



United Way of the Coastal Bend, Inc.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2022 and 2021



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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of the Coastal Bend, Inc.
Corpus Christi, Texas

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of United Way of the Coastal Bend, Inc. (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 present fairly, in all material respects, the financial position of United Way of the Coastal Bend, Inc. 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 audit 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. 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 the Coastal Bend, Inc. and to meet our 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 opinions.

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 the Coastal Bend, Inc.'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 auditors' 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 the Coastal Bend, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the Coastal Bend, 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.

Report on Summarized Comparative Information

We have previously audited United Way of the Coastal Bend, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 January 13, 2023, on our consideration of United Way of the Coastal Bend, 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 the Coastal Bend, 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 the Coastal Bend, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
January 13, 2023



FINANCIAL STATEMENTS



United Way of the Coastal Bend, Inc.
Statements of Financial Position

<i>As of June 30,</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,893,246	\$ 1,715,907
Certificates of deposit	981,616	981,307
Grants receivable	367,640	310,512
Campaign pledges receivable, net	2,085,293	1,778,699
Prepaid expenses	33,397	78,569
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Total current assets	5,361,192	4,864,994
Property and equipment, net	2,452,795	2,329,778
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Total assets	\$ 7,813,987	\$ 7,194,772
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Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 126,449	\$ 111,118
Designations payable	1,042,031	987,516
Performance obligation	123,438	85,945
Other payables	20,431	26,744
Accrued expenses	98,140	170,916
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Total current liabilities	1,410,489	1,382,239
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Total liabilities	1,410,489	1,382,239
Net assets		
Net assets without donor restrictions	3,651,434	3,084,887
Net assets with donor restrictions	2,752,064	2,727,646
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Total net assets	6,403,498	5,812,533
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Total liabilities and net assets	\$ 7,813,987	\$ 7,194,772
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The accompanying notes are an integral part of these financial statements.

United Way of the Coastal Bend, Inc.
Statements of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenues and support				
Gross campaign results	\$ 11,332	\$ 4,664,212	\$ 4,675,544	\$ 4,571,707
Less: donor designations	-	(1,161,371)	(1,161,371)	(1,878,576)
Less: provision for uncollectible pledges	-	(392,892)	(392,892)	(286,464)
Net campaign revenue - current year	11,332	3,109,949	3,121,281	2,406,667
Federal, state and private grant revenues	1,712,475	16,142	1,728,617	1,476,158
Special events	-	90,854	90,854	102,351
Interest income	6,780	-	6,780	6,785
Rent income	20,000	-	20,000	16,000
In-kind gifts	72,850	9,342	82,192	88,127
Administrative fee on designated contributions	119,996	-	119,996	159,460
Miscellaneous income	7,406	-	7,406	40,235
Net assets released from restrictions	3,201,869	(3,201,869)	-	-
Total revenue and other support	5,152,708	24,418	5,177,126	4,295,783
Expenses				
<i>Program services</i>				
Gross grants to agencies	2,566,710	-	2,566,710	3,564,460
Less: donor designations to agencies	(930,804)	-	(930,804)	(1,770,941)
Net grants to programs	1,635,906	-	1,635,906	1,793,519
Other program expenses	2,119,951	-	2,119,951	1,877,101
Total program services	3,755,857	-	3,755,857	3,670,620
<i>Support services</i>				
Management and general	484,565	-	484,565	532,089
Fundraising	345,739	-	345,739	345,846
Total supporting services	830,304	-	830,304	877,935
Total expenses	\$ 4,586,161	\$ -	\$ 4,586,161	\$ 4,548,555

(Continued)

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

United Way of the Coastal Bend, Inc.
Statements of Activities (Continued)

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2022	2021
Gain on extinguishment of debt	\$ -	\$ -	\$ -	\$ 159,190
Change in net assets	566,547	24,418	590,965	(93,582)
Net assets at beginning of year, as reported	3,084,887	2,727,646	5,812,533	6,593,462
Prior period adjustment	-	-	-	(687,347)
Net assets, beginning of year, as restated	3,084,887	2,727,646	5,812,533	5,906,115
Net assets at end of year	\$ 3,651,434	\$ 2,752,064	\$ 6,403,498	\$ 5,812,533

