

UNITED WAY OF THE COASTAL BEND, INC.

FINANCIAL STATEMENTS AND
OTHER SUPPLEMENTAL INFORMATION

June 30, 2020 and 2019

UNITED WAY OF THE COASTAL BEND, INC.

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Certificate of Board Approval
or Disapproval of the Audit report
United Way of the Coastal Bend, Inc.

I, George Guerra, Chairperson of the Board of Directors of United Way of the Coastal Bend, Inc., do hereby certify that this accompanying audit report for the fiscal year ended June 30, 2020 from GF Valdez, P.C., was reviewed and approved/ disapproved at a meeting of the Board of Directors held on the 18th day of November 2020.



Chairperson, Board of Directors

12/1/20

Date

GF Valdez, P.C.

A Public Accounting Firm

5430 Holly Road, Suite 1
Corpus Christi, Texas 78411
Phone 361-991-1650
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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 Financial Statements

We have audited the accompanying financial statements of United Way of the Coastal Bend, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GF Valdez, P.C.

A Public Accounting Firm

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Coastal Bend, Inc. as of June 30, 2020 and 2019, 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.

Other Matters

Other 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 (CFR) Part 200, *Uniform Administration 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 audits 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020, 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 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 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.

GF Valdez, P.C.

October 21, 2020
Corpus Christi, Texas

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ -	\$ 1,248,085	\$ 1,248,085
Certificates of deposit	1,464,981	-	1,464,981
Accounts receivable	307,022	-	307,022
Campaign pledges receivable, net	129,527	1,942,531	2,072,058
Prepaid expenses	41,082	-	41,082
Total Current Assets	1,942,612	3,190,616	5,133,228
Property and equipment, net of accumulated depreciation	2,174,948	-	2,174,948
Total Assets	\$ 4,117,560	\$ 3,190,616	\$ 7,308,176
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Accounts payable	\$ 125,114	\$ -	\$ 125,114
Designations payable	260,624	-	260,624
Accrued expenses	328,976	-	328,976
Total Current Liabilities	714,714	-	714,714
Net Assets	3,402,846	3,190,616	6,593,462
Total Liabilities and Net Assets	\$ 4,117,560	\$ 3,190,616	\$ 7,308,176

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ -	\$ 777,227	\$ 777,227
Certificates of deposit	852,015	605,687	1,457,702
Accounts receivable	182,040	-	182,040
Campaign pledges receivable, net	307,176	1,554,125	1,861,301
Prepaid expenses	47,052	-	47,052
Total Current Assets	1,388,283	2,937,039	4,325,322
Property and equipment, net of accumulated depreciation	2,225,602	-	2,225,602
Total Assets	\$ 3,613,885	\$ 2,937,039	\$ 6,550,924
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Accounts payable	\$ 135,266	\$ -	\$ 135,266
Designations payable	275,547	-	275,547
Accrued expenses	115,503	-	115,503
Total Current Liabilities	526,316	-	526,316
Net Assets	3,087,569	2,937,039	6,024,608
Total Liabilities and Net Assets	\$ 3,613,885	\$ 2,937,039	\$ 6,550,924

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Gross Campaign Results	\$ -	\$ 5,191,981	\$ 5,191,981
Less: Donor Designations	-	(1,972,230)	(1,972,230)
Less: Provision for uncollectible pledges	-	(188,789)	(188,789)
Net campaign revenue	-	3,030,962	3,030,962
Federal, state and private grant revenues	1,467,114	50,347	1,517,461
Special events	-	85,150	85,150
Interest income	17,870	-	17,870
Rent income	20,000	-	20,000
In-kind gifts	1,000	29,582	30,582
Administrative fee on designated contributions	65,827	-	65,827
Miscellaneous income	1,000	-	1,000
Net assets released from restrictions	2,942,464	(2,942,464)	-
Total revenues, gains and other support	4,515,275	253,577	4,768,852
Grants and expenses			
Program expenses:			
Gross grants to agencies	3,221,769	-	3,221,769
Less: donor designations to agencies	(1,634,945)	-	(1,634,945)
Net grants to programs	1,586,824	-	1,586,824
Other program expenses	1,905,606	-	1,905,606
Total program services	3,492,430	-	3,492,430
Supporting Services and General:			
Fundraising	343,654	-	343,654
Management and General	363,914	-	363,914
Total supporting expenses	707,568	-	707,568
Total grants and expenses	4,199,998	-	4,199,998
Increase in Net Assets	315,277	253,577	568,854
Net Assets, June 30, 2019	3,087,569	2,937,039	6,024,608
Net Assets, June 30, 2020	\$ 3,402,846	\$ 3,190,616	\$ 6,593,462

