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**UNITED WAY OF GREATER BAYTOWN AREA &
CHAMBERS COUNTY**

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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UNITED WAY OF GREATER BAYTOWN AREA &
CHAMBERS COUNTY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Greater Baytown Area & Chambers County
Baytown, Texas

Opinion

We have audited the accompanying financial statements of United Way of Greater Baytown Area & Chambers County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Baytown Area & Chambers County as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Greater Baytown Area & Chambers County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 United Way of Greater Baytown Area & Chambers County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 United Way of Greater Baytown Area & Chambers County'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 United Way of Greater Baytown & Chambers County's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

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

Lawrence, Blackburn, Meek, Maxey & Co., P.C.

Beaumont, Texas
September 15, 2022

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,514,510	\$ 3,204,029
Receivables:		
Pledges	925,030	987,831
Other	-	35,682
(Less allowance for uncollectable)	(175,440)	(170,500)
Deposits and other	100	100
Prepaid expense	15,795	12,994
Sjolander property	-	579,501
Total current assets	4,279,995	4,649,637
Property and equipment		
Furniture and equipment	251,963	245,837
Accumulated depreciation	(154,319)	(144,117)
Total property and equipment	97,644	101,720
 TOTAL ASSETS	 \$ 4,377,639	 \$ 4,751,357
 LIABILITIES		
Grants payable	\$ 1,618,998	\$ 1,940,663
Deferred revenue	-	7,500
Payroll taxes and other payables	45,018	83,870
Total liabilities	1,664,016	2,032,033
 NET ASSETS		
Without donor restrictions:		
Board designated (see note 3)	14,925	28,526
Undesignated	2,457,988	2,453,961
Total net assets without donor restrictions	2,472,913	2,482,487
With donor restrictions	240,710	236,837
Total net assets	2,713,623	2,719,324
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,377,639	 \$ 4,751,357

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Gross campaign results	\$ 2,537,251	\$ -	\$ 2,537,251	\$ 2,714,698	\$ 175,930	\$ 2,890,628
Less: donor designations	(297,824)	-	(297,824)	(427,341)	-	(427,341)
Provisions for uncollectible pledges	(175,440)	-	(175,440)	(170,500)	-	(170,500)
Net campaign revenue	2,063,987	-	2,063,987	2,116,857	175,930	2,292,787
Grant revenue	-	10,000	10,000	-	101,600	101,600
Service contract	41,393	-	41,393	114,019	-	114,019
Other contributions/income	65,275	-	65,275	637,267	-	637,267
Investment income	1,527	-	1,527	1,035	-	1,035
Loss on disposal of asset	(113,934)	-	(113,934)	-	-	-
Net rental income/(loss)	(2,729)	-	(2,729)	7,422	-	7,422
	2,055,519	10,000	2,065,519	2,876,600	277,530	3,154,130
Net Assets Released From Donor Restrictions	6,127	(6,127)	-	171,114	(171,114)	-
TOTAL REVENUE	<u>2,061,646</u>	<u>3,873</u>	<u>2,065,519</u>	<u>3,047,714</u>	<u>106,416</u>	<u>3,154,130</u>
EXPENSES						
Program services						
Gross grants awarded	1,585,961	-	1,585,961	1,909,480	-	1,909,480
Less donor designations	(218,443)	-	(218,443)	(212,725)	-	(212,725)
Net grants awarded	1,367,518	-	1,367,518	1,696,755	-	1,696,755
Other program services	352,033	-	352,033	642,214	-	642,214
Supporting services	305,055	-	305,055	311,738	-	311,738
United Way Worldwide	46,614	-	46,614	44,677	-	44,677
TOTAL EXPENSES	<u>2,071,220</u>	<u>-</u>	<u>2,071,220</u>	<u>2,695,384</u>	<u>-</u>	<u>2,695,384</u>
INCREASE (DECREASE) IN NET ASSETS	(9,574)	3,873	(5,701)	352,330	106,416	458,746
NET ASSETS, BEGINNING OF PERIOD	<u>2,482,487</u>	<u>236,837</u>	<u>2,719,324</u>	<u>2,130,157</u>	<u>130,421</u>	<u>2,260,578</u>
NET ASSETS, END OF PERIOD	<u>\$ 2,472,913</u>	<u>\$ 240,710</u>	<u>\$ 2,713,623</u>	<u>\$ 2,482,487</u>	<u>\$ 236,837</u>	<u>\$ 2,719,324</u>