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

United Way of the Coastal Bend, Inc.
Statements of Functional Expenses

For the year ended June 30,

	Program Services			Total Program Services	Support Services			2022	2021
	Education	Financial Stability	Health		Management & General	Fundraising	Total Support Services		
<i>Gross distributions to agencies</i>	\$ 830,507	\$ 705,632	\$ 1,030,571	\$ 2,566,710	\$ -	\$ -	\$ -	\$ 2,566,710	\$ 3,564,460
Less: donor designations to agencies	(239,043)	(368,343)	(323,418)	(930,804)	-	-	-	(930,804)	(1,770,941)
Net grants to programs	591,464	337,289	707,153	1,635,906	-	-	-	1,635,906	1,793,519
Salaries	310,714	146,880	420,874	878,468	289,671	214,209	503,880	1,382,348	1,363,153
Payments to subcontractors	234,166	110,694	317,186	662,046	(43)	6,475	6,432	668,478	589,918
Payroll taxes and employee benefits	65,350	30,892	88,519	184,761	79,411	49,374	128,785	313,546	286,137
Dues and subscriptions	23,140	10,939	31,344	65,423	42,816	17,099	59,915	125,338	117,989
Depreciation	14,605	6,904	19,783	41,292	16,374	13,526	29,900	71,192	64,731
Occupancy	8,941	4,227	12,111	25,279	10,685	6,548	17,233	42,512	33,476
Supplies	31,533	14,906	42,713	89,152	6,812	5,235	12,047	101,199	86,117
Travel and mileage	3,684	1,741	4,990	10,415	40	2,127	2,167	12,582	427
Software and support	13,604	6,431	18,427	38,462	11,050	10,701	21,751	60,213	41,056
Office expense	\$2,875	\$1,359	\$3,895	8,129	\$1,176	\$834	2,010	10,139	10,919
Equipment rental	3,471	1,641	4,702	9,814	1,742	1,665	3,407	13,221	18,746
Professional fees	5,286	2,498	7,159	14,943	8,475	4,895	13,370	28,313	20,062
Property insurance	3,948	1,866	5,348	11,162	3,414	2,820	6,234	17,396	20,922
Bank and brokerage charges	1,514	715	2,050	4,279	2,054	1,402	3,456	7,735	8,148
Training	8,671	4,099	11,745	24,515	3,231	1,942	5,173	29,688	17,146
Advertising expense	13,479	6,372	18,258	38,109	2,516	2,783	5,299	43,408	57,211
Repairs and maintenance	3,796	1,795	5,142	10,733	4,669	3,213	7,882	18,615	16,065
Printing	826	390	1,118	2,334	266	721	987	3,321	2,162
Postage	225	106	304	635	206	170	376	1,011	651
Total	\$ 1,341,292	\$ 691,744	\$ 1,722,821	\$ 3,755,857	\$ 484,565	\$ 345,739	\$ 830,304	\$ 4,586,161	\$ 4,548,555

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

United Way of the Coastal Bend, Inc.
Statements of Cash Flows

<i>For the year ended June 30,</i>	2022	2021
Operating Activities		
Change in net assets	\$ 590,965	\$ (93,582)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	71,192	64,731
Gain on extinguishment of debt	-	(159,190)
Changes in operating assets and liabilities		
Certificate of deposit	(309)	4,549
Accounts receivable	(57,128)	10,573
Campaign pledges receivable	(306,594)	279,296
Prepaid expenses	45,172	(37,487)
Accounts payable	15,331	(13,996)
Designations payable	54,515	39,545
Performance obligation	37,493	85,945
Other payables	(6,313)	26,744
Accrued expenses	(72,776)	(158,060)
Net cash provided by operating activities	371,548	49,068
Investing Activities		
Purchase of property and equipment	(194,209)	(219,561)
Net cash used in investing activities	(194,209)	(219,561)
Financing Activities		
Proceeds from PPP loan	-	159,190
Net cash provided by financing activities	-	159,190
Net change in cash, cash equivalents and restricted cash	177,339	(11,303)
Cash, cash equivalents and restricted cash at beginning of year	1,715,907	1,727,210
Cash, cash equivalents and restricted cash at end of year	\$ 1,893,246	\$ 1,715,907

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

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Organization

The United Way of the Coastal Bend, Inc. (the Organization) was incorporated in 1936 as a nonprofit corporation to bring together in united appeal all possible campaigns or community accepted health, welfare, and recreational agencies and to solicit funds and property for such agencies. The Organization serves 60 communities in and around the following counties: Bee, Brooks, Duval, Jim Wells, Live Oak, Kenedy, Kleberg, Nueces, Refugio, and San Patricio.

Below is a summary of the principal community initiatives administered by the Organization:

1. Success By 6 Coalition -The initiative works as a coalition to reduce the barriers to children experiencing healthy, safe, learning environments at home and in their communities. The initiative aims to ensure all Coastal Bend children arrive at school healthy and ready to learn.
2. Volunteer Income Tax Assistance (VITA) Program – VITA volunteers provide free income tax filing services for individuals and families who earned \$55,000 or less in the previous year. This helps taxpayers avoid fees and receive assistance obtaining all applicable tax credits.
3. Operation Supply Our Students (Operation SOS) – Operation SOS is a community-wide donation and school supply drive striving to ensure that students have the school supplies needed for the school year.
4. FamilyWize Prescription Savings Card Partnership – FamilyWize partnered with the Organization to help the community save on prescriptions regardless of coverage or lack of health insurance.
5. Caller Times Children’s Christmas Appeal – The appeal is an annual initiative powered by the Corpus Christi Caller Times, United Way of the Coastal Bend and area agencies that provide these children with the happy holidays they desire.
6. Annual United Way of the Coastal Bend Golf Classic – The Golf Classic is an annual event that directly benefits the Community Investment Fund to support education, health, and financial stability initiatives throughout the Coastal Bend.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs). Net assets and activities are reported, based on the existence or absence of donor-imposed restrictions, into two classes: with donor restrictions and without donor restrictions.

