

**LUBBOCK AREA UNITED WAY, INC.**

**LUBBOCK, TEXAS**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**LUBBOCK AREA UNITED WAY, INC.**

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**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

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

**Opinion**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lubbock Area United Way, Inc. as of December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2021 financial statements, and our report dated April 26, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Report on Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying Comparison of Actual Revenues and Expenses with Operating Budget and Reconciliation of Budget Comparison to Financial Statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

April 20, 2023

## LUBBOCK AREA UNITED WAY, INC.

Exhibit A

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021**

**ASSETS**

	Current Funds	Endowment Fund	Custodian Fund SECC	Totals December 31,	
				2022	2021
Cash	\$ 1,780,519	\$ 10,107	\$ 286,390	\$ 2,077,016	\$ 1,994,179
Temporary Investments (CDs)	1,735,135			1,735,135	1,735,135
Investments		4,556,977		4,556,977	3,823,591
Pledges Receivable - Annual Campaign (Less Allowance for Uncollectibles of \$488,594)	3,368,123			3,368,123	3,579,245
Pledges Receivable - SECC Campaign (Less Allowance for Uncollectibles of \$45,117)			596,860	596,860	587,338
Interfund Other Receivable (Payable)	160,827	1,615	(162,442)		
Other Receivables	19,928	750,000		769,928	38,879
Other Prepaid Expenses	9,749		79,528	89,277	77,778
<b>Total Current Assets</b>	<b>\$ 7,074,281</b>	<b>\$ 5,318,699</b>	<b>\$ 800,336</b>	<b>\$ 13,193,316</b>	<b>\$ 11,836,145</b>
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$779,806	\$ 495,569	\$	\$	\$ 495,569	\$ 570,880
Right-of-Use Asset	15,943			15,943	71,176
<b>Total Noncurrent Assets</b>	<b>\$ 511,512</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 511,512</b>	<b>\$ 570,880</b>
<b>Total Assets</b>	<b>\$ 7,585,793</b>	<b>\$ 5,318,699</b>	<b>\$ 800,336</b>	<b>\$ 13,704,828</b>	<b>\$ 12,407,025</b>

**LIABILITIES**

Accounts Payable	\$ 19,645	\$	\$ 2,391	\$ 22,036	\$ 39,144
Donor Designations Payable	628,459			628,459	655,368
Agency Designations Payable - SECC Campaign			723,751	723,751	702,354
Due to Participating Federations/Agencies	28,208		74,194	102,402	71,176
Deferred Rental Revenue					4,020
Deferred Compensation	144,284			144,284	127,845
Lease Liability- Current	5,263			5,263	
<b>Total Current Liabilities</b>	<b>\$ 825,859</b>	<b>\$ 0</b>	<b>\$ 800,336</b>	<b>\$ 1,626,195</b>	<b>\$ 1,599,907</b>
Lease Liability	\$ 10,680	\$	\$	\$ 10,680	\$
<b>Total Noncurrent Liabilities</b>	<b>\$ 10,680</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,680</b>	<b>\$ 0</b>
<b>Total Liabilities</b>	<b>\$ 836,539</b>	<b>\$ 0</b>	<b>\$ 800,336</b>	<b>\$ 1,636,875</b>	<b>\$ 1,599,907</b>

**NET ASSETS**

Net Assets without Donor Restrictions					
Designated by the Governing Board for:					
Capital Improvements	\$ 236,768	\$	\$	\$ 236,768	\$ 80,000
Casa de Amistad					10,248
Board Initiatives	53,223			53,223	53,223
Undesignated - Available for General Activities	1,464,669			1,464,669	1,620,021
Net Investment in Fixed Assets	495,569			495,569	570,880
<b>Total Net Assets without Donor Restrictions</b>	<b>\$ 2,250,229</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,250,229</b>	<b>\$ 2,334,372</b>
Net Assets with Donor Restrictions					
Restricted by Time or Donor for:					
Operating Budget	\$ 910,681	\$	\$	\$ 910,681	\$ 839,850
Future Campaigns	55,122			55,122	86,685
Designations from PY Campaign	112,397			112,397	118,224
Agency Allocations	3,420,825			3,420,825	3,592,241
Endowment		5,318,699		5,318,699	3,835,746
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 4,499,025</b>	<b>\$ 5,318,699</b>	<b>\$ 0</b>	<b>\$ 9,817,724</b>	<b>\$ 8,472,746</b>
<b>Total Net Assets</b>	<b>\$ 6,749,254</b>	<b>\$ 5,318,699</b>	<b>\$ 0</b>	<b>\$ 12,067,953</b>	<b>\$ 10,807,118</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,585,793</b>	<b>\$ 5,318,699</b>	<b>\$ 800,336</b>	<b>\$ 13,704,828</b>	<b>\$ 12,407,025</b>