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2022 and 2021

EXPENSES	2022				Total
	Program Services	Supporting Services			
	Program Services	Organizational Administration	Fundraising	UWW Dues	
Grants awarded	\$ 1,585,961	\$ -	\$ -	\$ -	\$ 1,585,961
(Less donor designations)	(218,443)				(218,443)
Subtotal	1,367,518	-	-	-	1,367,518
Community impact programs	50,055	-	-		50,055
Special events	3,606	1,802	7,042		12,450
Salaries	182,937	121,904	19,027	-	323,868
Payroll taxes	16,890	11,249	1,756	-	29,895
Employee benefits	33,291	21,877	3,415	-	58,583
Professional fees	736	63,890	77	-	64,703
Supplies	2,856	1,918	299	-	5,073
Postage and shipping	923	621	97	-	1,641
Telephone and networks	24,619	16,510	4,919	-	46,048
Marketing	5,102	3,406	608	-	9,116
Occupancy	9,661	6,486	1,012	-	17,159
Travel	1,813	1,165	781	-	3,759
Insurance	8,934	5,998	936	-	15,868
Miscellaneous	3,288	2,206	345	-	5,839
Board and staff development	2,363	1,583	247	-	4,193
Equipment rental and maintenance	2,615	1,756	274	-	4,645
Dues and subscriptions	2,344	1,574	275	-	4,193
	352,033	263,945	41,110	-	657,088
United Way Worldwide dues	-	-	-	46,614	46,614
TOTAL FUNCTIONAL EXPENSES	\$ 1,719,551	\$ 263,945	\$ 41,110	\$ 46,614	\$ 2,071,220

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2022 and 2021

EXPENSES	2021				Total
	Program Services	Supporting Services			
	Program Services	Organizational Administration	Fundraising	UWW Dues	
Grants awarded	\$ 1,909,480	\$ -	\$ -	\$ -	\$ 1,909,480
(Less donor designations)	(212,725)				(212,725)
Subtotal	<u>1,696,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696,755</u>
Community impact programs	292,650	-	-		292,650
Special events	663	258	8,711		9,632
Salaries	220,879	126,855	19,800	-	367,534
Payroll taxes	16,830	9,644	1,505	-	27,979
Employee benefits	42,232	23,024	3,591	-	68,847
Professional fees	200	62,322	21	-	62,543
Supplies	4,362	2,903	453	-	7,718
Postage and shipping	2,027	1,361	212	-	3,600
Telephone and networks	25,601	16,914	4,788	-	47,303
Marketing	4,754	3,192	3,011	-	10,957
Occupancy	12,262	8,234	1,284	-	21,780
Travel	1,414	355	509	-	2,278
Insurance	7,708	4,102	640	-	12,450
Miscellaneous	2,976	1,881	294	-	5,151
Board and staff development	2,261	1,459	228	-	3,948
Equipment rental and maintenance	4,236	2,844	444	-	7,524
Dues and subscriptions	1,159	778	121	-	2,058
Depreciation expense	-	-	-	-	-
	<u>642,214</u>	<u>266,126</u>	<u>45,612</u>	<u>-</u>	<u>953,952</u>
United Way Worldwide dues	-	-	-	44,677	44,677
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 2,338,969</u></u>	<u><u>\$ 266,126</u></u>	<u><u>\$ 45,612</u></u>	<u><u>\$ 44,677</u></u>	<u><u>\$ 2,695,384</u></u>