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Gross Campaign Results	\$ -	\$ 4,186,245	\$ 4,186,245
Less: Donor Designations	-	(1,251,703)	(1,251,703)
Less: Provision for uncollectible pledges	-	(146,142)	(146,142)
Net campaign revenue	-	2,788,400	2,788,400
Federal, state and private grant revenues	1,081,856	479,734	1,561,590
Special events	-	97,923	97,923
Administrative fee on designated contributions	95,162	-	95,162
In-kind gifts	32,400	31,320	63,720
Rent income	21,000	-	21,000
Interest income	16,575	-	16,575
Net assets released from restrictions	3,718,891	(3,718,891)	-
Total revenues, gains and other support	4,965,884	(321,514)	4,644,370
Grants and Expenses			
Program Services:			
Gross grants to agencies	2,494,586	-	2,494,586
Less: donor designations to agencies	(902,935)	-	(902,935)
Net grants to programs	1,591,651	-	1,591,651
Other program expenses	2,178,444	-	2,178,444
Total program services	3,770,095	-	3,770,095
Supporting Services and General:			
Fundraising	399,111	-	399,111
Management and General	308,214	-	308,214
Total supporting expenses	707,325	-	707,325
Total grants and expenses	4,477,420	-	4,477,420
Increase in Net Assets	488,464	(321,514)	166,950
Net Assets, June 30, 2018	2,599,105	3,258,553	5,857,658
Net Assets, June 30, 2019	\$ 3,087,569	\$ 2,937,039	\$ 6,024,608

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services			Supporting Services			Total Program & Support
	Community Impact			Management & Administrative			
	Education	Financial Stability	Health	Total Program Services	Fundraising	Total Support Services	
Gross distributions to agencies	\$ 791,796	\$ 1,266,244	\$ 1,163,729	\$ 3,221,769	\$ -	\$ -	\$ 3,221,769
Less: donor designations to agencies	(244,086)	(928,955)	(461,904)	(1,634,945)	-	-	(1,634,945)
Net grants to programs	547,710	337,289	701,825	1,586,824	-	-	1,586,824
Salaries	182,692	77,516	621,734	881,942	201,093	418,607	1,300,549
Payments to subcontractors	523,811	69,916	18,419	612,146	1,654	801	614,601
Payroll taxes and employee benefits	39,890	17,982	137,870	195,742	52,160	50,801	298,703
Dues and subscriptions	12,747	6,136	39,329	58,212	13,567	11,860	83,639
Depreciation	12,425	6,212	17,394	36,031	14,288	26,091	62,122
Occupancy	7,335	3,668	10,648	21,651	13,153	6,972	41,776
Supplies	5,136	1,521	1,408	8,065	20,255	3,675	31,995
Travel and mileage	4,756	2,762	9,982	17,500	10,301	3,910	31,711
Software and support	6,461	3,464	8,603	18,528	5,772	5,057	29,357
Office expense	714	1,315	1,238	3,267	5,846	17,689	26,802
Equipment rental	3,607	1,822	3,752	9,181	9,654	3,232	22,067
Professional fees	4,349	2,024	5,668	12,041	4,656	8,502	20,543
Property insurance	3,269	1,362	9,410	14,041	4,275	2,186	20,502
Bank and brokerage charges	1,874	937	2,623	5,434	2,155	1,780	9,369
Training	2,445	382	1,687	4,514	2,828	229	7,571
Advertising expense	523	2,472	1,082	4,077	533	910	5,520
Repairs and maintenance	626	313	877	1,816	720	1,315	3,131
Printing	328	170	418	916	673	1,303	2,219
Postage	173	87	242	502	331	495	997
	\$ 1,360,871	\$ 537,350	\$ 1,594,209	\$ 3,492,430	\$ 363,914	\$ 707,568	\$ 4,199,998