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit B

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**WITH COMPARATIVE TOTALS FOR 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals December 31,	
			2022	2021
<b>REVENUE</b>				
Public Support from Annual Campaign				
Current Year Campaign	\$	\$ 5,325,683	\$ 5,325,683	\$ 5,665,762
Less: South Plains State Employee Charitable Campaign Support for Other Organizations		(642,577)	(642,577)	(615,701)
Donor Designations		(403,872)	(403,872)	(462,855)
Provision for Uncollectible Pledges		(292,725)	(292,725)	(287,983)
Net Current Year Annual Campaign	\$	\$ 3,986,509	\$ 3,986,509	\$ 4,299,223
Net Assets Released from Restrictions				
Prior Year Campaign Contributions	4,821,151	(4,821,151)		
Less: Provision for Uncollectible Pledges	(270,836)	270,836		
Allocations in Excess of Current Campaign	(425,831)	425,831		
Allowance Loss for Prior Campaign Year	(37,464)		(37,464)	(85,262)
Additional Campaign Revenue (Loss) from Prior Campaigns	19,104		19,104	(38,687)
Net Campaign Revenue	\$	\$ (137,975)	\$ 3,968,149	\$ 4,175,274
Other Public Support and Revenue				
Contributions and Endowment Pledges	\$	\$ 2,076,398	\$ 2,076,398	\$ 33,478
Other Revenue, Net of Related Expense	77,243		77,243	14,721
PPP Loan Forgiveness				146,200
Gain on Sale of Assets	156,768		156,768	
Investment Income (Loss), Net of Fees	200,511	(593,445)	(392,934)	437,631
Rent Income	91,151		91,151	110,899
Total Other Public Support and Revenue	\$	\$ 1,482,953	\$ 2,008,626	\$ 742,929
Total Revenue	\$	\$ 1,344,978	\$ 5,976,775	\$ 4,918,203
<b>ALLOCATIONS, EXPENSES, AND LOSSES</b>				
Allocations and Designations to Agencies	\$	\$ 3,861,261	\$ 3,861,261	\$ 3,928,816
Less: Donor Designations	(403,872)		(403,872)	(462,855)
Total Allocations	\$	\$ 3,457,389	\$ 3,457,389	\$ 3,465,961
Functional Expenses				
Community Services	\$	\$ 45,193	\$ 45,193	\$ 63,110
Community Impact	45,380		45,380	47,885
Supporting Services:				
Management and General	710,744		710,744	617,597
Fund Raising	372,895		372,895	381,441
State and National Dues	84,339		84,339	99,136
Total Functional Expenses	\$	\$ 1,258,551	\$ 1,258,551	\$ 1,209,169
Total Allocations and Expenses	\$	\$ 4,715,940	\$ 4,715,940	\$ 4,675,130
CHANGE IN NET ASSETS	\$	\$ (84,143)	\$ 1,260,835	\$ 243,073
NET ASSETS - BEGINNING OF YEAR	2,334,372	8,472,746	10,807,118	10,564,045
NET ASSETS - ENDING OF YEAR	\$	\$ 9,817,724	\$ 12,067,953	\$ 10,807,118

See accompanying notes to financial statements.