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS OPERATING ACTIVITIES:		
Increase in net assets	\$ (5,701)	\$ 458,746
Adjustments to reconcile change in net assets to cash provided by operating activities		
Donated property	-	(575,000)
Depreciation	10,202	10,073
Loss on disposal of property	100,010	
PPP loan forgiveness	-	(101,600)
Change in assets and liabilities:		
Net pledges receivable	67,741	99,430
Other receivable	35,686	494
Prepaid expense	(2,801)	29,227
Accounts and other payables	(40,672)	(238,181)
Grants	(327,348)	215,626
Net cash provided/(used) by operating activities	<u>(162,882)</u>	<u>(101,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases for investment property	-	(4,501)
Cash received on sale of property	479,491	-
Purchase of fixed assets	(6,127)	-
Net cash provided/(used) by investing activities	<u>473,364</u>	<u>(4,501)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	310,482	(105,686)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,204,029</u>	<u>3,309,715</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,514,510</u>	<u>\$ 3,204,029</u>
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Greater Baytown Area & Chambers County ("United Way") is a federated fundraising organization originally chartered in 1946 as the East Harris Community Chest. United Way is governed by a volunteer Board of Directors. The stated mission of United Way is "develop, promote and support solutions designed to meet targeted community needs."

Basis of Accounting

The financial statements of United Way have been prepared on the accrual basis of accounting for not-for-profit organizations and accordingly, reflect all significant receivables, payables, and other liabilities. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification of Net Assets

United Way reports contributions of cash and pledges as support with restrictions if they are received with donor stipulations that limit the use of those assets. When the applicable restriction expires (i.e., the time restrictions end or the purpose restriction is fulfilled) net assets with restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions with no explicit donor stipulations are reported as revenues without restrictions, which increase net assets without restrictions.

Recognition of Revenues and Expenses

United Way conducts its annual campaign to raise funds for its program initiatives, distribution of funds and awarding of grants to eligible agencies beginning in the first quarter of the subsequent fiscal year. Pledges made in the campaign are recorded as revenue in the year in which the pledge is received. In addition, United Way increases or reduces campaign revenue and receivables for any excess or shortfall in collections of amounts raised in prior year's campaigns. Also, grants made to local and area agencies are recorded as expenses in the year in which the grants are approved by the board of directors.

Pledges received in the campaign are recorded in the balance sheet as receivables, with an estimated uncollectible amount being established based on a historical average of collections to gross campaign pledges. The pledges are due within one year. Receivables are primarily from individuals employed by companies in the Baytown/East Harris and Chambers County areas and are due within one year. The cost of the campaign is included in fundraising expense in the year the campaign begins.

For the year ended June 30, 2022, it is estimated that 6% of pledges for that campaign year will not be collectible. In addition, estimates for prior year are adjusted if pledge collections are better or worse than expected. For the years ended June 30, 2022 and 2021 the provision for uncollectible pledges was computed as follows:

	2022	2021
Provisions related to current year pledges	\$ 175,440	\$ 170,500
Net Provision	\$ 175,440	\$ 170,500

Pledges receivable include outstanding amounts from the current year and prior year campaigns. United Way's policy is to include an allowance for uncollectible pledges for the current year campaign as described above. An allowance for uncollectible pledges of the prior year campaign pledges is also provided. Pledges receivable and the corresponding allowance for uncollectible pledges as of June 30, 2022, are as follows:

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2022 and 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Pledge Receivable	Allowance for Uncollectable Pledges
Current year campaign	\$ 889,416	\$ 168,422
Designations from other United Ways	35,614	7,018
Net provision	\$ 925,030	\$ 175,440

United Way received approximately 56% and 49% of its total pledge contributions from ExxonMobil, its affiliates and employees in each of the years ending in June 30, 2022 and 2021, respectively.

Designated Contributions

Contributions designated by donors to be paid to specific agencies or United Ways in other localities are considered agency transactions. Such designated contributions are reflected, net of a provision for uncollectible amounts, in the accompanying statements of activities as part of the total amount raised in the campaigns, but are not considered to be part of United Way's campaign revenue for financial reporting purposes and are, therefore, deducted to reflect the United Way's net campaign revenue.

Service Contract

United Way records service contract revenue at the time qualified participant expense is incurred. Amounts received under service contracts that will be expended in the next fiscal year in accordance with the contract period are recorded as deferred revenue.

Property and Equipment

Property and equipment is recorded at cost or at estimated fair market value at date of donation. Property and equipment is depreciated using straight-line and accelerated methods over their estimated useful lives of 3 to 25 years.

Functional Expenses

United Way follows guidelines established by United Way Worldwide's "Functional Expenses and Overhead Reporting Standards" for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based on various statistical bases.