United Way Worldwide Presentation Standards

The Organization's financial statements follow the guidance prescribed by United Way Worldwide titled, *Implementation Requirements for Membership Standard H – Financial Statement Standards* (Standard H). Also, the Organization pledges to comply with the United Way Worldwide's *Implementation Requirements for Membership Standard M – Cost Deduction Requirements*.

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all unrestricted highly liquid investments with an original maturity of 90 days or less.

Amounts included in cash and cash equivalents with donor restrictions represent those balances required to be set aside because of donor restrictions. The Organization is obligated to use restricted cash towards the programs identified by the donor. The restriction will lapse when the funding is expended on the appropriate programs. It is the Organization's policy to make the obligated payments within 12 months of the year end for the campaign under which the funds were raised.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of deposit

Certificates of deposit are valued at original cost at purchase plus accrued interest. The safety and security of investments is of utmost importance to the Board of Directors and to the community. The President/CEO and Controller/CFO are authorized to make investment decisions concerning the Organization. The Finance Committee of the Organization is responsible for the review of investments of available contributed dollars to ensure the financial stability of the Organization. Yield on investments is maximized within the context of purpose of safety of principal. The Organization does not invest in equity securities without the prior approval of the Finance Committee. Maturity on investments does not exceed three years. The current investment portfolio consists of several certificates of deposit with varying maturity dates in excess of 90 days past the fiscal year end.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Campaign Pledges Receivable

Contributions are recognized when the donor makes a promise to give (pledge) that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions are satisfied, or expire, or the donor stipulation is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance has historically ranged between 3% and 6% of pledged contributions of the general campaign. As of June 30, 2022 and 2021, The Organization used a rate of 5.44% and 4.45%, respectively, based on historical 5-year experience with respect to collectability.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased and fair value if contributed. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated and the resulting gain or loss is included in income.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, ranging from two to thirty-nine years. Maintenance and repairs that do not increase the useful life of the asset are capitalized. Purchases of \$25,000 that have an estimated useful life of greater than one year are capitalized. Any purchases less than \$25,000 are expensed.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the estimated undiscounted future cash flows is less than the carrying amount of the asset, an impairment loss is recognized based on the fair value of the asset. The Organization had no impairments for the years ended June 30, 2022 and 2021.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor Designations

Gifts raised in the Organization's annual campaign in which the Organization agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions, and are deducted from gross campaign results to arrive at contribution revenue. In accordance with the Organization membership requirements, these designations are presented as part of gross campaign results and gross agency distributions on the statement of activities, but are then deducted to arrive at the Organization's actual revenue and expense.

Revenue Recognition and Campaign Support

Administrative fees on contribution and payments under various contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Campaign contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

The Organization conducts an annual fund-raising campaign for the following year's operations. Thus, campaign contributions are treated as with donor restrictions in the year of the campaign and are transferred to without donor restrictions in the following year when the funds will be used to fund program allocations and the Organization's programs and supporting services. The Organization honors designations made to each partner agency by distributing the portion of a donor's pledge to said partner agency.

Contributions received in the current year from the preceding year's fund-raising campaign are reported as without donor restrictions since the restrictions are met in the same year.

A significant portion of the Organization's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property and Services

The Organization recognizes donated property and other intangible gifts-in-kind such as advertising and personal protective equipment as a contribution at its estimated market value at the date of the gift.

The value of donated services is not recognized as a contribution since no objective basis is available to measure the value of such services and generally they do not require specialized skills. A substantial number of volunteers and organizations have donated significant amounts of their time and services on the Organization's behalf.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Fundraising activities include the solicitation of contributions of money. Depreciation and facility management costs are allocated based on square footage. Information technology costs are allocated based on number of computer units utilized by each area. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended June 30, 2022 and 2021, advertising costs totaled \$43,408 and \$57,210, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 13, 2023. See Note 19 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This change in accounting principal did not have a material impact on the financial statements. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed non-financial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Organization applied this guidance beginning July 1, 2021 and updated disclosures as necessary (See Note 11 In-Kind Revenue).

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. The Organization is currently evaluating the impact of the guidance on its financial statements.

