63,000 | 68,152 | 63,000 | 72,310 |
| Christian Service Center of Abilene | 72,500 | 80,153 | 72,500 | 32,586 |
| City of Abilene Adaptive Recreation Services | - | - | - | 50,000 |
| Communities in Schools of the Big Country | 104,500 | 109,653 | 104,500 | 110,017 |
| Day Nursery of Abilene | 162,779 | 175,254 | 162,779 | 176,208 |
| Dyess Youth Center | 2,500 | 9,551 | 2,500 | 11,466 |
| Faith Works of Abilene | 40,000 | 48,737 | 40,000 | 47,672 |
| Girl Scouts of the Texas Oklahoma Plains | 4,500 | 12,635 | 4,500 | - |
| Interested Citizens of Abilene North ICAN | - | 2,500 | - | - |
| Jim Ned ISD | - | 7,606 | - | - |
| Merkel ISD | - | 625 | - | - |
| NCCIL | - | - | - | 5,000 |
| New Beginnings Big Country | 32,224 | 40,902 | 32,224 | 40,500 |
| Noah Project | 129,000 | 137,797 | 129,000 | 143,741 |
| Presbyterian Medical Care Mission | 63,000 | 62,712 | 60,000 | 62,069 |
| Regional Victims Crisis Center | 82,000 | 85,686 | 74,779 | 85,879 |
| ResourceCare | 64,000 | 66,712 | 64,000 | 76,483 |
| Scouts BSA - Texas Trails Council | 27,550 | 40,601 | 27,550 | 39,274 |
| Strength for Life Foundation | - | 4,068 | - | 11,552 |
| The Salvation Army | 26,000 | 5,000 | - | - |
| Trent ISD | - | 619 | - | - |
| Wylie ISD | - | 8,837 | - | - |
| YMCA of Abilene | 29,251 | 32,234 | 29,251 | 36,837 |
| | <u>\$ 1,426,443</u> | <u>\$ 1,668,926</u> | <u>\$ 1,375,002</u> | <u>\$ 1,571,057</u> |
| Community Funds Commitment | <u>\$ 1,426,443</u> | <u>\$ 1,668,926</u> | <u>\$ 1,375,002</u> | <u>\$ 1,571,057</u> |

United Way of Abilene records its allocations and grants on an accrual basis, whereby all funds raised from the annual campaign that have been committed to be paid out in the form of allocations and grants to participating agencies are accrued at year end.

In 2021 and 2020, United Way of Abilene made special distributions to certain charities in addition to its Community Funds Commitments at December 31, 2021 and 2020, respectively. Below is a reconciliation of the Community Funds Commitments to total allocations per the consolidated statements of functional expenses (SOFE):

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------------|--------------------------------|
| Reconciliation to Statements of Functional Expense | | |
| Community Funds Commitment | \$ 1,426,443 | \$ 1,375,002 |
| Rounding/Reversal of prior year funds not paid | - | (2) |
| Catalyst grants | 50,000 | 50,000 |
| Special allocations | <u>243,924</u> | <u>150,000</u> |
| Total Allocations per SOFE | <u><u>\$ 1,720,367</u></u> | <u><u>\$ 1,575,000</u></u> |

Note 10 - Net Assets Without Donor Restriction

The following comprises net assets without donor restriction at December 31, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|---|--------------------------------|--------------------------------|
| Designated | | |
| Emergency assistance | \$ 11,498 | \$ 21,829 |
| United Way Life | 6,100 | 22,545 |
| Operating reserve | 345,000 | 345,000 |
| Quasi-endowment | <u>1,027,468</u> | <u>858,040</u> |
| Total designated net assets without donor restriction | <u>1,390,066</u> | <u>1,247,414</u> |
| Undesignated net assets | <u>1,218,245</u> | <u>1,184,713</u> |
| Total net assets without donor restriction | <u><u>\$ 2,608,311</u></u> | <u><u>\$ 2,432,127</u></u> |

Note 11 - Net Assets With Donor Restriction

The following comprises net assets with donor restriction at December 31, 2021 and 2020:

| | 2021 | 2020 |
|--|--------------|--------------|
| Subject to Expenditure for Specified Purpose | | |
| Campaign Pledges | \$ 453,545 | \$ 412,444 |
| TRIAD Military Assistance Grant | 441 | 441 |
| Support for 2-1-1 | - | 500 |
| Homeless Needs Assessment | 5,040 | 5,040 |
| K-Ready Kids | 4,893 | 2,393 |
| First Responders Emergency and Disaster Assistance | 5,109 | 1,708 |
| Senior Meals Program | 1,441 | - |
| Beat The Heat Program | 155 | 145 |
| Disaster Response | 1,500 | 1,500 |
| Resources Roundup | - | 2,851 |
| Military Support | 50 | 50 |
| Foundation Grant | 158,000 | 158,000 |
| Abilene United Fund | 195,644 | 204,688 |
| Disaster Relief | - | 55,978 |
| Volunteer Coordination | 11,320 | 24,279 |
| | 837,138 | 870,017 |
| Endowments | | |
| Subject to endowment spending policy and appropriation | 3,645,707 | 3,277,244 |
| Not subject to spending policy or appropriation | | |
| Beneficial interest in assets held by Community Foundation | 69,247 | 60,782 |
| Total net assets with donor restriction | \$ 4,552,092 | \$ 4,208,043 |

Note 12 - Net Assets Released from Restrictions

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes were as follows for the years ended December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|--------------|--------------|
| Expiration of time restrictions | | |
| 2020 Campaign revenue | \$ - | \$ 490,624 |
| 2021 Campaign revenue | 534,032 | - |
| | 534,032 | 490,624 |
| Satisfaction of purpose restrictions | | |
| 2021 Campaign revenue | - | 1,375,000 |
| 2022 Campaign revenue | 1,426,443 | - |
| Federal and state employee campaigns | 1,394 | 1,662 |
| TXU Energy Assistance | 54,453 | 45,040 |
| 2020 Census | - | 7,000 |
| 2-1-1 A Call for Help | 500 | 6,684 |
| Basic Needs Network - Texas Coalition for the Homeless | 27,562 | 32,378 |
| West Texas Homeless Network | 16,619 | 16,538 |
| Department of Defense Health Workers Event | 2,500 | - |
| First Responders (FREDA) | 2,199 | 8,714 |
| Annual Meeting | - | 100 |
| Beat The Heat Program | 5,947 | 4,120 |
| VSA Catalyst Grant | 38,795 | 47,025 |
| Abilene United Fund | 377,353 | 471,456 |
| Disaster Relief | - | 39,511 |
| Volunteer Coordination | 12,959 | 16,777 |
| | 1,966,724 | 2,072,005 |
| Restricted-purpose spending-rate distributions and appropriations | | |
| Endowment contributions | 65,921 | 18,582 |
| Total net assets released from restriction | \$ 2,566,677 | \$ 2,581,211 |