## LUBBOCK AREA UNITED WAY, INC.

Exhibit C

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021**

	December 31,	
	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,260,835	\$ 243,073
Adjustments to Reconcile Change in Net Assets to Cash From Operating Activities		
Depreciation	46,277	51,483
PPP Loan Forgiveness		(146,200)
Gain on Sale of Assets	(156,768)	
Unrealized Loss on Investments	91,398	72,896
Changes in Assets and Liabilities		
Accounts Receivable	(731,049)	(14,983)
Prepaid Expenses	(11,499)	7,395
Pledges Receivable	201,600	17,357
Accounts Payable	(17,108)	15,518
Donor Designations Payable	(5,512)	85,576
Due to Participating Federations/Agencies	31,226	(36,782)
Deferred Rental Revenue	(4,020)	2,060
Deferred Compensation	16,439	15,963
Net Cash From Operating Activities	<u>\$ 721,819</u>	<u>\$ 313,356</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Investment Activity	\$ (824,784)	\$ (416,966)
Proceeds from Sale of Fixed Assets	185,802	
Purchase of Equipment		<u>(12,315)</u>
Net Cash From Investing Activities	<u>\$ (638,982)</u>	<u>\$ (429,281)</u>
<b>NET CHANGE IN CASH</b>	<b>\$ 82,837</b>	<b>\$ (115,925)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>3,729,314</u></b>	<b><u>3,845,239</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u><u>\$ 3,812,151</u></u></b>	<b><u><u>\$ 3,729,314</u></u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest	\$ 0	\$ 0
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit D

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH COMPARATIVE TOTALS FOR 2021

	Community Services						Totals	
	Community	Casa de	Total	Community	Management	Fund	December 31,	
	Status	Amistad		Impact	and		Raising	2022
	Report			General				
Salaries	\$ 29,235	\$	\$ 29,235	\$ 13,737	\$ 384,577	\$ 232,085	\$ 659,634	\$ 614,919
Employee Benefits, Taxes, and Fees	7,249		7,249	3,406	95,354	57,544	163,553	157,165
Total Salaries and Related Expenses	\$ 36,484	\$ 0	\$ 36,484	\$ 17,143	\$ 479,931	\$ 289,629	\$ 823,187	\$ 772,084
Professional Fees	7,680		7,680		21,388		29,068	28,974
Insurance					25,046		25,046	18,916
Supplies				65	10,819	2,202	13,086	22,868
Telephone				758	3,187	2,706	6,651	6,757
Postage and Shipping	34		34	107	2,849	9,278	12,268	10,623
Occupancy Expense					50,927		50,927	57,053
Maintenance and Rental of Equipment					18,923		18,923	19,201
Printing and Publications	3		3	842	3,374	9,417	13,636	14,953
Travel					1,374	538	1,912	1,266
Conferences and Meetings				1,816	7,791	2,190	11,797	8,928
Software Maintenance				13,509	35,220	33,102	81,831	49,120
Membership Dues					1,316		1,316	1,977
Awards					1,154	2,930	4,084	4,266
Property Taxes					20,325		20,325	22,577
Other					11,361	2,517	13,878	18,987
Total Expenses Before Depreciation	\$ 44,201	\$ 0	\$ 44,201	\$ 34,240	\$ 694,985	\$ 354,509	\$ 1,127,935	\$ 1,058,550
Depreciation Expense		992	992	11,140	15,759	18,386	46,277	51,483
Total Expenses	\$ 44,201	\$ 992	\$ 45,193	\$ 45,380	\$ 710,744	\$ 372,895	\$ 1,174,212	\$ 1,110,033

See accompanying notes to financial statements.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

**Nature of Activities**

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

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting, and accordingly, the financial statements reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

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

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

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

**Functional Allocation of Expenses**

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

**Fund Accounting**

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

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Contributions**

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

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

The restriction on the pledges received is a time restriction since the pledges received in the fall of the year are for the expenses and the allocations to be paid in the following year. As a result, the pledges are recorded with donor restrictions when received. The 2023 allocations are awarded subsequent to year end. Therefore, these contributions will be released from net assets with donor restrictions in 2023 in order to cover those allocations.

**Allocations and Designations**

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

The Organization allocated amounts to the agencies in February 2023. Therefore, the allocation expense related to the 2022 campaign will be recognized in 2023. The allocations expense recognized in 2022 relates to the 2021 campaign. In contrast, donor designations are recognized as an expense the year of the campaign.

**Endowment Fund**

The Organization has adopted a Planned Giving and Endowment Program and related policy. Pledges are recorded when made by the donor if it is considered an unconditional promise. The pledges are solicited for the purpose of creating a principal balance to fund the endowment. These pledges are considered to be restricted by the donor. The earnings on the principal balance are distributed based on any restrictions imposed by the donor. If the donor has not imposed restrictions, the pledge is considered to be without donor restrictions. The assets of the Endowment Fund are maintained by the Organization in various financial instruments, including money market accounts, mutual funds, government securities, and other investments as authorized by the Board of Directors. These funds are separate from the endowment maintained by the Community Foundation of West Texas as disclosed in Note 6.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Fair Value Investments**

The Organization has adopted a generally accepted financial accounting standard which provides a framework for measuring fair value under accounting standards generally accepted in the United States of America. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

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

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

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

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

See Note 6 for a detail of endowment investments and their fair value.