On November 11, 2021, the FASB issued ASU 2021-09, Leases (Topic 842), *Discount Rate For Lessees That Are Not Public Business Entities*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 842, entitled Leases and allows lessees that are not public business entities (PBEs) to make an accounting policy election by class of underlying asset, rather than on an entity-wide basis, to use a risk-free rate as the discount rate when measuring and classifying leases. For nonpublic entities, the standard should be adopted on the same date on which an entity adopts ASC 842. The Organization is currently evaluating the impact of the guidance on its financial statements.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2022	2021
Total assets at year end	\$ 7,813,987	\$ 7,194,772
Less non-financial assets		
Prepaid expenses	(33,397)	(78,569)
Property and equipment, net	(2,452,795)	(2,329,778)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,327,795	\$ 4,786,425

Unrestricted Net Asset Reserve Policy

The Organization maintains an unrestricted net asset balance (net of property, plant and equipment) that enables the Organization to effectively address cash flow interruptions, community emergencies or disasters, meet commitments, obligations, or other contingencies as they arise. The reserve maintained by the Organization is equal to a minimum of four months and a maximum of eight months of the annual allocations and operating budget of the Organization.

Additionally, investments are maintained in securities which can be liquidated on a short-term basis. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Net assets that are reported with donor restrictions for time purposes are all considered available within one year as the time restriction expires within one year.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 4: CERTIFICATES OF DEPOSIT

Certificates of deposit are valued at original cost at purchase plus accrued interest. See Note 19 for certificates of deposit renewed with new maturity dates subsequent to year-end. A detail of certificates of deposits by maturity date is as follows:

<i>June 30,</i>	2022
<hr/>	
International Bank of Commerce	
September 2, 2022	\$ 99,780
December 22, 2022	100,000
September 9, 2022	46,346
 Kleberg Bank	
July 20, 2022	245,000
 Charter Bank	
May 16, 2023	245,490
 Security Service Federal Credit Union	
June 21, 2023	245,000
<hr/>	
Total	\$ 981,616
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<i>June 30,</i>	2021
<hr/>	
International Bank of Commerce	
December 9, 2021	\$ 99,780
December 22, 2021	100,000
March 2, 2022	46,346
 Kleberg Bank	
December 20, 2021	245,181
 Charter Bank	
May 16, 2022	245,000
 Security Service Federal Credit Union	
June 21, 2022	245,000
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Total	\$ 981,307
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United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 5: PLEDGES AND ACCOUNTS RECEIVABLE

Pledges receivable consist of the following:

<i>June 30,</i>	2022	2021
Campaign pledges receivable		
Designated	\$ 793,815	\$ 707,266
Undesignated	1,545,211	1,279,195
Total campaign pledges receivable	2,339,026	1,986,461
Less allowance for uncollectable pledges	(253,733)	(207,762)
Total net campaign pledges receivable	\$ 2,085,293	\$ 1,778,699

As of June 30, 2022 and 2021, pledge write-offs totaled \$192,697 and \$312,798, respectively. All pledges receivable are expected to be collected within one year. Uncollectable campaign pledges totaled \$392,892 and \$286,464 for the years ended June 30, 2022 and 2021, respectively. Accounts receivables for the years ended June 30, 2022 and 2021 consisted solely of government grants in the amount of \$367,640 and \$310,512, respectively, and therefore are considered fully collectible.

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2022 and 2021 is as follows:

<i>June 30,</i>	Estimated Useful Lives (in years)	2022	2021
Non depreciable assets			
Land		\$ 87,045	\$ 87,045
Total non depreciable assets		87,045	87,045

(Continued)

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 6: PROPERTY AND EQUIPMENT (Continued)

<i>June 30,</i>	Estimated Useful Lives (in years)	2022	2021
Depreciable assets			
Building	39	2,729,682	2,535,473
Office equipment	3-5	21,586	21,586
Computer equipment	2-5	71,168	71,168
Furniture and fixtures	10	12,000	12,000
Total depreciable assets		2,834,436	2,640,227
Less accumulated depreciation		(468,686)	(397,494)
Total net depreciable assets		2,365,750	2,242,733
Total property and equipment, net		\$ 2,452,795	\$ 2,329,778

Depreciation expense for the years ended June 30, 2022 and 2021 was \$71,192 and \$64,731, respectively.

Note 7: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2022	2021
Specific Purpose:		
United Way campaign promises	\$ 2,742,965	\$ 2,723,026
HEB VITA grant	9,099	4,620
Total net assets with donor restrictions	\$ 2,752,064	\$ 2,727,646

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 8: NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Specific Purpose:		
United Way campaign promises	\$ 2,896,618	\$ 2,188,796
Operation SOS	115,622	68,160
Christmas appeal	82,633	72,801
Disaster relief	-	580,013
United Way Golf Classic	90,854	91,373
CARES grant	-	5,104
EFSP grant	11,142	-
HEB VITA grant	5,000	55,625
<hr/>		
Total net assets released from restriction	\$ 3,201,869	\$ 3,061,872

As of June 30, 2022 and 2021, the Organization had net assets without donor restrictions of \$3,651,434 and \$3,084,887, respectively. This includes reserves placed by the board as discussed in Note 3 to the financial statements.