Note 13 - 2-1-1 Texas A Call for Help

Since June 2002, 2-1-1 Texas A Call for Help (2-1-1 TX ACFH) information and referral services has been administered by United Way of Abilene. 2-1-1 TX ACFH has implemented technology to coordinate services across the entire community of West Central Texas, in the area of emergency provision of basic needs such as food, clothing, shelter, rent, utility assistance, child care, senior services, disaster relief, and other programs. The intent of the coordination of services is to minimize duplications of services and to maximize the participating organization's financial assistance and services to those in need.

Since its formation, 2-1-1 TX ACFH has provided information and referral services for individuals seeking assistance and for organizations seeking to provide assistance in the 19 counties of West Central Texas as well as additional counties outside of the West Central Texas area. United Way of Abilene directs and manages the following additional programs and services through 2-1-1 TX ACFH:

- 1) *A Call-For Help Abilene*- United Way of Abilene administers the City of Abilene (the City) contract for the provision of information and referral services to the citizens of Abilene. The agreement is subject to annual review and approval through the budgeting process of the City. The City provides personnel assistance, salary, and benefits for one City of Abilene employee who receives work direction from United Way of Abilene. In addition, the City provides funding support for the compensation of information and referral specialists and other 2-1-1 TX ACFH operating costs. The City of Abilene contract provided \$40,000 and \$90,900 for the years ended December 31, 2021 and 2020, respectively, for the operations of 2-1-1 TX ACFH.
- 2) *Big Country Volunteer Organizations Active in Disaster (BCVOAD)*- United Way of Abilene serves as the fiscal agent for BC VOAD and administers and coordinates the BC VOAD program which assists area residents and agencies in planning, training, and preparing for disasters. When flooding, tornadoes, or other disasters occur, the BC VOAD coordinates the recovery efforts with agencies and works in cooperation with the emergency management divisions of the counties of West Central Texas to coordinate the delivery of relief assistance to disaster victims.
- 3) *Basic Needs Network (BNN)* - United Way of Abilene is the lead agency of a collaborative of West Central Texas organizations that use VisionLink's Community OS web-based software as an information and referral resource and a case management tool. These organizations include United Way agencies, other nonprofit organizations, and faith-based organizations. This collaborative had 64 and 65 active Community OS users at 26 and 28 agencies at December 31, 2021 and 2020, respectively.
- 4) *First Responders Emergency and Disaster Assistance (FREDA) Program* - The FREDA program was created during 2009 as a collaborative effort of the Abilene Police Department, Abilene Fire Department, the Abilene Association of Congregations, the Taylor County Sheriff's Office, and United Way of Abilene. The FREDA program was formed to provide a simple and comprehensive process that addressed the need for helping people who have a catastrophic emergency need for food, gasoline, or lodging during hours that no community-based basic needs program is available or as a result of a fire or natural disaster. This project covers only Taylor County. United Way of Abilene is the fiscal agent for the FREDA collaboration. United Way of Abilene disbursed \$2,199 and \$8,714 for the FREDA program during the years ended December 31, 2021 and 2020, respectively.

- 5) *Military Partnership of West Central Texas* - The Military Partnership is a collaboration of organizations working together to reduce duplication and improve services to veterans, active duty, reserve, as well as Texas National Guard forces and their families.
- 6) *TXU Energy Aid Program* - United Way of Abilene receives funding from TXU Energy to provide electric utility assistance for eligible individuals and families who need temporary assistance in making electric utility bill payments.

Along with oversight from the United Way of Abilene board of directors, there is a 30 member 2-1-1 TX ACFH advisory council.

Note 14 - Texas Information and Referral Network Contracts (Unaudited)

In 2004, 2-1-1 TX ACFH was designated by the State of Texas Health and Human Services Commission's (HHSC) 2-1-1 Texas Information and Referral Network (TIRN) as the Area Information Center (AIC) for the 19 counties of West Central Texas. As part of the requirements for the designation, 2-1-1 TX ACFH achieved accreditation by the Alliance of Information and Referral System (AIRS). The AIRS international standards of excellence for the provision of information and referral services are the baseline for the scope of work for this contract.

2-1-1 is the nationally designated phone number for information and referral assistance across the United States. 2-1-1 TX ACFH is part of the 2-1-1 Texas statewide telephone and content resource management system (CRM) to better connect citizens to health and human services. During times of emergencies, 2-1-1 TX ACFH can call upon outside resources to ensure that citizens in the West Central Texas region are able to get resources and answers to important questions. The Texas Information and Referral Network (TIRN), authorized by the Texas legislature, is tasked with development, coordination, and implementation of a statewide information and referral network. The Network is administered by the Texas Health and Human Services Commission.

The performance period of the current HHSC contracts are from September 2021 through August 2022. The current contracts allow for an annual aggregate cost reimbursement for the provision of Information and Referral Services in West Central Texas. All 2-1-1 TX ACFH work is reported monthly and annually to TIRN and must remain within standards set forth in the contract's scope of work to qualify for payment.

In addition to a general operations contract for information and referral services, United Way of Abilene's 2-1-1 TX ACFH contracts with HHSC to provide the additional services described below:

- 1) *TIRN Disaster Warm Center* - 2-1-1 TX ACFH serves as one of three 2-1-1 Warm Centers in Texas. As a Warm Center, ACFH is equipped with hardware and skills to respond, with very short notice, to state-level emergency events. Being ready or "warm" and ready to stand-up, the Warm Center, when called on by TIRN, includes the ability to staff-up with an additional 20 call specialists who are trained temporary staff and/or volunteers and to extend work hours for the Center to provide for high volume call with capacity to operate 24/7. All AICs must have appropriate information for call handling. Warm Center Resource Managers are available to assist with Disaster/Event Resource Management and are responsible for certain statewide Database functions during disaster events.
- 2) *State of Texas Emergency Assistance Registry (STEAR)* - 2-1-1 TX ACFH facilitates registry in an all-hazards tool for local emergency managers. Texans with special needs are encouraged to dial 2-1-1 option 4 to register if they need help getting out of harm's way in the event of a disaster or emergency.
- 3) *TIRN Child Care Information and Referral Services* - 2-1-1 TX ACFH provides childcare resources and referral services to the West Central Texas area. The program connects those with childcare needs to licensed and registered organizations that provide childcare services.