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services			Supporting Services			Total Program & Support
	Education	Community Impact Financial Stability	Health	Total Program Services	Management & Administrative	Fundraising	
Gross distributions to agencies	\$ 1,487,901	\$ 325,120	\$ 681,565	\$ 2,494,586	\$ -	\$ -	\$ 2,494,586
Less: donor designations to agencies	(231,182)	(245,939)	(425,814)	(902,935)	-	-	(902,935)
Net grants to programs	1,256,719	79,181	255,751	1,591,651	-	-	1,591,651
Salaries	176,761	74,333	601,374	852,468	132,690	242,430	1,227,588
Payments to subcontractors	349,576	53,110	217,651	620,337	3,024	39,547	662,908
Payroll taxes and employee benefits	41,172	17,859	152,850	211,881	41,419	54,350	307,650
Community impact initiatives	-	167,651	-	167,651	-	-	167,651
Supplies	20,709	1,712	20,681	43,102	32,545	2,809	78,456
Dues and subscriptions	26,029	7,115	18,248	51,392	10,559	9,515	71,466
Depreciation	12,249	6,124	17,148	35,521	14,086	11,636	61,243
Travel and mileage	6,726	3,687	27,276	37,689	16,761	4,738	59,188
Advertising expense	14,179	7,577	19,942	41,698	2,791	4,618	49,107
Occupancy	8,100	3,818	15,336	27,254	10,368	8,206	45,828
Training	6,113	1,827	2,116	10,056	16,767	2,914	29,737
Property insurance	5,410	2,860	8,925	17,195	4,470	3,989	25,654
Software and support	4,866	2,406	8,108	15,380	4,280	3,762	23,422
Professional fees	3,270	1,090	9,374	13,734	4,796	3,270	21,800
Equipment rental	2,126	1,823	3,091	7,040	6,018	1,205	14,263
Bank and brokerage charges	1,431	499	3,906	5,836	2,056	1,423	9,315
Miscellaneous expense	8,777	-	-	8,777	-	-	8,777
Office expense	1,461	662	2,659	4,782	2,114	1,669	8,565
Printing	2,087	666	670	3,423	1,835	2,029	7,287
Repairs and maintenance	873	367	1,846	3,086	1,259	836	5,181
Postage	205	74	453	732	376	165	1,273
Rent	365	-	-	365	-	-	365
	\$ 1,949,204	\$ 434,441	\$ 1,387,405	\$ 3,771,050	\$ 308,214	\$ 399,111	\$ 4,478,375
							\$ 707,325

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 568,854	\$ 166,950
Adjustments to reconcile net assets to net cash provided by operating activities		
Depreciation	62,121	61,243
Decrease (increase) in:		
Accounts receivable and other assets	(124,982)	(29,525)
Campaign pledges receivable	(210,757)	(287,870)
Prepaid expenses	5,970	74,274
Increase (decrease) in:		
Accounts payable	(10,152)	30,785
Designations payable	(14,923)	73,139
Accrued expenses	213,473	16,090
	489,604	105,086
Net cash provided by operating activities		
Cash flows from investing activities:		
Reinvestment of interest on certificates of deposits	(7,279)	(4,763)
Purchases of property and equipment	(11,467)	(68,528)
	(18,746)	(73,291)
Net cash used in investing activities		
Cash flows from financing activities:	-	-
Net change in cash	470,858	31,795
Cash at beginning of year	777,227	745,432
Cash at end of year	\$ 1,248,085	\$ 777,227

See accompanying notes.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 1 – NATURE OF ACTIVITIES

The United Way of the Coastal Bend, Inc. (the Organization) was incorporated in 1936 as a non-profit 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 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 as many students have new school supplies they need 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. Coastal Bend Community Health Needs Task Force – The task force conducts a community health needs assessment to gather information required to produce change beneficial to the population’s overall health.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its financial statements under the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. It is required to report information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates. Significant estimates would include the amount of estimated uncollectible pledges in the subsequent year after the campaign concludes.

Cash and Cash Equivalents

For purposes of cash flows, the Organization considers investments available for current use with an initial maturity date of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits of up to \$250,000 under the Federal Deposit Insurance Corporation (FDIC). Management believes it is not exposed to any significant risk on cash accounts.

Cash Management Policy

The Organization had cash, cash equivalents, and certificates of deposit totaling \$2,713,066 and \$2,234,929 at June 30, 2020 and 2019, respectively. The Organization's cash reserve policy calls for keeping a cash reserve on hand of four to eight months operating expenses. Based upon the budget for the fiscal year ending June 30, 2020, that reserve ranges from \$1,377,864 to \$2,755,728.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable and Allowance for Uncollectible

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, in the fiscal year in which the contributions are recognized. When a restriction expires, 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 uncollectable unconditional promises receivable. The allowance has historically ranged between 2% and 9% of pledged contributions of the general campaign. The Organization uses a 3-year historical average allowance factor. The calculated 3-year historical average allowance factor for the year ended June 30, 2020 and 2019 is 4.71% and 4.01%, respectively.