Note 9: REVENUE RECOGNITION

The Organization is recognizing revenue over time for its administrative fee on designated contributions and in-kind gifts. The Organization is recognizing revenue at a point in time for special event revenue. As of June 30, 2022, there is \$123,438 of performance obligations to be satisfied, all of which is expected to be recognized in revenue as of the year ended June 30, 2023. As of June 30, 2021, there was \$85,945 of performance obligations to be satisfied, all of which was recognized in revenue as of the year ended June 30, 2022. These performance obligations are based on special event revenues, relating to the 2022 and 2021 Golf Classic, which are held in October, that was not recognized as of June 30, 2022 and 2021, respectively. The Organization recognizes revenue based on the output method for performance obligations to be utilized over time.

Significant Judgements

For those revenue items recognized over time, the Organization generally utilizes the output method of measurement, where revenue is recognized based on processing of designated donor contributions received. Because of the inherent uncertainties in estimating the processing of donor contributions, it is reasonably possible that the estimates used will change in the near term.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 9: REVENUE RECOGNITION (Continued)

Disaggregated Revenue

Approximately 30% and 26% of revenues were recognized at a point in time consisting of special event revenue for the years ended June 30, 2022 and 2021, respectively. The remaining 70% and 74% was recognized over time and consisted of administrative fees and other sources.

A summary of disaggregated revenue is as follows:

<i>For the years ended June 30,</i>	2022	2021
Contracts with customers		
Recognized over time	\$ 209,594	\$ 287,822
Recognized at a point in time	90,854	102,351
Total revenues	300,448	390,173
Revenue not subject to ASC 606		
Federal, state and private grant revenues	1,728,617	1,476,158
Interest income	6,780	6,785
Rent income	20,000	16,000
Campaign support, net (Note 9)	3,121,281	2,406,667
Total revenues and other support	\$ 5,177,126	\$ 4,295,783

Note 10: CAMPAIGN SUPPORT

Amounts raised

The Organization conducts an annual campaign to raise funds to be distributed to participating agencies in the subsequent fiscal year. Total contributions consist of cash and pledges from the United Way General Campaign less an allowance for uncollectible amounts. Amounts that are donor designated are also deducted from total campaign support since these amounts are accounted for as custodial accounts, or liabilities.

Donor Designated Contributions

The Organization is the agent responsible for distributing pledges that are designated by donors to specific affiliated agencies. In accordance with Statement of Financial Accounting Standards (SFAS) No. 136, campaign support that is donor-designated is reported as a liability since the pledge is to donor-specific agencies rather than revenue.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 10: CAMPAIGN SUPPORT (Continued)

Community Investment Grants

Community investment grant allocations to participating agencies are budgeted on a fiscal year basis and monthly payments are made to participating agencies. For the year ended June 30, 2022, the amount allocated is \$930,804 that will be distributed monthly to participating agencies beginning July 1, 2022. For the year ended June 30, 2021, the amount allocated was \$1,770,941, which was distributed monthly to participating agencies beginning July 1, 2021 and was fully distributed as of June 30, 2022.

The board of directors deem agency allocations as intentions to fund programs of area agencies contingent on collection of campaign promises to give and on agency performance. Designated agencies should not construe these allocations as pledges receivable or promises to give by the Organization.

Note 11: IN-KIND REVENUE

For the years ended June 30, 2022 and 2021, in-kind revenues are as follows:

			2022	2021
Type:	Utilization in programs/activities:	Donor restrictions:		
Advertisement	General and Administrative	No associated donor restrictions	\$ 37,209	\$ 52,457
Diapers and Wipes	Save the Children	No associated donor restrictions	32,741	-
School Supplies	Save our Students (SOS)	Restricted to use in SOS	6,737	32,900
		Restricted to use in the annual golf		
Golf Tournament	Annual Golf Tournament	tournament	1,825	1,570
Dental Kits	Save the Children	No associated donor restrictions	2,025	-
Office Supplies	General and Administrative	No associated donor restrictions	85	400
		Restricted to use on building		
Grounds Care	General and Administrative	maintenance	780	800
Other	General and Administrative	No associated donor restrictions	789	-
Total in-kind revenues			\$ 82,191	\$ 88,127

In accordance with the guidance of United Way Worldwide, which recommends that all United Way's record an allocation of airtime based upon the calculation of a multiplication factor of total annual dues provided to members by United Way Worldwide, the Organization estimated the fair value of the NFL media donation in the amount of \$9,342 and \$35,270 for the years ended 2022 and 2021, respectively.

For the year ended 2022, an additional \$7,500 in donated advertisement was valued at the estimated fair value based on current advertising rates for similar services. No additional donated advertisement services were donated in the year ended 2021. For all remaining in-kind donations the Organization estimated the fair values on the basis of estimates of retail values that would be received for selling similar products in the United States.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 12: CONCENTRATION OF CREDIT RISKS

Cash and cash equivalents

Financial instruments that subject the Organization to concentrations of credit risk include cash and cash equivalents and accounts receivable. The Organization manages the risk on cash and cash equivalents by maintaining all deposits in high credit quality financial institutions. Balances may at times exceed the Federal Deposit Insurance Corporation's limit. The Organization has not experienced any losses from maintaining cash accounts in excess of the federally insured limits. Management believes that it is not exposed to any significant credit risk on cash and cash equivalents. The Organization maintains cash with a financial institution in excess of the FDIC limits by \$153,917 and \$154,371 at June 30, 2022 and 2021, respectively.