2-1-1 TX ACFH reported revenue of \$511,968 and \$390,696 in 2021 and 2020, respectively, from the HHSC TIRN contracts.

Program highlights include 56,146 and 53,408 calls handled by 2-1-1 TX ACFH call specialists for 2021 and 2020, respectively, summarized by counties served and by caller need categories.

| | 2021 | 2020 |
|--------------------------------------|--------|--------|
| Number of calls by County | | |
| Brown County | 897 | 808 |
| Callahan County | 361 | 327 |
| Coleman County | 202 | 165 |
| Comanche County | 215 | 236 |
| Eastland County | 407 | 379 |
| Fisher County | 215 | 86 |
| Haskell County | 104 | 130 |
| Jones County | 353 | 293 |
| Kent County | 132 | 10 |
| Knox County | 75 | 72 |
| Mitchell County | 248 | 196 |
| Nolan County | 447 | 479 |
| Runnels County | 164 | 152 |
| Scurry County | 291 | 241 |
| Shackelford County | 67 | 36 |
| Stephens County | 718 | 143 |
| Stonewall County | 18 | 18 |
| Taylor County | 11,552 | 9,552 |
| Throckmorton County | 15 | 11 |
| Out of Area Counties | 39,069 | 40,054 |
| Refused/Unknown | 596 | 20 |
| | 56,146 | 53,408 |
| Total information and referral calls | | |

| | 2021 | 2020 |
|--|--------|--------|
| Caller data classified by the AIRS-defined need categories | | |
| Art, culture and recreation | 24 | 18 |
| Clothing/personal/household needs | 525 | 638 |
| Disaster services | 555 | 1,805 |
| Education | 81 | 77 |
| Employment | 98 | 171 |
| Food/meals | 24,761 | 21,009 |
| Health care | 13,324 | 13,495 |
| Housing | 8,029 | 7,889 |
| Income/Financial support and assistance | 1,593 | 2,289 |
| Individual, family, and community support | 2,175 | 1,625 |
| Information services | 406 | 936 |
| Legal, consumer and public safety | 900 | 1,012 |
| Mental health and additions | 1,147 | 1,441 |
| Other government/economic services | 76 | 327 |
| Transportation | 884 | 670 |
| Utilities assistance | 6,833 | 7,507 |
| Volunteers and donations | 26 | 37 |
| Veterans/military | 227 | 290 |
| Early Childhood Education | 10 | 2 |
| Suicide hotlines, threat reporting, response | 19 | 8 |
| Health insurance information, assistance, and programs | 412 | 317 |
| Human trafficking victim assistance, prevention, etc. | - | 3 |
| | 62,105 | 61,566 |
| Total needs identified during information and referral calls | 62,105 | 61,566 |

Note 15 - Retirement Plan

United Way of Abilene has adopted a 401(k) Plan for all eligible employees. Full-time employees who are at least 21 years of age and have completed one year of service are eligible to participate in employer contributions to the Plan. Completing one year of service is defined as having worked at least 1,000 hours. For each contribution period, a participant may withhold an elective deferral of compensation up to the maximum amount that will not cause the Plan to violate the actual deferral percentage (ADP) test of the Plan Year. United Way of Abilene may make a matching contribution of up to 5% of the participating employee's annual compensation. For eligible employees, United Way of Abilene may also contribute up to 3% of the employee's annual compensation to the Plan. For the years ended December 31, 2021 and 2020, United Way contributed \$32,717 and \$21,118, respectively, to the Plan.

Note 16 - Concentrations of Credit Risk

The bank balances of United Way of Abilene's demand deposits with financial institutions totaled \$1,891,239 and \$1,314,969 at December 31, 2021 and 2020, respectively. These are secured by FDIC coverage and securities held by the pledging financial institution's agent bank in United Way of Abilene's name.

The majority of the contributions received by United Way of Abilene come from local and regional donors. Local and regional economic conditions have a direct impact on the ability of these donors to make contributions.

Diversification of the workplace and individual donors helps to mitigate the effect of an economic downturn or upturn in a particular sector of the local and regional economy.

Investments are made by diversified investment managers whose performance is monitored by United Way of Abilene and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, United Way of Abilene and its Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Note 17 - Fair Value Measurement

Authoritative standards establish a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Determining where an asset falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of the three broad levels as follows:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include publicly traded securities and mutual funds. Valuations of these instruments do not require a high degree of judgment, as valuations are based on quoted prices in readily available, active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Assets in this category generally include real estate, life insurance, certain debt securities, hedge funds, and other equity instruments.

Level 3 – Unobservable inputs developed using management's and/or third-party estimates and assumptions, which reflect those that market participants would use. These inputs require significant management judgment or estimation. Assets in this category generally include certain hedge funds, private equity funds, privately held stock, and debenture bonds. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

The determination of where an asset or liability falls within the hierarchy requires significant judgment. United Way of Abilene evaluates its hierarchy disclosures periodically and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, United Way of Abilene expects that changes in classifications between different levels will be rare.

United Way uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have a readily determinable fair value. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following tables summarize assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

| | Fair Value Measurements at December 31, 2021 Using | | | |
|---------------------|--|---|--|--|
| | December 31, 2021 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Financial assets | | | | |
| Mutual funds | | | | |
| Domestic stock | \$ 61,077 | \$ 61,077 | \$ - | \$ - |
| International Stock | 60,528 | 60,528 | - | - |
| Equity securities | | | | |
| Large Core | 648,957 | 648,957 | - | - |
| Large Blend | 490,609 | 490,609 | - | - |
| Large Value | 488,931 | 488,931 | - | - |
| Large Growth | 255,380 | 255,380 | - | - |
| Mid Core | 35,158 | 35,158 | - | - |
| Mid-Cap Blend | 251,942 | 251,942 | - | - |
| Small Blend | 253,045 | 253,045 | - | - |
| Debt securities | | | | |
| Corporate bonds | 598,447 | - | 598,447 | - |
| Municipal bonds | 114,338 | - | 114,338 | - |
| Agency securities | | | | |
| Mortgage-backed | 535,509 | - | 535,509 | - |
| CSV Life Insurance | 170,091 | - | 170,091 | - |
| | <u>\$ 3,964,012</u> | <u>\$ 2,545,627</u> | <u>\$ 1,418,385</u> | <u>\$ -</u> |