Federal Tax Status

United Way is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity in accordance with Sections 509(a)(1) and 170(b)(1)(A)(vi).

Statement of Cash Flows

"Cash and cash equivalents" in the statement of cash flows includes only cash which is subject to immediate withdrawal.

Use of Estimates

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

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2022 and 2021

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers”, (Topic 606). The effective date of this standard was for periods beginning after December 15, 2019. This standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this standard did not have a material effect on the Organization’s financial statements and required no adjustment.

NOTE 2 -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 and 2021 were as follows:

Crisis relief	\$ 236,837
Back office support	<u>3,873</u>
Total net assets with donor restrictions	<u>\$ 240,710</u>

NOTE 3 -- BOARD DESIGNATED NET ASSETS

The Board of Directors of United Way has agreed that a portion of the net assets without restrictions be designated for certain projects. These represent net assets that may be allocated to an agency or relates to programs carried on by United Way itself to accomplish the designated purpose. The total designated expenses are included in other program services in the accompanying statement of activities.

A description of these programs is as follows:

Program	Balance, July 1, 2021	Designations Net	Board released or expenses	Balance, June 30, 2022
Day of Caring	\$ 24,026	\$ 30,000	\$ (49,858)	\$ 4,168
Stamp Out Hunger	4,000	3,500	(938)	6,562
Day of Action	500	1,000	(1,912)	(412)
Volunteer Connect	-	5,000	(393)	4,607
Total	<u>\$ 28,526</u>	<u>\$ 34,500</u>	<u>\$ (52,708)</u>	<u>\$ 14,925</u>

NOTE 4 -- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

United Way has a policy to structure its financial assets to be available as its grants to local agencies, general expenditures, and other obligations become due. The finance committee employs a liability coverage ratio to assure that liquid funds are available as obligations come due. United Way uses a conservative approach to investing funds in excess of a minimum of three months expenses in conservative investments including insured certificate of deposits and money market accounts and direct obligations of the U.S. Government and its agencies. United Way is confident in its liquidity and availability of financial assets and does not utilize a line of credit or other financing.

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2022 and 2021

NOTE 4 -- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following presents United Way's financial assets as of June 30, 2022 and 2021, reduced by board designated funds, donor-imposed restrictions and contractual obligations within one year of the balance sheet date:

Financial Assets as of June 30,

	2022	2021
Cash and cash equivalents	\$ 3,514,510	\$ 3,204,029
Accounts receivable	749,590	853,013
Total financial assets	4,264,100	4,057,042
Less amounts not available to be used within one year		
Net assets with donor restrictions	240,710	236,837
Board Designated Funds	14,925	28,526
	255,635	265,363
Financial Assets Available to Meet Cash		
Needs for General Obligations in One Year	\$ 4,008,465	\$ 3,791,679

NOTE 5 -- PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Furniture and equipment	\$ 14,968	\$ 8,841
Leasehold improvements	236,995	236,996
	251,963	245,837
Less: Accumulated depreciation	(154,319)	(144,117)
Property and equipment, net	\$ 97,644	\$ 101,720

NOTE 6 -- DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time in the United Way's annual campaign; however, the value of these donated services is not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

NOTE 7 -- GRANTS TO AGENCIES AND PROGRAM SERVICES

Program service community impact awards made during the years ended June 30, 2022 and 2021 were allocated as follows:

	2022	2021
Program Services:		
Basic needs	\$ 334,000	\$ 391,925
Education	429,988	476,730
Financial stability	320,673	551,540
General health services	534,337	550,468
Gross funds awarded/distributed	\$ 1,618,998	\$ 1,970,663

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2022 and 2021

NOTE 8 -- PENSION PLAN:

United Way has a Simplified Employee Pension (SEP) Plan, covering all eligible employees. United Way contributes 7% of eligible participants salaries to the SEP Plan. United Way contributions to this pension arrangement amounted to \$23,618 and \$15,828 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 -- LEASES:

In May 1989, United Way executed a 99-year lease and management contract with a United Way agency (a local non-profit organization) for the use of land and a building. United Way occupies a portion of the building and leases the excess space to other affiliated agencies. Under the terms of the agreement, United Way is to collect all rents and pay all maintenance costs associated with the property, but is to pay no rent to the owner. The estimated fair rental value of the office space occupied by United Way amounting to approximately \$13,000 for each of the years ended June 30, 2022 and 2021 is included in rent revenue and occupancy expense in the accompanying statement of activities.

