

UNITED WAY OF WISE COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

UNITED WAY OF WISE COUNTY, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Way of Wise County, Inc.
Wise County, Texas

Opinion

We have audited the accompanying financial statements of the United Way of Wise County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Wise County, Inc. as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Way of Wise County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Wise County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report
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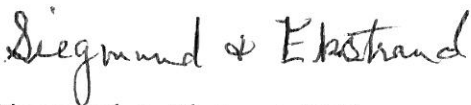
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Wise County, 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 Wise County's ability to continue as a going concern for a reasonable period of time.

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



Siegmund, & Ekstrand, LLC
Certified Public Accountants
Decatur, Texas
December 7, 2023

UNITED WAY OF WISE COUNTY, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	\$ 290,357	\$ 256,537
Short-term certificate of deposits	100,000	100,501
Pledges receivable - net of allowance	10,457	59,362
Other receivable	580	-
Total current assets	\$ 401,394	\$ 416,400

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 6,500	\$ 6,500
Net assets		
Net assets without donor restrictions	394,894	409,900
Total liabilities and net assets	\$ 401,394	\$ 416,400

The accompanying notes are an integral part of this statement.

UNITED WAY OF WISE COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022	2021
Public support and revenues		
Campaign results		
Gross annual campaign	\$ 316,522	\$ 366,962
Less: uncollectible pledges	(21,318)	(7,944)
Net campaign contributions	295,204	359,018
Program fees: Health Fair	-	-
Special events		
Golf tournament	29,150	23,870
Total special events	29,150	23,870
Donated materials and services	31,469	33,496
Interest income	897	725
	32,366	34,221
Total public support and revenues	356,720	417,109
Expenses		
Program services		
Gross distribution to agencies	314,378	281,450
Net allocations granted to agency programs	314,378	281,450
Other program expenses	6,550	12,803
Total program services	320,928	294,253
Supporting services		
Fundraising	26,533	23,580
Management and general	24,265	22,392
Total supporting services	50,798	45,972
Total expenses	371,726	340,225
Change in net assets	(15,006)	76,884
Net assets beginning of the year, without donor restrictions	409,900	333,016
Net assets end of the year, without donor restrictions	\$ 394,894	\$ 409,900

The accompanying notes are an integral part of this statement.

UNITED WAY OF WISE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			Total Expenses
	Allocations and Distributions	Assistance Network	Toal	General and Administrative	Fundraising	Total	
Distributions to agency programs	\$ 314,378	\$ -	\$ 314,378	\$ -	\$ -	\$ -	\$ 314,378
Professional fees	2,400	-	2,400	16,100	12,000	28,100	30,500
Facilities, equipment and other rental	-	-	-	4,300	3,200	7,500	7,500
Information technology	510	-	510	1,710	-	1,710	2,220
Licenses and permits	-	3,640	3,640	-	-	-	3,640
Advertising	-	-	-	-	-	2,090	2,090
Processing fees	-	-	-	-	1,370	1,370	1,370
Food and beverages	-	-	-	-	1,746	1,746	1,746
Dues and subscriptions	-	-	-	125	3,220	3,345	3,345
Insurance	-	-	-	1,410	-	1,410	1,410
Postage and delivery	-	-	-	216	-	216	216
Pringint and copying	-	-	-	63	505	568	568
Meetings	-	-	-	324	-	324	324
Miscellaneous	-	-	-	-	33	33	33
Supplies	-	-	-	17	2,369	2,386	2,386
Total functional expenses	<u>\$ 317,288</u>	<u>\$ 3,640</u>	<u>\$ 320,928</u>	<u>\$ 24,265</u>	<u>\$ 24,443</u>	<u>\$ 50,798</u>	<u>\$ 371,726</u>

The accompanying notes are an integral part of this statement

UNITED WAY OF WISE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Allocations and Distributions</u>	<u>Assistance Network</u>	<u>Toal</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	
Distributions to agency programs	\$ 281,450	\$ -	\$ 281,450	\$ -	\$ -	\$ -	\$ 281,450
Professional fees	3,960	3,960	7,920	14,420	10,560	24,980	32,900
Facilities, equipment and other rental	-	-	-	4,300	720	5,020	5,020
Information technology	666	600	1,266	1,267	-	1,267	2,533
Licenses and permits	-	3,570	3,570	-	-	-	3,570
Advertising	-	-	-	-	2,055	2,055	2,055
Processing fees	-	-	-	-	830	830	830
Food and beverages	-	-	-	-	2,380	2,380	2,380
Dues and subscriptions	-	-	-	125	5,113	5,238	5,238
Insurance	-	-	-	1,791	-	1,791	1,791
Postage and delivery	-	47	47	79	47	126	173
Supplies	-	-	-	410	1,875	2,285	2,285
Total functional expenses	\$ 286,076	\$ 8,177	\$ 294,253	\$ 22,392	\$ 23,580	\$ 45,972	\$ 340,225

The accompanying notes are an integral part of this statement

UNITED WAY OF WISE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Cash received from campaign contributions	\$ 344,610	\$ 333,529
Cash received from special events	28,570	24,345
Cash paid for support services	(314,378)	(310,102)
Net cash (used) provided by operating activities	58,802	47,772
Cash flows from investing activities		
Cash received from interest income	897	725
Net cash (used) provided by investing activities	897	725
Net increase in cash	59,699	48,497
Cash and cash equivalents, beginning of year	256,537	208,040
Cash and cash equivalents, end of year	\$ 316,236	\$ 256,537

The accompanying notes are an integral part of this statement.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 1 – Nature of Activities

United Way of Wise County, Inc. (the Organization), a Texas nonprofit corporation founded in 1979, is a voluntary health and welfare organization governed by a volunteer Board of Directors (the “Board”). Its mission is to improve the lives of the residents of Wise County, Texas by mobilizing the caring power of the community. The Organization conducts annual fund-raising campaigns to solicit contributions for distribution to nonprofit agencies within Wise County. The Organization delivers important health and human services through the following programs:

- Allocations and Distributions Distributes funds to Board approved nonprofit partner agencies.