| | Fair Value Measurements at December 31, 2020 Using | | | |
|---------------------|--|---|--|--|
| | December 31, 2020 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Financial assets | | | | |
| Mutual funds | | | | |
| Domestic stock | \$ 48,793 | \$ 48,793 | \$ - | \$ - |
| International Stock | 45,636 | 45,636 | - | - |
| Equity securities | | | | |
| Large Core | 454,256 | 454,256 | - | - |
| Large Blend | 359,641 | 359,641 | - | - |
| Large Value | 329,426 | 329,426 | - | - |
| Large Growth | 203,539 | 203,539 | - | - |
| Mid Core | 46,647 | 46,647 | - | - |
| Mid-Cap Blend | 194,206 | 194,206 | - | - |
| Small Blend | 186,045 | 186,045 | - | - |
| Debt securities | | | | |
| Corporate bonds | 650,311 | - | 650,311 | - |
| Municipal bonds | 58,216 | - | 58,216 | - |
| Agency securities | | | | |
| Mortgage-backed | 622,226 | - | 622,226 | - |
| CSV Life Insurance | 94,485 | - | 94,485 | - |
| | <u>\$ 3,293,427</u> | <u>\$ 1,868,189</u> | <u>\$ 1,425,238</u> | <u>\$ -</u> |

For certain types of investments that calculate net asset value per share but are not publicly traded, additional disclosure is required to assist in understanding the nature and risk of these investments by major categories.

The table below summarizes the fair value and other pertinent liquidity information of investments in major categories held in beneficial interest in assets held at CFA at December 31, 2021 and 2020:

| | Fair Value 12/31/21 | Unfunded Commitments 12/31/21 | Redemption Frequency 12/31/21 | Redemption Notice Period 12/31/21 |
|---|------------------------|-------------------------------------|-------------------------------------|---|
| Beneficial interest held at CFA | | | | |
| Fixed income/absolute return funds (a) | <u>\$ 69,247</u> | <u>\$ -</u> | Daily | None |
| | Fair Value 12/31/20 | Unfunded Commitments 12/31/20 | Redemption Frequency 12/31/20 | Redemption Notice Period 12/31/20 |
| Beneficial interest held at CFA | | | | |
| Fixed income/absolute return funds (a) | <u>\$ 60,782</u> | <u>\$ -</u> | Daily | None |

- (a) This category includes investment funds that invest in a diversified portfolio of primarily U.S. based fixed income securities including: corporate bonds, treasury, agency, MBS, futures, options, and swaps. The management of the fund has discretion to allocate among the various asset groups within a risk management structure that imposes percentage allocation maximums to individual classes of securities based on rating, risk, and other criteria. Allocation to various asset types and selection of securities are influenced by economic growth, monetary policy, fiscal policy, dollar policy, commodity prices, and relative valuations. The fair value of the investments in this category has been established using the net asset value per share of the investments as provided by the fund managers.

The following is a reconciliation presented in the three-tier fair value hierarchy and the statements of financial position:

| | 2021 | 2020 |
|---|--------------|--------------|
| Carried at fair value | | |
| Investments | \$ 3,793,921 | \$ 3,198,942 |
| Cash surrender value (CSV) of life insurance | 170,091 | 94,485 |
| Total investments carried at fair value | 3,964,012 | 3,293,427 |
| Carried at amortized cost | | |
| Cash and cash equivalents | 1,142,732 | 1,325,276 |
| Total investments and CSV of life insurance included in Statement of Financial Position | \$ 5,106,744 | \$ 4,618,703 |
| Carried at NAV per share | | |
| Beneficial interest in assets held at CFA | \$ 69,247 | \$ 60,782 |

Description of Valuation Techniques

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Mutual Funds and Equity Securities - Fair value is based on quoted market prices.
- Debt and Agency Securities - Fair value based on quoted market prices of similar assets and other observable inputs.
- Cash Surrender Value of Life Insurance - The fair values of these assets are estimated based on current realizable value after surrender charges.

Note 18 - Investment Income

United Way of Abilene’s outside managed investments primarily include stocks, bonds, mutual funds, and other assets. Investment income, as presented on the Statement of Activities, consists of the following for the years ended December 31, 2021 and 2020:

| | 2021 | 2020 |
|--|------------|------------|
| Interest and dividend income | \$ 88,262 | \$ 86,299 |
| Net realized and unrealized gains (losses) | 349,393 | 279,119 |
| External investment expenses | (16,406) | (12,743) |
| Total investment income (loss) | \$ 421,249 | \$ 352,675 |

Note 19 - Endowment

Authoritative standards prescribe disclosures on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) and required disclosures about endowment funds. United Way of Abilene’s endowment consists of the investment assets held by United Way Foundation of Abilene (see Note 1).

Interpretation of Relevant Law

United Way of Abilene, relying on information and advice from legal counsel and appointed officers, has interpreted UPMIFA to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary. As a result of this interpretation, for financial reporting purposes, United Way of Abilene classifies as net assets with donor restrictions the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the instructions of the applicable gift instruments.

Endowment net assets consist of the following at December 31, 2021:

| | Without Donor Restriction | With Donor Restriction | Total |
|----------------------------|---------------------------------|------------------------------|--------------|
| Board designated | \$ 1,027,468 | \$ - | \$ 1,027,468 |
| Donor restricted | - | 3,645,707 | 3,645,707 |
| Total endowment net assets | \$ 1,027,468 | \$ 3,645,707 | \$ 4,673,175 |

United Way of Abilene, Inc.
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Endowment net assets consist of the following at December 31, 2020:

| | Without Donor Restriction | With Donor Restriction | Total |
|--------------------------------|---------------------------------|------------------------------|-------------------------|
| Board designated | \$ 858,040 | \$ - | \$ 858,040 |
| Donor restricted | - | 3,277,244 | 3,277,244 |
| Total endowment net assets | <u>\$ 858,040</u> | <u>\$ 3,277,244</u> | <u>\$ 4,135,284</u> |