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

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

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Uncertain Tax Positions**

The Organization has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Organization is its filing status as a tax exempt entity. The Organization determined that it is more likely than not that its tax position would be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority. There were no penalties or interest related to income taxes recognized during the year ended December 31, 2022. The Organization is no longer subject to U.S. federal tax examinations by federal taxing authorities for years before 2019.

**Capital Expenditures**

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

**Cash and Cash Equivalents**

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

**Comparative Totals**

The financial information for the year ended December 31, 2021 is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

**Reclassifications**

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

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

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

**Revenue from Contracts with Customers**

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

The Organization receives revenue from tenants for rental revenue. Rent is billed and recorded at the beginning of every month. All rental obligations have been satisfied as of December 31, 2022.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Concentrations of Credit Risk**

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

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

**Leases**

The Organization has adopted the provision of Financial Accounting Standards Board Accounting Standards Codification Section 842, Leases (FASB ASC 842). Further information is contained in Note 7 to the financial statements.

**2. Pledges Receivable**

The Pledges Receivable – annual campaign is net of an allowance for uncollectibles of \$488,594, which is considered to be adequate to cover future uncollected pledges.

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

	Total Campaign Income	Pledges Receivable	Allowance for Uncollectibles	Net Pledges Receivable
2021 Campaigns	\$ 5,665,762	\$ 555,388	\$ 199,730	\$ 355,658
2022 Campaigns	5,325,683	3,301,329	288,864	3,012,465
	<u>\$ 10,991,445</u>	<u>\$ 3,856,717</u>	<u>\$ 488,594</u>	<u>\$ 3,368,123</u>

**3. Fixed Assets and Depreciation**

The Organization capitalized fixed assets with a value of \$1,000 and a useful life of two years or more. Fixed assets are recorded at cost. Donated assets are valued at their fair market value at the date of the gift. There were no fixed assets purchased during the year that were capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis at annual rates of 3% for buildings and 7% to 33% for other equipment. Depreciation expense for the year ended December 31, 2022, was \$46,277.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

The cost and accumulated depreciation as of December 31, 2022, are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land - 1655 Main	\$ 177,592	\$	\$ 177,592
Building - 1655 Main	735,639	560,027	175,612
Land - Parking Lot - 1655 Main	56,352		56,352
Paving - Parking Lot - 1655 Main	6,158	6,158	
Land - Parking Lot - 2201 19th Street	48,907		48,907
Paving - Parking Lot - 2201 19th Street	8,255	8,255	
Office Furniture and Equipment	201,012	163,906	37,106
Computer Software	41,460	41,460	
	<u>\$ 1,275,375</u>	<u>\$ 779,806</u>	<u>\$ 495,569</u>

**4. Custodian Fund – SECC**

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

**5. Net Assets with Donor Restrictions**

At December 31, 2022, net assets with donor restrictions consisted of the following:

	<u>Balance 1/1/2022</u>	<u>Net Current Year Campaign</u>	<u>Released from Restrictions</u>	<u>Balance 12/31/2022</u>
Campaign Income Restricted for:				
Allocations to Agencies	\$ 3,592,241	\$ 3,420,825	\$ (3,592,241)	\$ 3,420,825
Operating Budget	839,850	910,681	(839,850)	910,681
Designations from PY Campaign	118,224	112,397	(118,224)	112,397
Future Campaigns	86,685		(31,563)	55,122
Endowment	3,835,746	1,482,953		5,318,699
	<u>\$ 8,472,746</u>	<u>\$ 5,926,856</u>	<u>\$ (4,581,878)</u>	<u>\$ 9,817,724</u>



LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

6. Endowment Funds

The Organization's Endowment Funds consist of long-term investments in corporate bonds and mutual funds held by Plains Capital Bank (PCB) and other funds held by Community Foundation of West Texas (CFWT). The value of all of these endowments less the amounts appropriated to the general funds of the Organization are presented as net assets with donor restrictions. The amount contributed to the general fund during the year amounted to \$160,664. Net investment activity is shown in net assets with donor restrictions net of the distributions to the operating fund. A set percentage is used to transfer amounts to net assets without donor restrictions annually regardless of the amount of investment income earned.