- Assistance Network Provides a real-time communication network coalition to connect care providers, charities, churches and emergency assistance providers.

- Health Fair Promotes a healthier community through public awareness and education.

The Organization’s funding comes from various sources, the most significant being from local businesses.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

Recently Adopted Accounting Standards

In January 2020, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for “Fair Value Measurement.”* ASU 2018-13 modifies the disclosure requirement in Topic 820, “*Fair Value Measurement.*” The adoption of this guidance did not have a material impact on the Organization’s financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”). The revenue recognition standard eliminates the transaction- and industry-specific revenue recognition guidance under current generally accepted accounting

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards (Continued)

principles and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services.

The FASB also issued the following amendments to ASU 2014-09 to provide clarification on the guidance: ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date*, ASU 2016-08, *Revenue from Contracts with Customers (Topic 606) – Principal versus Agent Considerations (Reporting Revenue Gross Versus Net)*, and ASU 2016-10, *Revenue from Contracts with Customers (Topic 606) – Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with customers (Topic 606) – Narrow-Scope Improvements and Practical Expedients*.

The Organization adopted the provisions of ASU 2014-09 and all of the related amendments effective January 1, 2020 which did not have material effects on net assets with or without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and all short-term investments with maturity dates of less than three months. The organization places its cash with high quality financial institutions. Cash balances, at times, may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

Revenue Recognition

Public support and contributions received are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by the organization are considered contributions.

Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reports as net assets without donor restrictions.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Donated materials and use of facilities are recorded at fair market value as of the date of donation. Donated services are reported when the services create or enhance non-financial assets. Donated services require specialized skill and are provided by individual s possessing those skills. Donated services that meet the requirements for recognition are recorded as both revenues and expenses in the accompanying statement of activities, at amounts determined by management to be reasonable for obtaining such services. Donated materials ae recorded at fair value at the date of donation.

Fundraising event and program revenues received are not recognized until the revenue is earned which is at the time of conclusion of the event or when the services are provided.

In addition, a number of volunteers have donated their time to the Organization’s programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services. The Organization estimates that volunteers contributed approximately 150 and 122 hours for the years ended December 31, 2022 and 2021, respectively.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue in the year the promise is made.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years December 31, 2022 and 2021, the Organization did not conduct unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provisions for income taxes are included in the financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization files a Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before December 31, 2019.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors for distributions to nonprofit agency and/or management for general operating purposes.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See Note 6 and Note 7 for more information on net assets without donor restrictions and net assets with donor restrictions.

Contributions Received

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the years ended December 31, 2022 and 2021.

The Organization conducts an annual fund raising campaign in the current year for the following fiscal year's operations. The related contributions and pledges are all unconditional promises to give without donor restrictions. These funds will be used to pay for agency allocations and the Organization's programs and supporting services.

Concentrations

In the current year, a significant amount of contributions and pledges receivable were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization's market is concentrated in the North Texas, geographical area.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Uses of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimate is the allowance for uncollectable pledges.

Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program services or supporting services in the statement of functional expenses. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. However, many expenses relate to more than one function and must be allocated among the program and supporting services benefited.

Note 3 – Pledge Contributions Receivable

Pledge contributions receivable, net of allowance for uncollectible pledges, consisted of the following unconditional promises to give for the years ended December 31, 2022 and 2021, was \$10,457 and \$59,362, respectively. All the pledges are due in less than one year.

All pledges receivables are deemed collectible within one year therefore no estimation by discounting of future cash flows using a risk-free rate of return is required.

The allowance for uncollectable pledges was \$12,682 and \$8,000 for the years ended December 31, 2022 and 2021, respectively.

Note 4 – Donated Materials and Services

The Organization received donated office space, director management fees, web site maintenance services, signage, and prize donations from local vendors during the years ended December 31, 2022 and 2021, with estimated fair market values of \$31,469 and \$33,496, respectively. The amounts are functionally allocated on the Statement of Activities.

Note 5 - Advertising

The Organization expenses advertising cost as incurred. Advertising cost were \$2,090 and \$2,055 for the years ended December 31, 2022 and 2021, respectively.

UNITED WAY OF WISE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Note 6 – Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions were \$394,894 and \$409,900 for the years ended December 31, 2022 and 2021, respectively.

Note 7 – Net Assets With Donor Restrictions

The Organization did not have any net assets with donor restrictions for the years ended December 31, 2022 and 2021, respectively.

Note 8 – Commitments to Agency Programs

An estimate was made of allocations expected to be paid to agency programs for the period beginning January 1, 2023 through December 31, 2023, which is conditional upon the results of campaign collections. These conditional pledges total approximately \$372,660 and have not been accrued in the statements of financial position because a firm commitment has not been made.

Note 9 – Subsequent Events

Evaluation of subsequent events through December 7, 2023, the date which the financial statements were available to be issued.