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|--|---------------------------------|------------------------------|---------------------|
| Endowment net assets, January 1 | \$ 858,040 | \$ 3,277,244 | \$ 4,135,284 |
| Investment return | | | |
| Investment income held by others | 96,364 | 323,147 | 419,511 |
| Contribution to endowment, net of discount | 65,921 | 45,316 | 111,237 |
| Withdrawals and distributions | (27,684) | - | (27,684) |
| Contribution from United Way of Abilene | 34,827 | - | 34,827 |
| Endowment net assets, December 31 | <u>\$ 1,027,468</u> | <u>\$ 3,645,707</u> | <u>\$ 4,673,175</u> |

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|--|---------------------------------|------------------------------|---------------------|
| Endowment net assets, January 1 | \$ 742,093 | \$ 2,479,935 | \$ 3,222,028 |
| Investment return | | | |
| Investment income held by others | 87,261 | 248,123 | 335,384 |
| Contribution to endowment, net of discount | 18,582 | 549,186 | 567,768 |
| Withdrawals and distributions | (16,562) | - | (16,562) |
| Contribution from United Way of Abilene | 26,666 | - | 26,666 |
| Endowment net assets, December 31 | <u>\$ 858,040</u> | <u>\$ 3,277,244</u> | <u>\$ 4,135,284</u> |

Underwater Endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment accounts may fall below the level that the donor or UPMIFA requires United Way of Abilene to retain for perpetuity. A deficiency of this nature would be reported as reductions to net assets with donor restriction. United Way of Abilene had no deficiencies of this nature at December 31, 2021 and 2020.

Return Objectives and Risk Parameters

United Way of Abilene has adopted investment and spending policies that attempt to provide a predictable stream of funding for maintenance supported by endowment while seeking to maintain the real purchasing power of the endowment. Endowment assets are invested to yield a level of return to meet the objectives of the fund while adhering to a prudent level of risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, United Way of Abilene relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield.

Spending Policy and How Investment Objectives Relate to Spending Policy

In accordance with UPMIFA, United Way of Abilene considers the following factors in determining spending policy:

1. The duration and preservation of the endowment 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
7. The investment policies of the organization

The spending policy of United Way of Abilene will be reviewed periodically using the seven factors above and approved by the Board of Directors in conjunction with the annual budget. Any subsequent modifications to the spending policy will be approved by the Board of Directors. Due to approved distribution rates by the board of the Community Foundation of Abilene and United Way of Abilene Foundation, distributions may vary from year to year. United Way of Abilene appropriates funds for expenditure as they are utilized for its charitable purposes.

Note 20 - Related Parties

During the years ending December 31, 2021 and 2020, United Way of Abilene employees, management, and board members were involved within the community and held board positions with various nonprofits and granting agencies related to the organization. Individuals related to the above-mentioned organizations are not permitted to vote on proposed grants to entities for which they serve as officers or directors. Total related party revenue was \$516,444 and \$801,942 for the years ending December 31, 2021 and 2020, respectively. Total related party expenses were \$57,590 and \$18,993 for the years ending December 31, 2021 and 2020, respectively.

Note 21 - Paycheck Protection Program (PPP) Loan Forgiveness

In April 2020, United Way of Abilene was granted a \$164,670 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. United Way of Abilene elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. United Way of Abilene initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and a right of return of the PPP loan no longer existed. United Way of Abilene applied for, and received notice of, PPP loan forgiveness from the SBA in December 2020. United Way of Abilene recognized \$164,670 as contribution revenue related to PPP loan forgiveness for the year ended December 31, 2020.

Note 22 - Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets. The standard will require United Way of Abilene to recognize on the consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases if the original lease terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the consolidated financial statements. The amendments in this update are effective for the fiscal year beginning after December 15, 2021. United Way of Abilene is evaluating the potential impact of the amendment on its consolidated financial statements.

Note 23 - Subsequent Events

United Way of Abilene has evaluated subsequent events through August 17, 2022, the date the consolidated financial statements were available to be issued.



Supplementary Information
December 31, 2021

United Way of Abilene, Inc.

United Way of Abilene, Inc.
Consolidating Statement of Financial Position
December 31, 2021

| | Total | Eliminations | United Way of Abilene, Inc. | United Way Foundation of Abilene |
|--|---------------------|-------------------|--------------------------------|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,798,879 | \$ - | \$ 1,798,879 | \$ - |
| Contract revenue receivable | 92,805 | - | 92,805 | - |
| Receivables - other | 207,807 | (1,896) | 209,703 | - |
| Campaign promises to give, net | 943,915 | - | 943,915 | - |
| Prepaid expenses | 14,714 | - | 14,714 | - |
| Endowment promises to give, net of discount | 398,371 | - | - | 398,371 |
| Investments | 4,936,653 | - | 830,044 | 4,106,609 |
| Cash surrender value of life insurance | 170,091 | - | - | 170,091 |
| Beneficial interest in assets held by others | 69,247 | - | 69,247 | - |
| Property and equipment, net | 303,088 | - | 303,088 | - |
| Total assets | \$ 8,935,570 | \$ (1,896) | \$ 4,262,395 | \$ 4,675,071 |
| Liabilities | | | | |
| Accounts payable | \$ 261,958 | \$ (1,896) | \$ 261,958 | \$ 1,896 |
| Deferred revenue | 33,909 | - | 33,909 | - |
| Payroll and benefits payable | 52,857 | - | 52,857 | - |
| Community funds commitment | 1,426,443 | - | 1,426,443 | - |
| Total liabilities | 1,775,167 | (1,896) | 1,775,167 | 1,896 |
| Net assets | | | | |
| Without donor restriction | | | | |
| Undesignated | 1,218,245 | - | 1,218,245 | - |
| Board designated | 1,390,066 | - | 362,598 | 1,027,468 |
| With donor restriction | 4,552,092 | - | 906,385 | 3,645,707 |
| Total net assets | 7,160,403 | - | 2,487,228 | 4,673,175 |
| Total liabilities and net assets | \$ 8,935,570 | \$ (1,896) | \$ 4,262,395 | \$ 4,675,071 |

| | Total | | Total |
|---|---------------------------------|------------------------------|---------------------|
| | Without Donor Restriction | With Donor Restriction | |
| OPERATING REVENUES | | | |
| Public support from annual campaigns | | | |
| 2022 - 2023 and future campaigns | \$ - | \$ 30,000 | \$ 30,000 |
| 2021 - 2022 Campaign | - | 1,849,988 | 1,849,988 |
| 2020 - 2021 Campaign | - | 121,350 | 121,350 |
| 2019 - 2020 Campaign | - | 237 | 237 |
| Federal and state employee campaigns | - | 1,394 | 1,394 |
| Foundation contributions, net of discount | - | 111,237 | 111,237 |
| Net assets released from restrictions | | | |
| Satisfaction of program or period restriction (Note 12) | <u>2,027,790</u> | <u>(2,027,790)</u> | <u>-</u> |
| Total public support from annual campaigns | <u>2,027,790</u> | <u>86,416</u> | <u>2,114,206</u> |
| Other public support and revenues | | | |
| Abilene United contributions | - | 312,331 | 312,331 |
| TXU Energy Aid Program | - | 54,453 | 54,453 |
| First Responders Emergency and Disaster Aid | - | 5,600 | 5,600 |
| Community network - state contracts | 511,968 | - | 511,968 |
| Community network - other funding | 965,495 | 92,524 | 1,058,019 |
| Special events | | | |
| Gross revenue from special events | 999,878 | - | 999,878 |
| Less cost of direct benefits to donors | <u>(60,358)</u> | <u>-</u> | <u>(60,358)</u> |
| Net revenue from special events | 939,520 | - | 939,520 |
| Sponsorships | 25,359 | - | 25,359 |
| Investment return, net | 98,102 | 323,147 | 421,249 |
| Other revenue | 13,830 | - | 13,830 |
| Net assets released from restrictions | | | |
| Satisfaction of program or period restriction (Note 12) | <u>538,887</u> | <u>(538,887)</u> | <u>-</u> |
| Total other public support and revenues | <u>3,093,161</u> | <u>249,168</u> | <u>3,342,329</u> |
| Total operating revenues | <u>5,120,951</u> | <u>335,584</u> | <u>5,456,535</u> |
| OPERATING EXPENSES | | | |
| Program services | 3,900,139 | - | 3,900,139 |
| Supporting services | <u>1,044,628</u> | <u>-</u> | <u>1,044,628</u> |
| Total operating expenses | <u>4,944,767</u> | <u>-</u> | <u>4,944,767</u> |
| OPERATING EXCESS | 176,184 | 335,584 | 511,768 |
| Contributions from UWA to UW Foundation | - | - | - |
| Change in beneficial interest in assets held by others | <u>-</u> | <u>8,465</u> | <u>8,465</u> |
| Change in net assets | 176,184 | 344,049 | 520,233 |
| Net assets at beginning of year | <u>2,432,127</u> | <u>4,208,043</u> | <u>6,640,170</u> |
| Net assets at end of year | <u>\$ 2,608,311</u> | <u>\$ 4,552,092</u> | <u>\$ 7,160,403</u> |

United Way of Abilene, Inc.
Consolidating Statement of Activities
Year Ended December 31, 2021

| United Way of Abilene, Inc. | | | United Way Foundation of Abilene | | |
|---------------------------------|------------------------------|---------------------|----------------------------------|------------------------------|---------------------|
| Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| \$ - | \$ 30,000 | \$ 30,000 | \$ - | \$ - | \$ - |
| - | 1,849,988 | 1,849,988 | - | - | - |
| - | 121,350 | 121,350 | - | - | - |
| - | 237 | 237 | - | - | - |
| - | 1,394 | 1,394 | - | - | - |
| - | - | - | - | 111,237 | 111,237 |
| <u>1,961,869</u> | <u>(1,961,869)</u> | <u>-</u> | <u>65,921</u> | <u>(65,921)</u> | <u>-</u> |
| <u>1,961,869</u> | <u>41,100</u> | <u>2,002,969</u> | <u>65,921</u> | <u>45,316</u> | <u>111,237</u> |
| - | 312,331 | 312,331 | - | - | - |
| - | 54,453 | 54,453 | - | - | - |
| - | 5,600 | 5,600 | - | - | - |
| 511,968 | - | 511,968 | - | - | - |
| 965,495 | 92,524 | 1,058,019 | - | - | - |
| 999,878 | - | 999,878 | - | - | - |
| <u>(60,358)</u> | <u>-</u> | <u>(60,358)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 939,520 | - | 939,520 | - | - | - |
| 25,359 | - | 25,359 | - | - | - |
| 1,738 | - | 1,738 | 96,364 | 323,147 | 419,511 |
| 13,830 | - | 13,830 | - | - | - |
| <u>538,887</u> | <u>(538,887)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>2,996,797</u> | <u>(73,979)</u> | <u>2,922,818</u> | <u>96,364</u> | <u>323,147</u> | <u>419,511</u> |
| <u>4,958,666</u> | <u>(32,879)</u> | <u>4,925,787</u> | <u>162,285</u> | <u>368,463</u> | <u>530,748</u> |
| 3,900,139 | - | 3,900,139 | - | - | - |
| <u>1,016,944</u> | <u>-</u> | <u>1,016,944</u> | <u>27,684</u> | <u>-</u> | <u>27,684</u> |
| <u>4,917,083</u> | <u>-</u> | <u>4,917,083</u> | <u>27,684</u> | <u>-</u> | <u>27,684</u> |
| 41,583 | (32,879) | 8,704 | 134,601 | 368,463 | 503,064 |
| (34,827) | - | (34,827) | 34,827 | - | 34,827 |
| <u>-</u> | <u>8,465</u> | <u>8,465</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 6,756 | (24,414) | (17,658) | 169,428 | 368,463 | 537,891 |
| <u>1,574,087</u> | <u>930,799</u> | <u>2,504,886</u> | <u>858,040</u> | <u>3,277,244</u> | <u>4,135,284</u> |
| <u>\$ 1,580,843</u> | <u>\$ 906,385</u> | <u>\$ 2,487,228</u> | <u>\$ 1,027,468</u> | <u>\$ 3,645,707</u> | <u>\$ 4,673,175</u> |