The Organization also manages its temporary cash investments with investment managers in investment accounts. These cash balances are covered by the Securities Investor Protection Corporation (SIPC), up to a limit of \$250,000. As of June 30, 2022 and 2021, cash balances in excess of SIPC coverage protection amounted to approximately \$999,000 and \$834,000, respectively. The Organization has not experienced any losses from maintaining cash accounts in excess of these insured limits and management believes that it is not exposed to any significant credit risk on cash and cash equivalent balances in these accounts.

Accounts Receivable and Revenues and Support

As of June 30, 2022, two entities accounted for 47% of total receivables. As of June 30, 2021, two entities accounted for 45% of total receivables. For the year ended June 30, 2022, two donor organizations accounted for 45% of total revenues and support and one grantor organization accounted for 31% of total revenues and support. For the year ended June 30, 2021, one donor organization and a federal grant agency accounted for 49% of total revenues and support.

Accounts Payable

As of June 30, 2022, one vendor accounted for 13% of total payables. As of June 30, 2021, one vendor accounted for 17% of total payables.

Note 13: OPERATING LEASES

The Organization leases office copiers. One lease is on a month to month basis. The other lease expires at the end of the 2023 fiscal year. For the year ended June 30, 2022, rent expense under these operating leases was approximately \$6,925.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 13: OPERATING LEASES (Continued)

Future minimum lease payments under the operating lease that has a remaining term in excess of one year is as follows:

<i>Year ending June 30,</i>	
2023	\$ 6,390
2024	1,625
<hr/>	
Total	\$ 8,015

Note 14: RELATED PARTIES

During the year ended June 30, 2022 and 2021, the Organization's Treasurer was also the President and CEO of Goodwill Industries of South Texas (a nonprofit organization). Goodwill Industries of South Texas is a recipient of an annual Community Investment Fund Grant provided by United Way of the Coastal Bend, Inc. In addition, Goodwill Industries of South Texas receives donor designations, payments for shredding services and reimbursements from United Way of the Coastal Bend, Inc. as a subcontractor on the Organization's Volunteer Income Tax Assistance (VITA) grant. In the year ended June 30, 2022 and 2021, the Organization paid \$103,819 and \$103,445 to Goodwill Industries of South Texas, respectively.

During the year ended June 30, 2022 and 2021, the Organization's Board Member was also the Market President of Frost Bank. The Organization maintained a main operation account, money market fund, 401(k) account and a brokerage account at Frost Bank. During the years ended June 30, 2022 and 2021, the Organization received revenues in the amount of \$63,168 and \$46,988, respectively. The Organization also paid bank fees to Frost Bank in the amount of \$4,710 and \$3,645 during the years ended June 30, 2022 and 2021, respectively. In addition, as of June 30, 2022 and 2021, the Organization had receivables totaling \$28,898 and \$11,646, respectively.

During the year ended June 30, 2022 and 2021, the Organization's Board Member was also the President and COO of AEP Texas. During the years ended June 30, 2022 and 2021, the Organization received donations from AEP Texas in the amount of \$165,750 and \$401,232, respectively. As of June 30, 2022 and 2021, the Organization had receivables totaling \$111,487 and \$58,097, respectively.

During the year ended June 30, 2022 and 2021, the Organization's Board Member was also the Fire Chief of the City of Corpus Christi. During the years ended June 30, 2022 and 2021, the Organization received donations from the City of Corpus Christi in the amount of \$141,454 and \$122,822, respectively. In addition, the Organization also paid the City of Corpus Christi \$1,539 in utilities expense for the year ended June 30, 2022 and \$11,156 for utilities and a \$10,000 private grant designation payout during the year ended June 30, 2021. As of June 30, 2022 and 2021, the Organization had receivables totaling \$82,714 and \$67,240, respectively.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 14: RELATED PARTIES (Continued)

During the year ended June 30, 2022 and 2021, the Organization's Board Member was also the General Manager of a local HEB chain store. During the years ended June 30, 2022 and 2021, the Organization received donations from HEB in the amount of \$237,702 and \$286,628, respectively. In addition, during the year ended June 30, 2022, the Organization purchased gift cards for distribution totaling \$29,839. As of June 30, 2022 and 2021, the Organization had receivables totaling \$78,476 and \$81,765, respectively.

During the year ended June 30, 2022, the Organization's Board Member was also the CFO of the Port of Corpus Christi. During the year ended June 30, 2022, the Organization received donations from the Port of Corpus Christi in the amount of \$62,903. As of June 30, 2022, the Organization had a receivable totaling \$40,694.