Rental charges to affiliated entities are based on an allocation of estimated operating costs of the property. During the years ended June 30, 2022 and 2021 net rental income, including the fair rental value of the space occupied by United Way, consisted of the following:

	2022	2021
Revenues:		
Rents	\$ 46,200	\$ 47,861
Total revenues	46,200	47,861
Expenses:		
Office supplies	177	39
Utilities	21,609	9,354
Repairs & maintenance	15,487	18,598
Insurance	1,454	2,414
Depreciation	10,202	10,073
Total expense	48,929	40,478
Net rental income/(loss)	\$ (2,729)	\$ 7,383

United Way leases its copier under the terms of an agreement that requires base rent of \$289 per month and expires on December 31, 2026. Total rental expense, including maintenance charges, amounts to \$4,645 and \$7,524 for the years ended June 30, 2022 and 2021, respectively.

Future minimum rental payments under the lease are as follows:

2022	\$	1,734
2023		3,468
2024		3,468
2025		3,468
2026		3,468
	\$	15,606

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2022 and 2021

NOTE 10 -- CONCENTRATION OF CREDIT RISK

United Way maintains bank accounts at four institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), one institution insured by the National Credit Union Administration ("NCUA") and one with a brokerage firm. Cash in these accounts is insured up to \$250,000 per institution. As of June 30, 2022, the carrying amount of the Organization's deposits was \$3,514,510 and the bank balance was \$3,004,474. Bank balances in five of these accounts exceeded the FDIC and NCUA coverage as of June 30, 2022.

NOTE 11 -- CAMPAIGN RESULTS

Campaign results decreased for the fiscal year 2022 when compared to fiscal year 2021. Some contributions by donors to the campaign were collected by other United Ways during the years ended June 30, 2022 and 2021. These contributions amounted to \$49,692 and \$124,496 for the years ended June 30, 2022 and 2021, respectively. These contributions are passed through to United Way and are included in gross campaign results.

NOTE 12 -- PPP LOAN

On April 10 2020, United Way, was granted a loan (the "Loan") from Texas First Bank in the aggregate amount of \$101,600, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 10, 2020 issued by the Borrower, matures on April 10, 2022 and bears interest at a rate of 1.0% per annum. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire Loan amount for qualifying expenses. On April 13, 2021, United Way was notified that the PPP loan was forgiven.

NOTE 13 -- UNCERTAINTY

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity worldwide. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

NOTE 14 -- DONATED PROPERTY

In 2021, real property located at 4464 Sjolander Road in Baytown, Texas was donated to the Organization. This property was valued at \$575,000 and recognized as a contribution on the statement of activities. There were no donor restrictions on the contribution. The property was sold for a contract price of \$510,000 on April 1, 2022. After closing costs and expenses related to the property incurred during the year, the organization recognized a loss of \$113,934 on the sale of the property.

NOTE 15 -- SUBSEQUENT EVENTS

Subsequent events were evaluated through September 15, 2022 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER BAYTOWN AREA & CHAMBERS COUNTY
STATEMENTS IN CHANGES OF CASH AND INVESTMENTS
For the Years Ended June 30, 2022 and 2021

	June 30, 2022	June 30, 2021
CASH & INVESTMENTS		
BEGINNING OF PERIOD	\$ 3,204,029	\$ 3,309,715
RECEIPTS:		
Pledges and program revenue	2,419,325	2,790,069
Other contributions and grants	75,275	61,217
Investment income	1,527	1,035
Rental income collected	46,200	47,861
Sale of property	479,491	-
	3,021,818	2,900,182
DISBURSEMENTS:		
Program services paid	2,303,883	2,604,513
Support services paid	352,397	356,415
Purchase fixed assets	6,127	4,501
Rental expenses paid	48,930	40,439
	2,711,337	3,005,868
CASH & INVESTMENTS,		
END OF PERIOD	\$ 3,514,510	\$ 3,204,029

See independent auditors' report.