United Way of Abilene, Inc.
Reconciliation of Total Campaign Pledges and Reported Revenues
December 31, 2021 and 2020

| | 2021 | 2020 |
|--|--------------|--------------|
| Pledges per campaign results: | | |
| United Way (UWAb) 2022-2023 and future campaigns | \$ 30,000 | \$ - |
| United Way (UWAb) 2021-2022 campaign | 1,939,988 | - |
| United Way (UWAb) 2020-2021 campaign | 117,905 | 1,869,444 |
| United Way (UWAb) 2019-2020 campaign | 237 | 133,806 |
| Total campaign pledges | 2,088,130 | 2,003,250 |
| Plus: | | |
| UWAb portion of CFC 2019-2020 campaign | (165) | 1,199 |
| UWAb portion of CFC 2018-2019 campaign | - | (131) |
| UWAb portion of SECC 2020 and 2019 campaigns | 1,559 | - |
| UWAb portion of SECC 2019 and 2018 campaigns | - | 577 |
| Total Federal and State Campaigns | 1,394 | 1,645 |
| Net Campaign Results | 2,089,524 | 2,004,895 |
| Pledge loss allowance and changes in allowance estimates: | | |
| 2021-2022 campaigns | (90,000) | - |
| 2020-2021 campaigns | 3,445 | (82,000) |
| 2019-2020 campaigns | - | 16,487 |
| Total pledge loss allowance | (86,555) | (65,513) |
| Plus: | | |
| Foundation contributions, net of discount | 111,237 | 567,768 |
| Total Public Support from Annual Campaigns per Financial Statements | \$ 2,114,206 | \$ 2,507,150 |

| | Community Resources & Basic Needs Network | West Texas Homeless Network | 2-1-1 Operations | Warm Center | Abilene United Fund & Other Disaster Relief |
|--|--|--------------------------------------|---------------------|------------------|---|
| Disaster relief and other assistance | | | | | |
| TXU Energy Assistance | \$ - | \$ - | \$ - | \$ - | \$ - |
| TXU Beat the Heat Program | 5,947 | - | - | - | - |
| First Responders Emergency & Disaster Aid | - | - | - | - | - |
| Student Meals | - | - | - | - | - |
| Disaster Relief | - | - | - | - | 1,127,555 |
| Total disaster relief and other assistance | <u>5,947</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,127,555</u> |
| Personnel expenses | | | | | |
| Salaries and Wages | 500 | - | 255,476 | 45,609 | - |
| Payroll Taxes | 44 | - | 20,129 | 3,459 | - |
| Retirement Contributions | - | - | 9,850 | 1,292 | - |
| Health Insurance | - | - | 31,209 | 7,851 | - |
| Workers Compensation Insurance | - | - | 326 | - | - |
| Staff Development | - | 195 | 1,264 | - | - |
| Contract Services | - | 16,329 | 71,885 | - | - |
| Total personnel expenses | <u>544</u> | <u>16,524</u> | <u>390,139</u> | <u>58,211</u> | <u>-</u> |
| Other expenses | | | | | |
| Travel | - | - | - | - | - |
| Annual Meeting | - | - | - | - | - |
| Community Events | - | - | - | - | 10,331 |
| Professional Fees | - | - | 8,149 | - | - |
| Supplies | 59 | 95 | 2,310 | - | - |
| Telephone | - | - | 5,214 | 1,094 | - |
| Postage and Shipping | - | - | 62 | - | - |
| Rent | - | - | 15,000 | - | - |
| Parking | - | - | 1,683 | - | - |
| Office Equipment | 316 | - | 2,354 | 2,995 | - |
| Equipment Lease/Maintenance | - | - | 2,567 | - | - |
| Software | 34,608 | - | 1,944 | 1,000 | - |
| Maintenance Agreement - Software | - | - | 1,023 | - | - |
| IT Consulting - Tech Support | - | - | 2,138 | 1,530 | - |
| Printing | 92 | - | 1,315 | - | - |
| Advertising | - | - | - | - | - |
| Dues/Memberships | - | - | 6,353 | - | - |
| In-kind Expenses | - | - | - | - | - |
| Directors/Officers Insurance | - | - | 675 | - | - |
| Depreciation | 3,799 | - | - | - | - |
| Indirect cost | - | - | 36,651 | 7,113 | 112,099 |
| Total other expenses | <u>38,874</u> | <u>95</u> | <u>87,438</u> | <u>13,732</u> | <u>122,430</u> |
| Total expenses | <u>\$ 45,365</u> | <u>\$ 16,619</u> | <u>\$ 477,577</u> | <u>\$ 71,943</u> | <u>\$ 1,249,985</u> |

United Way of Abilene, Inc.
Schedule of Community Impact Expenses
For the Year Ended December 31, 2021

| STEAR | Child Care | Regional Coordinated Transportation Planning | Villages at Westlake | Other Impact | TXU Energy Aid | First Responders Emergency Assistance | Total Community Impact |
|-----------|------------|---|----------------------------|-----------------|-------------------|--|------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 54,453 | \$ - | \$ 54,453 |
| - | - | - | - | - | - | - | 5,947 |
| - | - | - | - | - | - | 2,198 | 2,198 |
| - | - | - | - | 19,924 | - | - | 19,924 |
| - | - | - | - | - | - | - | 1,127,555 |
| - | - | - | - | 19,924 | 54,453 | 2,198 | 1,210,077 |
| 30,186 | 125 | 2,205 | 1,650 | 85,924 | - | - | 421,675 |
| 2,405 | 8 | 169 | 144 | 6,669 | - | - | 33,027 |
| 1,374 | - | - | - | 1,166 | - | - | 13,682 |
| 6,626 | - | - | - | 7,239 | - | - | 52,925 |
| - | - | - | - | - | - | - | 326 |
| - | - | - | - | - | - | - | 1,459 |
| - | - | - | 3,000 | - | - | - | 91,214 |
| 40,591 | 133 | 2,374 | 4,794 | 100,998 | - | - | 614,308 |
| - | 52 | - | - | 5 | - | - | 57 |
| - | - | - | - | 42,218 | - | - | 42,218 |
| - | - | 270 | 274 | 20,720 | - | - | 31,595 |
| - | - | - | - | - | - | - | 8,149 |
| - | - | - | 282 | - | - | - | 2,746 |
| - | - | - | - | - | - | - | 6,308 |
| - | 84 | - | - | - | - | - | 146 |
| - | - | - | - | - | - | - | 15,000 |
| - | - | - | - | - | - | - | 1,683 |
| - | 4,540 | - | - | - | - | - | 10,205 |
| - | - | - | - | - | - | - | 2,567 |
| - | - | 10,611 | - | - | - | - | 48,163 |
| - | - | - | - | - | - | - | 1,023 |
| - | - | - | - | - | - | - | 3,668 |
| - | 1,057 | - | - | - | - | - | 2,464 |
| - | 30 | - | - | - | - | - | 30 |
| - | - | - | - | 605 | - | - | 6,958 |
| - | - | - | - | 11,351 | - | - | 11,351 |
| - | - | - | - | - | - | - | 675 |
| - | - | - | - | - | - | - | 3,799 |
| 4,434 | - | 3,907 | - | - | - | - | 164,204 |
| 4,434 | 5,763 | 14,788 | 556 | 74,899 | - | - | 363,009 |
| \$ 45,025 | \$ 5,896 | \$ 17,162 | \$ 5,350 | \$ 195,821 | \$ 54,453 | \$ 2,198 | \$ 2,187,394 |

United Way of Abilene, Inc.
Schedule of Agency Program Allocations
December 31, 2021 and 2020

| Agency | Program | Agency Program Allocation Commitments | |
|---|--|--|---------------------|
| | | 12/31/21 | 12/31/20 |
| Abilene Hope Haven | Hope Housing Services | \$ 60,000 | \$ 60,000 |
| | Bridge 2 Home | 60,000 | 60,000 |
| Abilene Taylor Public Health District | MERCY Health Care Center | 50,000 | 50,000 |
| Adult Protective Services Partners | Safety and Independence | 10,000 | 10,000 |
| Alliance for Women and Children | Alliance After School Care | 24,000 | 24,000 |
| Alzheimer's Association, North Central TX | Family Care | 27,000 | 27,000 |
| American Red Cross | Disaster Services | 15,000 | 15,000 |
| Ben Richey Boys Ranch | Boys Residential Care | - | 24,000 |
| Betty Hardwick Center | Adaptive Recreation Services | 40,000 | - |
| Big Brothers Big Sisters - Lone Star | Mentoring | 72,779 | 72,779 |
| Big Country CASA | Court Appointed Special Advocates | 80,000 | 80,779 |
| Boys and Girls Club of Abilene | After School Care | 74,860 | 74,861 |
| | Teen Night | 10,000 | 10,000 |
| Cancer Services Network | Patient Assistance | 63,000 | 63,000 |
| Christian Service Center | Standing in the Gap | 72,500 | 72,500 |
| Communities in Schools of the Big Country | Student Success Coaching | 104,500 | 104,500 |
| Day Nursery of Abilene | Child Care Assistance | 162,779 | 162,779 |
| Dyess Youth Center | Dyess Youth Programs | 2,500 | 2,500 |
| Faith Works of Abilene | Life Skills Education | 40,000 | 40,000 |
| Girl Scouts | Girl Scout Leadership | 4,500 | 4,500 |
| New Beginnings Big Country | Program Director | 32,224 | 32,224 |
| Noah Project | Family Violence Intervention | 129,000 | 129,000 |
| Presbyterian Medical Care Mission | Medical Mission | 64,000 | 60,000 |
| Regional Victim Crisis Center | Comprehensive Services for Child Victims | 45,000 | 37,779 |
| | Primary Prevention | 37,000 | 37,000 |
| ResourceCare | ASPIRE | 64,000 | 64,000 |
| Scouts BSA - Texas Trails Council | Scout Reach | 27,550 | 27,550 |
| The Salvation Army | Self-Sufficiency | 25,000 | - |
| YMCA of Abilene | Phoenix | 29,251 | 29,251 |
| | | <u>\$ 1,426,443</u> | <u>\$ 1,375,002</u> |



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2021

United Way of Abilene, Inc.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of United Way of Abilene, Inc., which comprise United Way of Abilene, Inc.'s consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated August 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered United Way of Abilene, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Abilene, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Abilene, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Abilene, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
August 17, 2022



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited United Way of Abilene, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on United Way of Abilene, Inc.'s major federal program for the year ended December 31, 2021. United Way of Abilene, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Abilene, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of Abilene, Inc., and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of United Way of Abilene, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way of Abilene, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of Abilene, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of Abilene, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of Abilene, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of Abilene, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way of Abilene, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Abilene, Texas
August 17, 2022

United Way of Abilene, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal Financial Assistance Listing/Federal CFDA Number | Pass-Through Entity Identifying Number | Expenditures |
|--|---|--|---------------------|
| U.S. Department of Health and Human Services | | | |
| Passed through Texas Health and Human Services Commission | | | |
| 477 Cluster | | | |
| Temporary Assistance for Needy Families | 93.558 | HHS000979200013 | \$ 2,843 |
| COVID-19 Temporary Assistance for Needy Families | 93.558 | HHS000979200013 | 336 |
| Child Care and Development Block Grant | 93.575 | HHS000979200013 | 5,897 |
| Total 477 Cluster | | | <u>9,076</u> |
| Children's Health Insurance Program | | | |
| COVID-19 Children's Health Insurance Program | 93.767 | HHS000979200013 | 16,018 |
| Total for CFDA 93.767 | 93.767 | HHS000979200013 | <u>1,891</u> |
| | | | <u>17,909</u> |
| Medicaid Cluster | | | |
| Medical Assistance Program | 93.778 | HHS000979200013 | 105,857 |
| COVID-19 Medical Assistance Program | 93.778 | HHS000979200013 | 12,496 |
| Total Medicaid Cluster | | | <u>118,353</u> |
| Total U.S. Department of Health and Human Services | | | <u>145,338</u> |
| U.S. Department of Agriculture | | | |
| Passed through Texas Health and Human Services Commission | | | |
| SNAP Cluster | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | HHS000979200013 | 101,615 |
| COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | HHS000979200013 | 11,995 |
| Total SNAP Cluster | | | <u>113,610</u> |
| Total U.S. Department of Agriculture | | | <u>113,610</u> |
| U.S. Department of Housing and Urban Development | | | |
| Passed through City of Abilene, Texas | | | |
| CDBG-Entitlement Grants Cluster - COVID-19 CDBG-CV | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | N/A | 628,265 |
| COVID-19 Community Development Block Grant Program | 14.228 | 81078891 | 234,036 |
| Total U.S. Department of Housing and Urban Development | | | <u>862,301</u> |
| Total Federal Financial Assistance | | | <u>\$ 1,121,249</u> |

See Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of United Way of Abilene under programs of the federal government for the year ended December 31, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of United Way of Abilene, it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way of Abilene.

Note 2 – Summary of Significant Accounting Principles

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 – Indirect Cost Rate

United Way of Abilene has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

| | |
|--|---------------|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Noncompliance material to financial statements noted? | No |

FEDERAL AWARDS

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weaknesses identified | No |
| Significant deficiencies identified not considered to be material weaknesses | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: | No |

Identification of major programs:

| Name of Federal Program | Federal Financial Assistance Listing/CFDA Number |
|--|--|
| COVID-19 CDBG-CV Community Development Block Grants/ Entitlement Grants | 14.218 |
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

The audit disclosed no findings or questioned costs required to be reported.