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

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>	<u>Level</u>
PCB - Endowment Fund Agency				
Cash and Cash Equivalents	\$ 684,001	\$ 684,001	\$	Cost
Mutual Funds	875,765	858,938	(16,827)	1
Equities	418,907	424,258	5,351	1
PCB - Operating Endowment Fund				
Cash and Cash Equivalents	569,931	569,931		Cost
Mutual Funds	1,180,468	1,118,484	(61,984)	1
Equities	551,497	552,608	1,111	1
CFWT - Endowment Fund	64,706	64,706		2
CFWT - Agency Fund	110,701	110,701		2
Cash Surrender Value of Life Insurance	95,153	173,350	78,197	2
	<u>\$ 4,551,129</u>	<u>\$ 4,556,977</u>	<u>\$ 5,848</u>	

CFWT does not provide cost information on its statements. Therefore, the cost above is shown as the same as the market value for the CFWT – Endowment Fund and CFWT – Agency Fund investments. The Life Insurance Policies held by the Endowment Fund are recorded at their Cash Surrender Value which approximates market value.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

Changes in Endowment Fund Net Assets for the fiscal year ended December 31, 2022:

Endowment Net Assets, Beginning of Year	\$ <u>3,835,746</u>
Contributions	\$ <u>2,076,398</u>
Investment Activity:	
Investment Income	\$ 50,164
Management Fees	(16,149)
Realized Loss on Investments	(375,398)
Unrealized Loss on Investments	(91,398)
Distribution of Earnings	<u>(160,664)</u>
Total Net Investment Income (Loss)	\$ <u>(593,445)</u>
Endowment Net Assets, End of Year	\$ <u><u>5,318,699</u></u>

**7. Leases**

As disclosed in Note 1, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification Section 842, Leases (FASB ASC 842) to reflect its investment in right-of-use assets and the corresponding lease liability.

The Organization is leasing a postage machine. The lease is for 63 months (January 1, 2021 to March 31, 2026). Monthly payments are \$439. Lease expense for the year ended December 31, 2022 was \$5,263.

The right-of-use asset and lease liability were calculated at the net present value of the guaranteed lease payments over the term of each lease using a discount rate of 5.00%.

The following represents the future minimum lease payments:

2023	\$ 5,263
2024	5,263
2025	5,263
2026	<u>1,317</u>
Total lease payments	\$ <u>17,106</u>
Less: imputed interest	<u>(1,163)</u>
Present value of liability	\$ 15,943
Less: current maturities	<u>(5,263)</u>
	\$ <u><u>10,680</u></u>

**LUBBOCK AREA UNITED WAY, INC.****NOTES TO FINANCIAL STATEMENTS****8. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions or internal designations.

Cash	\$ 2,077,016
Temporary Investments (CDs)	1,735,135
Investments	4,556,977
Pledges Receivable - Annual Campaign	3,368,123
Pledges Receivable - SECC Campaign	596,860
Other Receivables	769,928
Other Prepaid Expenses	89,277
Land, Building, and Equipment	495,569
Right-of-Use Asset	15,943
Total Financial Assets	<u>\$ 13,704,828</u>
Less contractual or donor-imposed restrictions:	
Cash	\$ (1,114,904)
Cash - Endowment	(10,107)
Cash - SECC	(286,390)
Investments - Endowment	(4,556,977)
Pledges Receivable - Annual Campaign	(3,368,123)
Pledges Receivable - SECC Campaign	(596,860)
Other Prepaid Expenses	(89,277)
Right-of-Use Asset	(15,943)
Board-Designated Net Assets	(289,991)
Net Investment in Fixed Assets	<u>(495,569)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,880,687</u>

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

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

Three separate endowment funds have been set up at the Community Foundation of West Texas. These assets are reflected on the records of CFWT and not included in the statement of financial position for the Organization. The earnings on these funds are to be distributed based on any restrictions of the donors. The Organization received distributions of earnings amounting to \$6,908 during 2022.

**10. Retirement Benefits**

Through a 403(b) Thrift Plan, maintained by Mutual of America Life Insurance Company, the Organization provides retirement benefits to its employees. The Organization made contributions to the plan totaling \$48,274 in 2022 which is funded through semi-monthly contributions. Employees must be 21 years of age with six months of service to be eligible to receive employer contributions. In addition, employees may voluntarily contribute to their individual accounts via semi-monthly payroll deductions.

**11. Deferred Compensation**

During the year ended December 31, 2013, the Organization established a non-qualified post-retirement benefit plan for the Chief Executive Officer to be funded at a maximum of \$12,600 per year until the earlier of his reaching retirement age or his retirement. In addition, each year, earnings of 3% per annum on the total accumulated amount, excluding any current year contributions, are added to this liability. At December 31, 2022, the balance of this liability is \$144,284 and is reflected as a liability on the statement of financial position.

**12. Donated Services**

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

**13. Restricted Campaign Revenue**

During the year ended December 31, 2007, the Organization received a large gift from an anonymous donor. This gift was not intended to all be used in the current year campaign. The donor designated this contribution to be applied to future campaigns at the discretion of the Board of Directors. These funds are invested in certificates of deposit. Annual earnings from the investment are available, at the Board's discretion, to be used for the Organization's strategic initiatives. As of December 31, 2022, the principal balance available for future campaigns is \$55,122.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**14. Subsequent Events**

The Organization's management has evaluated subsequent events through April 20, 2023, the date which the financial statements were available for issue. No events have occurred up to that date that would require adjustment to, or disclosure in, the financial statements.

**ACCOMPANYING INFORMATION**

LUBBOCK AREA UNITED WAY, INC.

Schedule 1

COMPARISON OF ACTUAL REVENUES AND EXPENSES WITH OPERATING BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2022

	2021 Actual	2022 Actual	2022 Budget	2022 Budget Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Loaned Executive Revenue	\$ 27,438	\$ 34,418	\$ 27,000	\$ 7,418
Campaign Event Sponsorship	25,500	27,500	30,000	(2,500)
Kickoff Revenue	20,074	22,970	22,000	970
Annual Meeting Revenue		12,030	15,000	(2,970)
Donor Choice Processing Fees	49,410	45,000	50,000	(5,000)
Operating Endowment Earnings	92,967	119,606	120,532	(926)
Interest Income	33,270	31,589	30,000	1,589
PPP Loan Forgiveness	146,200			
Other Income	38,299	71,935		71,935
<b>Total Operating Revenues</b>	<b>\$ 433,158</b>	<b>\$ 365,048</b>	<b>\$ 294,532</b>	<b>\$ 70,516</b>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 772,084	\$ 823,187	\$ 926,622	\$ 103,435
Campaign Expenses	150,185	130,234	84,500	(45,734)
Marketing and Communication	15,440	14,472	16,390	1,918
Meetings and Conferences	15,746	25,483	29,700	4,217
Professional Services	78,571	112,217	66,280	(45,937)
Utility Expenses	4,505	5,054	4,400	(654)
Office Operations	34,391	29,562	27,200	(2,362)
Financial Expenses	25,212	34,931	30,600	(4,331)
<b>Total Operating Expenses</b>	<b>\$ 1,096,134</b>	<b>\$ 1,175,140</b>	<b>\$ 1,185,692</b>	<b>\$ 10,552</b>
<b>Total Operating Budget</b>	<b>\$ (662,976)</b>	<b>\$ (810,092)</b>	<b>\$ (891,160)</b>	<b>\$ 81,068</b>

LUBBOCK AREA UNITED WAY, INC.

Schedule 2

OPERATING FUND  
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES

Total Operating Revenues - Schedule 1	\$	365,048
Unbudgeted Revenues:		
Endowment Contributions and Pledges		2,076,398
Building Rental Income		91,151
Gain on Sale of Assets		156,768
Investment Income Other Than General Fund		3,343
Operating Endowment Loss Reported in Endowment Fund		(593,445)
Operating Endowment Income Reported in General Fund		45,973
Expenses Shown Net of Other Revenue - Exhibit B		<u>(136,610)</u>
Total Other Public Support and Revenue - Exhibit B	\$	<u>2,008,626</u>

EXPENSES

Total Operating Expenses - Schedule 1	\$	1,175,140
Unbudgeted Expenses:		
Building Expenses		89,405
Depreciation Expense		46,277
United Way Dues		84,339
Expenses Shown Net of Other Revenue - Exhibit B		<u>(136,610)</u>
Total Functional Expenses - Exhibit B	\$	<u>1,258,551</u>