During the year ended June 30, 2022, the Organization's Board Member was also the Plant Manager of Chemours. During the year ended June 30, 2022, the Organization received donations from Chemours in the amount of \$57,431. In addition, during the year ended June 30, 2022, the Organization paid designations from the United Way of Delaware to the Chemours campaign in the amount of \$17,574. As of June 30, 2022, the Organization had receivables totaling \$52,055.

During the year ended June 30, 2022, the Organization's Board Member was also the Vice President and General Manager of Valero Corpus Christi Refineries. During the year ended June 30, 2022, the Organization received donations from Valero Corpus Christi Refineries in the amount of \$1,642,590. As of June 30, 2022, the Organization had a receivable totaling \$931,346.

Note 15: CONTINGENCIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. The Organization expects such amounts, if any, to be immaterial.

Note 16: PAYMENTS TO AFFILIATES

In accordance with affiliation agreements with the state and national organizations, dues payments to these organizations were based on a percentage of the Organization's total pledges received or campaign goal for the prior year. Amounts expensed for dues to the United Way of America and the United Way of Texas totaled \$111,723 and \$116,123 for the fiscal years ended June 30, 2022 and 2021, respectively.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 17: RETIREMENT PLAN

The Organization has a defined contribution plan covering substantially all full-time employees at least 21 years of age with one year of active service. Retirement expense is based upon a percentage of eligible payroll. During both 2022 and 2021, the percentage was 6% of eligible payroll. The annual percentage is determined by the Board of Directors. Retirement expense amounted to \$88,346 and \$85,143 for the years ended June 30, 2022 and 2021, respectively.

Note 18: PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$159,190 loan through the Paycheck Protection Program under the CARES Act. During the year ended June 30, 2021, the Organization applied for and received notice of forgiveness for the full amount. During the year ended June 30, 2021, the Organization recognized a gain on extinguishment of debt in the amount of \$159,190 on the statement of activities. As of June 30, 2022 and 2021, there was no outstanding balance for the loan nor were any additional loans applied for or received.

Note 19: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2022 through January 13, 2023, the date the Organization's financial statements were available to be issued. The following items occurred:

Effective July 20, 2022, the certificate of deposit held at Kleberg Bank was renewed to mature on February 20, 2023 (Note 4).

Effective September 2, 2022, the certificate of deposit held at the International Bank of Commerce was renewed to mature on March 2, 2023 (Note 4).

Effective September 9, 2022, the certificate of deposit held at the International Bank of Commerce was renewed to mature on March 9, 2023 (Note 4).

Effective December 22, 2022, the certificate of deposit held at the International Bank of Commerce was renewed to mature on June 22, 2023 (Note 4).



**SINGLE AUDIT REPORTS AND REQUIRED SUPPLEMENTAL
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS**





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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 the Coastal Bend, Inc.
Corpus Christi, Texas

We have audited, in accordance with the 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 financial statement of United Way of the Coastal Bend, Inc.'s (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of the Coastal Bend, 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of the Coastal Bend, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of the Coastal Bend, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of the Coastal Bend, Inc.'s 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 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*.

United Way of the Coastal Bend's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
January 13, 2023



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
United Way of the Coastal Bend, Inc.
Corpus Christi, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of the Coastal Bend, 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 each of United Way of the Coastal Bend, Inc.'s major federal programs for the year ended June 30, 2022. United Way of the Coastal Bend, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Coastal Bend, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of the Coastal Bend, 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 each major federal program. Our audit does not provide a legal determination of United Way of the Coastal Bend, 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 the Coastal Bend, Inc.'s federal programs.

Auditors' 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 the Coastal Bend, 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 generally accepted auditing standards, *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 the Coastal Bend, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Coastal Bend, 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 the Coastal Bend, 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 the Coastal Bend, 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 Auditors' 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.

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
January 13, 2023

**United Way of the Coastal Bend, Inc.
Schedule of Expenditures of Federal Awards**

<u>GRANTOR</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Passed through to Subrecipients</u>	<u>Expenditures, Indirect Costs, And Refunds</u>
<u>Department of Health and Human Services</u>				
<i>Passed through the</i>				
Texas Department of Family and Protective Services				
Maternal, Infant, and Early Childhood Home Visiting				
Grant Program				
COVID-19 Maternal, Infant, and Early Childhood Home				
Visiting Grant Program				
	93.870	X10MC32222	\$ -	\$ 1,506,595
Grant Program				
	93.870	2022-03	-	117,845
Total U.S Department of Health and Human Services				
Health Resource Administration				
			-	1,624,440
<u>Department of the Treasury</u>				
Volunteer Income Tax Assistance Matching Grant Program				
	21.009	21VITA0087	-	5,000
Total Department of the Treasury				
			-	5,000
<u>US Department of Homeland Security</u>				
<i>Passed through the</i>				
United Way of America				
Emergency Food and Shelter National Board Program				
	97.024	828400-010	-	11,142
Total US Department of Homeland Security				
			-	11,142
Total Expenditures of Federal Awards			\$ -	\$ 1,640,582

See Independent Auditors' Report and The Accompanying Notes to Schedule of Expenditures of Federal Awards.