Fair value measurements

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- Level 2 – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- Level 3 – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Investments

The safety and security of investments is of utmost importance to the United Way 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 United Way of the Coastal Bend 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.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Depreciation is calculated using the straight-line method over useful lives of the assets, ranging from five to thirty-nine years. Maintenance and repairs that do not increase the useful life of the asset are expensed as incurred while major additions and improvements that do increase the useful life of the asset are capitalized. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of accounts and any gains or losses are reported in the change in net assets. Purchase of \$5,000 and an estimated useful life span of greater than one year are capitalized. Any purchases of less than \$5,000 are expensed.

Assets Held for Custodian Funds

Assets held for custodian funds consist of contributions held for the Corpus Christi Caller Times Christmas Appeal. Resources are reported as a liability when received and a decrease to the liability when distributed.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Fundraising activities include the solicitation of contributions of money. Salaries and related costs are allocated on the basis of estimated time and effort expended. 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 of a program or other supporting service versus total organizational full-time employee equivalents.

Donated Goods and Services

The value of donated services is not reflected in the accompanying financial statements, since there is no objective basis in which to measure the value of said services. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's campaign and fund-raising events.

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.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Organization is a not-for-profit organization that is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as a public charity. Accordingly, no provision for income taxes had been made in the accompanying statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Recent Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new 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 income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those financial years. Management does not expect this adoption will have a material impact on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Organization beginning on July 1, 2019. The adoption of ASU 2016-18 did not have a material impact on the financial statements.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue recognition and the financial statement disclosures related to such transactions. The Organization is required to apply the amendments in its June 30, 2021 financial statements. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. Management does not expect this adoption will have a material impact on the financial statements.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditures within one year at June 30, 2020 and 2019. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,248,085	\$ 777,227
Certificates of deposit	1,464,981	1,457,702
Campaign pledges receivable, net	2,072,058	1,861,301
Accounts receivable	307,022	182,040
Total financial assets	5,092,146	4,278,270
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(3,190,616)	(2,937,039)
Less net assets with purpose restrictions to be met in less than a year	--	--
Financial assets available to meet general expenditures over the next twelve months	\$ 1,901,530	\$ 1,341,231

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – 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 must be accounted for as custodial accounts, or liabilities, according to SFAS No. 136. For the years ending June 30, 2020 and 2019, amounts raised were as follows:

	2020	2019
United Way General Campaign	\$ 5,191,981	\$ 4,186,245
Less: Provisions for Uncollectibles	(188,789)	(146,142)
	5,003,192	4,040,103
Less: Donor designated contributions	(1,972,230)	(1,251,703)
Net Campaign revenue	\$ 3,030,962	\$ 2,788,400

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 4 – 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, 2020, the amount allocated is \$1,972,230 that will be distributed monthly to participating agencies beginning July 1, 2020. For the year ended June 30, 2019, the amount allocated of \$1,251,703 was distributed monthly to participating agencies beginning July 1, 2019.

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 perceivable or promises to give by the Organization.

Donor Designated Contributions

The Organization is the agent responsible for distributing pledges that are designated by donors to specific affiliated agencies. In accordance with 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.

NOTE 5 – 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.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 6 – CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable consisted of the following unconditional promises to give as of June 30:

	<u>2020</u>	<u>2019</u>
Campaign pledges receivable due in:		
Less than one year	\$ 2,195,348	\$ 1,972,367
Over one year	<u> --</u>	<u> --</u>
	2,195,348	1,972,367
Less: allowance for uncollectible pledges	<u>(123,290)</u>	<u>(111,066)</u>
Campaign pledges receivable, net	<u>\$ 2,072,058</u>	<u>\$ 1,861,301</u>

Bad debt expense related to pledges receivable totaled \$188,789 and \$146,220 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Building	\$ 2,304,444	\$ 2,304,444
Computer equipment	71,169	71,169
Office equipment	21,586	21,586
Furniture and fixtures	12,000	12,000
Land	87,045	87,045
Construction in progress	<u>11,467</u>	<u> --</u>
	2,507,711	2,496,244
Less: Accumulated depreciation	<u>(332,763)</u>	<u>(270,642)</u>
Property and equipment, net	<u>\$ 2,174,948</u>	<u>\$ 2,225,602</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$62,121 and \$61,243, respectively.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 8 – BOARD DESIGNATION OF UNRESTRICTED NET ASSETS

An estimate was made of grant allocations expected to be paid to agency programs for the period ending June 30, 2020 and 2019, which is conditional upon the results of campaign collections. The conditional pledges to agencies total \$1,972,230 and \$1,251,703 and were not accrued for as a liability in the statement of financial position because a firm commitment had not been made.

As of June 30, 2020, the Board has designated \$238,533 in unrestricted net assets to the building fund.

NOTE 9 – PAYMENTS TO AFFILIATES

In accordance with affiliation agreements with the state and national organizations, dues payments to these organizations were based on a percentages 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 \$82,876 and \$70,998 for fiscal years ended June 30, 2020 and 2019, respectively.

NOTE 10 – RETIREMENT PLAN

The Organization has a defined contribution pension 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 2020 and 2019, the percentage was 6% of eligible payroll. The annual percentage is determined by the Board of Directors. Retirement expense amounted to \$79,766 and \$76,530 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 – OPERATING LEASES

The Organization has two non-cancelable operating leases for use of copiers. Total lease expense for 2020 and 2019 was approximately \$5,800. Future estimated minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2020, are:

<u>Year</u>	<u>Amount</u>
2021	\$ 5,508
2022	4,536
2023	<u>4,536</u>
Total	<u>\$ 14,580</u>

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were available for the following purposes:

<u>Specific Purpose</u>	<u>2020</u>	<u>2019</u>
United Way Campaign Promises	\$ 2,813,837	\$ 2,934,497
COVID-19 Response and Recovery Fund	123,670	--
Operation SOS	56,312	--
Christmas Appeal	16,191	--
IRS VITA grant	6,555	--
HEB VITA grant	3,051	2,542
Total net assets with donor restrictions	<u>\$ 3,019,616</u>	<u>\$ 2,937,039</u>

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

<u>Specific Purpose</u>	<u>2020</u>	<u>2019</u>
United Way Campaign Promises	\$ 2,063,335	\$ 3,447,228
COVID-19	720,609	--
Operation SOS	103,659	62,925
Christmas Appeal	54,861	77,875
Disaster Relief	--	130,863
Total net assets released from restriction	<u>\$ 2,942,464</u>	<u>\$ 3,718,891</u>

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events for disclosure through October 21, 2020, the date the financial statements were available to be issued. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

UNITED WAY OF THE COASTAL BEND, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Grant Period	Federal Expenditures
<u>U.S. Department of Health and Human Services Health Resource Administration</u>				
Passed Through the Texas Department of Family & Protective Services				
Texas Home Visiting Project	93.870	24487373	07/01/19-06/30/20	<u>\$ 1,466,982</u>
Total U.S. Department of Agriculture				<u>1,466,982</u>
<u>U.S. Department of the Treasury</u>				
United Way of America:				
IRS - VITA	21.009	19VITA0062	07/01/19-06/30/20	<u>38,067</u>
Total U.S. Department of the Treasury				<u>38,067</u>
<u>U.S. Department of Homeland Security</u>				
United Way of America:				
FEMA - Emergency Food and Shelter Program	97.024	828400-010	07/01/19-06/30/20	<u>4,130</u>
Total U.S. Department of Homeland Security				<u>4,130</u>
Total Federal Awards				<u><u>\$ 1,509,179</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

UNITED WAY OF THE COASTAL BEND, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

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, 2020. 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 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 not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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INDEPENDENT AUDITORS' 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 statements of the United Way of the Coastal Bend, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2020, 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 October 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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.

GF Valdez, P.C.

October 21, 2020
Corpus Christi, Texas

GF Valdez, P.C.

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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

We have audited United Way of the Coastal Bend, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization's 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, 2020.

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Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

GF Valdez, P.C.

October 21, 2020
Corpus Christi, Texas

UNITED WAY OF THE COASTAL BEND, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2020

A SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness Identified? No
- Significant Deficiencies identified not considered to be a material weakness? No
- Noncompliance material to the financial statements? No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material Weakness Identified? No
- Significant Deficiencies identified not considered to be a material weakness? No
- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 501(a)? No

Identificaiton of major programs:

<u>CFDA #</u>	<u>Federal Program Title</u>
93.870	Texas Department of Family & Protective Services Texas Home Visiting Project

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes

B FINDINGS RELATED TO FEDERAL AWARDS

None

UNITED WAY OF THE COASTAL BEND, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

A PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT

None

B PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARD PROGRAMS AUDIT

None