United Way of the Coastal Bend Notes to the Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the United Way of the Coastal Bend, Inc. (the Organization) under programs of the Federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

Note 3: INDIRECT COST RATE

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: NONCASH ASSISTANCE

The Organization has not received any noncash assistance for the fiscal year ended June 30, 2022.

Note 5: LOAN AND LOAN GUARANTEES

The Organization has not received any loan or loan guarantees for the fiscal year ended June 30, 2022.

Note 6: FEDERALLY FUNDED INSURANCE

The Organization has not received any federally funded insurance for the fiscal year ended June 30, 2022.

United Way of the Coastal Bend Notes to the Schedule of Expenditures of Federal Awards

Note 7: CONTINGENCIES

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Organization does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization.

Note 8: SUBRECIPIENTS

During the year ended June 30, 2022, the Organization did not expend any funds to subrecipients.

Note 9: FEDERAL PASS-THROUGH FUNDS

The Organization was the sub-recipient of federal funds for the year ended June 30, 2022.

**United Way of the Coastal Bend
Schedule of Findings and Questioned Costs
June 30, 2022**

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |

4. Identification of major programs:

Assistance Listing Numbers

93.870

Federal Program

Maternal, Infant, and Early Childhood
Home Visiting Grant Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

**United Way of the Coastal Bend
Schedule of Findings and Questioned Costs
June 30, 2022**

SECTION II: FINANCIAL STATEMENT FINDINGS

2022-01 – Account Reconciliations not performed

Type of Finding: Material Weakness

Criteria: Management should be reconciling significant accounts such as grant accounts receivable, campaign promises receivable, accounts receivable, and revenue. Management should appropriately assess the allowance for doubtful accounts.

Condition: The Organization did not appropriately reconcile the sub ledger to the general ledger for both grants receivable and campaign pledge receivables. In addition, uncollectible accounts remained in campaign pledges receivable and the corresponding allowance for doubtful accounts did not align with the historical collection rate or with internal policies provided by United Way Worldwide.

Cause: The Organization did not adhere to standard accounting procedures.

Effect: Account balances relating to accounts receivable and revenue were materially misstated significantly compromising the reliability of financial information. The grant accounts receivable and campaign pledges receivable sub ledger accounts were not properly reconciled to the general ledger resulting in the understatement of receivables and revenue. The allowance for doubtful accounts was not appropriately monitored and was understated.

Recommendation: Management must reconcile the accounts receivable sub ledgers to the general ledger and monitor accounts receivable for uncollectible accounts based on the age of the individual accounts and familiarity with the donor. In addition, management should calculate the historical uncollectible rate at year-end and apply it to the measurement for the allowance for doubtful accounts.

Views of Responsible Officials and Planned Corrective Actions: Accounts receivable sub ledgers will be reconciled quarterly and the allowance for uncollectible accounts will be adjusted based on pledges receivable at each fiscal year end.

Responsible Party: Robert McCarty, CFO

Expected Completion: 1/31/2023 – 7/31/2023

Anticipated Completion: 1/31/2023 – 7/31/2023

United Way of the Coastal Bend
Schedule of Findings and Questioned Costs
June 30, 2022

2022-02 – Special Event Revenue and Performance Obligation

Type of Finding: Material Weakness

Criteria: Management should be appropriately applying ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied with respect to special event revenue. In addition, prepaids associated with the events should be appropriately reconciled.

Condition: The Organization did not appropriately apply ASC 606 to special event revenue. This guidance specifies that an entity should 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. Revenue should be deferred until the event occurs and the revenue has been appropriately earned. In addition, prepaid expenses related to the events were not appropriately reconciled which resulted in prepaids being overstated due to expenses that should have been recognized in the period the event occurred.

Cause: The Organization did not adhere to ASU 2014-09 issued by the Financial Accounting Standards Board (FASB) for revenue from contracts with customers (Topic 606) and did not appropriately reconcile prepaid expenses related to such events.

Effect: Account balances relating to special event revenue, special events expenses, prepaid expenses and performance obligation liabilities were materially misstated significantly compromising the reliability of financial information. The Organization did not appropriately apply ASC 606 resulting in the overstatement of special event revenue and prepaid expense and the understatement of special event expenses and performance obligation liabilities.

Recommendation: Management must appropriately apply ASC 606 and recognize special event expenses in the period incurred rather than amortizing a portion of the expense each month.

Views of Responsible Officials and Planned Corrective Actions: ASC 606 will be properly applied by management in FYE 6/30/2023 and future years.

Responsible Party: Robert McCarty, CFO

Expected Completion: 7/31/2023

Anticipated Completion: 7/31/2023

SECTION III: FEDERAL AWARD FINDINGS

None noted.

**United Way of the Coastal Bend
Schedule of Findings and Questioned Costs
June 30, 2022**

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted.