

NORTH TEXAS AREA UNITED WAY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

NORTH TEXAS AREA UNITED WAY, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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EDGIN, PARKMAN, FLEMING & FLEMING, PC

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Independent Auditor's Report

The Board of Directors
North Texas Area United Way, Inc.
Wichita Falls, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of North Texas Area United Way, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, 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 audit. 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. Those standards require that we plan and perform the audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Texas Area United Way, Inc. as of March 31, 2021 and 2020, 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 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 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 July 26, 2021, on our consideration of North Texas Area United Way, 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 North Texas Area United Way, Inc.'s internal control over financial reporting and compliance.



EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 26, 2021

FINANCIAL STATEMENTS

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENTS OF FINANCIAL POSITION MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 497,834	\$ 352,318
Investments	1,419,744	1,124,975
Pledges receivable, net	70,617	100,394
Grants receivable	399,028	398,631
Other receivables	3,921	4,096
Assets available for sale	290,894	-
Beneficial interest in assets held by others	87,685	63,232
Property and equipment, net	57,931	358,874
Total assets	<u>\$ 2,827,654</u>	<u>\$ 2,402,520</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 205,403	\$ 173,477
Accrued expenses	57,660	49,542
Agency allocations payable	323,918	261,675
Donor designations payable	47,364	56,074
Total liabilities	<u>634,345</u>	<u>540,768</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Unappropriated	1,919,065	1,671,098
Board appropriated	53,562	39,728
With donor restrictions	220,682	150,926
Total net assets	<u>2,193,309</u>	<u>1,861,752</u>
Total liabilities and net assets	<u>\$ 2,827,654</u>	<u>\$ 2,402,520</u>

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

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Public support and revenue:			
Gross campaign results	\$ 400,542	\$ -	\$ 400,542
Less donor designations	(18)	-	(18)
Less provision for uncollectible pledges	<u>(26,385)</u>	<u>-</u>	<u>(26,385)</u>
Net campaign revenue	374,139	-	374,139
Other public support	512,691	166,669	679,360
Governmental grants	2,221,743	-	2,221,743
Special events, net	2,900	-	2,900
Investment return	294,813	-	294,813
Change in value of beneficial interest in assets held by others	24,453	-	24,453
Oil and gas lease bonus	22,964	-	22,964
Miscellaneous income	2,870	-	2,870
Net assets released from restrictions	<u>96,913</u>	<u>(96,913)</u>	<u>-</u>
Total public support and revenue	<u>3,553,486</u>	<u>69,756</u>	<u>3,623,242</u>
Expenses:			
Program services:			
Community impact - education	2,392,605	-	2,392,605
Community impact - health	92,276	-	92,276
Community impact - income	375,924	-	375,924
Supporting services:			
Management and general	291,051	-	291,051
Fundraising	77,602	-	77,602
Unallocated payments to affiliates	<u>17,313</u>	<u>-</u>	<u>17,313</u>
Total expenses	<u>3,246,771</u>	<u>-</u>	<u>3,246,771</u>
Change in net assets before special item	306,715	69,756	376,471
Special item - loss on assets available for sale	<u>(44,914)</u>	<u>-</u>	<u>(44,914)</u>
Change in net assets	261,801	69,756	331,557
Net assets at beginning of year	<u>1,710,826</u>	<u>150,926</u>	<u>1,861,752</u>
Net assets at end of year	<u>\$ 1,972,627</u>	<u>\$ 220,682</u>	<u>\$ 2,193,309</u>

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

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF ACTIVITIES YEAR ENDED MARCH 31, 2020

	(Restated)		Totals
	Without Donor Restrictions	With Donor Restrictions	
Public support and revenue:			
Gross campaign results	\$ 391,197	\$ -	\$ 391,197
Less donor designations	(1,506)	-	(1,506)
Less provision for uncollectible pledges	(48,432)	-	(48,432)
Net campaign revenue	<u>341,259</u>	<u>-</u>	<u>341,259</u>
Other public support	219,473	118,500	337,973
Governmental grants	2,160,467	-	2,160,467
Special events, net	4,500	-	4,500
Investment return	(76,182)	-	(76,182)
Change in value of beneficial interest in assets held by others	(10,099)	-	(10,099)
Oil and gas lease bonus	27,081	-	27,081
Miscellaneous income	2,506	-	2,506
Sale of mineral interest	976,341	-	976,341
Net assets released from restrictions	<u>59,124</u>	<u>(59,124)</u>	<u>-</u>
Total public support and revenue	<u>3,704,470</u>	<u>59,376</u>	<u>3,763,846</u>
Expenses:			
Program services:			
Community impact - education	2,258,927	-	2,258,927
Community impact - health	44,164	-	44,164
Community impact - income	314,409	-	314,409
Supporting services:			
Management and general	204,370	-	204,370
Fundraising	49,614	-	49,614
Unallocated payments to affiliates	<u>22,864</u>	<u>-</u>	<u>22,864</u>
Total expenses	<u>2,894,348</u>	<u>-</u>	<u>2,894,348</u>
Change in net assets	810,122	59,376	869,498
Net assets at beginning of year	<u>900,704</u>	<u>91,550</u>	<u>992,254</u>
Net assets at end of year	<u>\$ 1,710,826</u>	<u>\$ 150,926</u>	<u>\$ 1,861,752</u>

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

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2021

	Program Services			Total
	Community Impact			
	Education	Health	Income	
Gross allocations to agencies	\$ 188,669	\$ 61,503	\$ 34,846	\$ 285,018
Less donor designations	(12)	(3)	(3)	(18)
Net allocations to agencies	188,657	61,500	34,843	285,000
Grants to other entities	961,155	30,776	43	991,974
Salaries and wages	539,788	-	194,632	734,420
Payroll related taxes	43,905	-	16,815	60,720
Employee benefits	72,368	-	22,321	94,689
Total payroll and related expenses	656,061	-	233,768	889,829
Advertising	80,912	-	10,165	91,077
Professional fees	22,835	-	10,732	33,567
Supplies	171,114	-	36,858	207,972
Telephone	17,335	-	1,165	18,500
Postage and shipping	752	-	160	912
Occupancy	188,381	-	10,566	198,947
Maintenance of equipment	19,489	-	8,979	28,468
Printing and publications	4,056	-	1,026	5,082
Local meals and travel	6,142	-	752	6,894
Conferences and conventions	18,341	-	175	18,516
Insurance	6,585	-	3,087	9,672
Subscriptions and dues	5,109	-	6,746	11,855
Financial and material assistance	16,836	-	1,000	17,836
Miscellaneous	4,485	-	8,621	13,106
Awards/Recognition/Incentives	5,677	-	348	6,025
Depreciation expense	18,683	-	6,890	25,573
Total expenses before United Way				
Worldwide dues	2,392,605	92,276	375,924	2,860,805
United Way Worldwide dues	-	-	-	-
Total expenses	\$ 2,392,605	\$ 92,276	\$ 375,924	\$ 2,860,805

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

Supporting Services

Management & General	Fundraising	Unallocated Payments to Affiliates	Total	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ 285,018
-	-	-	-	(18)
-	-	-	-	285,000
-	-	-	-	991,974
150,654	45,250	-	195,904	930,324
11,383	3,699	-	15,082	75,802
20,055	2,649	-	22,704	117,393
182,092	51,598	-	233,690	1,123,519
23	139	-	162	91,239
66,193	1,772	-	67,965	101,532
14,374	9,949	-	24,323	232,295
2,804	205	-	3,009	21,509
46	639	-	685	1,597
8,688	3,060	-	11,748	210,695
4,823	1,743	-	6,566	35,034
207	1,658	-	1,865	6,947
510	319	-	829	7,723
177	4,050	-	4,227	22,743
801	724	-	1,525	11,197
134	50	-	184	12,039
-	-	-	-	17,836
4,460	93	-	4,553	17,659
-	-	-	-	6,025
5,719	1,603	-	7,322	32,895
291,051	77,602	-	368,653	3,229,458
-	-	17,313	17,313	17,313
\$ 291,051	\$ 77,602	\$ 17,313	\$ 385,966	\$ 3,246,771

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED MARCH 31, 2020

	Program Services			Total
	Community Impact			
	Education	Health	Income	
Gross allocations to agencies	\$ 143,042	\$ 44,450	\$ 38,843	\$ 226,335
Less donor designations	(979)	(286)	(241)	(1,506)
Net allocations to agencies	142,063	44,164	38,602	224,829
Grants to other entities	1,002,107	-	-	1,002,107
Salaries and wages	608,924	-	156,851	765,775
Payroll related taxes	64,546	-	18,079	82,625
Employee benefits	79,859	-	18,338	98,197
Total payroll and related expenses	753,329	-	193,268	946,597
Advertising	4,441	-	4,750	9,191
Professional fees	26,385	-	7,152	33,537
Supplies	112,368	-	26,863	139,231
Telephone	21,627	-	2,231	23,858
Postage and shipping	1,831	-	318	2,149
Occupancy	63,991	-	21,010	85,001
Maintenance of equipment	24,227	-	4,701	28,928
Printing and publications	4,913	-	170	5,083
Local meals and travel	37,403	-	3,187	40,590
Conferences and conventions	23,250	-	896	24,146
Insurance	6,712	-	2,406	9,118
Subscriptions and dues	4,985	-	739	5,724
Financial and material assistance	6,284	-	-	6,284
Miscellaneous	883	-	270	1,153
Awards/Recognitions/Incentives	8,765	-	4,400	13,165
Depreciation expense	13,363	-	3,446	16,809
Total expenses before United Way				
Worldwide dues	2,258,927	44,164	314,409	2,617,500
United Way Worldwide dues	-	-	-	-
Total expenses	\$ 2,258,927	\$ 44,164	\$ 314,409	\$ 2,617,500

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

Supporting Services

Management & General	Fundraising	Unallocated Payments to Affiliates	Total	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ 226,335
-	-	-	-	(1,506)
-	-	-	-	224,829
-	-	-	-	1,002,107
91,380	33,530	-	124,910	890,685
6,456	3,719	-	10,175	92,800
9,515	2,948	-	12,463	110,660
<u>107,351</u>	<u>40,197</u>	<u>-</u>	<u>147,548</u>	<u>1,094,145</u>
16	18	-	34	9,225
84,085	791	-	84,876	118,413
787	1,798	-	2,585	141,816
435	393	-	828	24,686
71	61	-	132	2,281
701	582	-	1,283	86,284
2,309	2,285	-	4,594	33,522
13	1,304	-	1,317	6,400
689	515	-	1,204	41,794
64	394	-	458	24,604
495	448	-	943	10,061
23	19	-	42	5,766
-	-	-	-	6,284
5,449	47	-	5,496	6,649
-	-	-	-	13,165
<u>1,882</u>	<u>762</u>	<u>-</u>	<u>2,644</u>	<u>19,453</u>
204,370	49,614	-	253,984	2,871,484
-	-	22,864	22,864	22,864
<u>\$ 204,370</u>	<u>\$ 49,614</u>	<u>\$ 22,864</u>	<u>\$ 276,848</u>	<u>\$ 2,894,348</u>

NORTH TEXAS AREA UNITED WAY, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 331,557	\$ 869,498
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,895	19,453
Loss on assets available for sale	44,914	-
Loss on disposal of property and equipment	89	-
Change in fair value of the investments	(252,089)	103,260
Change in value of beneficial interest in assets held by others	(24,453)	10,099
(Increase) decrease in operating assets:		
Pledges receivable, net	29,777	100,791
Grants receivable	(397)	16,997
Other receivables	175	(2,175)
Increase (decrease) in operating liabilities:		
Accounts payable	31,926	9,972
Accrued expenses	8,118	33,359
Agency allocations payable	62,243	(10,173)
Donor designations payable	(8,710)	(6,564)
Net cash provided by operating activities	256,045	1,144,517
Cash flows from investing activities:		
Payments for property and equipment	(67,849)	(7,342)
Purchases of investments	(405,180)	(1,107,079)
Redemption of investments	362,500	108,398
Net cash used by investing activities	(110,529)	(1,006,023)
Net increase in cash and cash equivalents	145,516	138,494
Cash and cash equivalents at beginning of year	352,318	213,824
Cash and cash equivalents at end of year	\$ 497,834	\$ 352,318

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

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The North Texas Area United Way, Inc. (United Way), a Texas nonprofit corporation founded in 1924, is a voluntary health and welfare organization governed by a volunteer Board of Directors. Its mission is to improve lives by mobilizing the caring power of community.

The United Way accomplishes this mission by focusing on the building blocks of a good life – education that leads to a stable job, adequate income through retirement and good health. The organization addresses complex human service challenges in partnership with other funders, public and private organizations, and service providers resulting in quantifiable, sustainable responses that strengthen and improve communities in the Wichita Falls area. These activities may include, but are not limited to:

- Researching human service issues, conducting community planning, stakeholder meetings, surveys and assessments;
- Leveraging and distributing resources to community service providers;
- Measuring, tracking and articulating systemic, program, and client outcomes and results;
- Developing, formulating and influencing effective responses to human service issues through advocacy efforts, in accordance with all applicable federal and state statutes restricting activities of tax-exempt non-profits;
- Encouraging and facilitating partnerships, collaborations, and initiatives that reduce service duplication and fragmentation, share information, build linkages and otherwise unite citizens, and the public/private, and not-for-profit sectors to change systems to address root causes that will prevent the long-term dependency on social service programs.

United Way holds itself and its partners accountable for achieving positive results in improving life outcomes for children, families and older adults and being transparent in reporting results to donors and the community at large.

In addition to the above activities, the United Way is the Local Campaign Manager (LCM) for the State Employee Charitable Campaign until October 31, 2018. As such, the United Way complies with the rules and regulations, audit and reporting requirements set forth by the governing entity for that campaign.

North Texas Area United Way, Inc. is a member in good standing with United Way Worldwide and, as such, meets rigorous branding, accounting, ethical, auditing and operating standards.

Basis of Presentation

The accompanying financial statements of the United Way are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Basis of Presentation (Cont'd.)

Contributions received are recorded as an increase in donor restricted net assets unless they are expended in the same year as the contribution. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-restricted time and/or purpose restrictions.

Net Assets without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations and the Board of Directors has discretionary control.

Cash and Cash Equivalents

The United Way considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give are recorded as pledges receivable and contribution revenue when the promise is made. Pledges receivable and related contributions are initially recorded at their net realizable value based on amounts expected to be collected from donors. This valuation reflects net pledge revenue balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management calculates the provision for uncollectible pledges based on a 5 year historical average of uncollected pledges as a percentage of gross pledges, including donor designations. Specific accounts are written-off only upon notification from the donors that the pledges are no longer collectible. For the annual campaign, any remaining uncollectible pledge balances are written-off after two years.

Contributions

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions that are restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

The United Way solicits pledges from donors during its annual campaign held each fall. These pledges are solicited to provide support for the allocations to United Way agencies in the following year. Since the allocations for the following year are recognized as a current expense when made in the year the campaign is conducted, the United Way considers the support from these pledges to be released from restrictions during the reporting period.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Donor Designations

Included in the United Way's gross annual campaign pledges are pledges designated by donors for direct distribution to another beneficiary. Since those designated pledges constitute agency transactions, they are deducted from gross campaign results to arrive at net campaign revenue on the statement of activities. In addition, those same designated pledges are also deducted from gross allocations to agencies to arrive at net allocations to agencies shown on the statement of functional expenses and included in the statement of activities.

Donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way Worldwide membership standards as outlined in their publication titled *United Way Worldwide Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds)*.

United Way pledges received from donors who have elected to pay designated agencies directly or use a third-party administrator to make such payments are not included in pledges receivable, gross annual campaign pledges, or gross allocations to agencies because those donations are paid directly by the donor to the agency or third-party administrator for distribution to the designated agency.

Fair Value Measurements

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and specify disclosure requirements for fair value measurements. Furthermore, the Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows.

Level 1 – Quoted market prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. This includes investments for which quoted prices are available but that are traded less frequently and investments that are fairly valued using other securities, the parameters of which can be directly observed.

Level 3 – Includes assets or liabilities for which there is little to no pricing observability as of the report date. These are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Investments

Investments are stated at fair value. The carrying amount of certificates of deposit approximates fair value due to the short maturity of those instruments. Investments with values that are based on quoted market prices in active markets are classified within Level 1 and include active listed equities. Investments that trade in markets that are not considered to be active, but that are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2 and include corporate bonds, mutual funds, and U.S. Government Agency bonds. The Organization has no investments classified within Level 3.

Assets Available for Sale

The United Way has assets available for sale at March 31, 2021. Those assets are carried at the estimated net realizable value.

Property and Equipment

The United Way follows the policy of capitalizing, at cost, expenditures for property and equipment equal to or greater than \$500. Lesser expenditures and maintenance and repairs are expensed when incurred. If property and equipment is acquired by gift, it is recorded at fair market value at the date of the gift. Contributions of property and equipment are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of assets, which are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Computer equipment	3 – 5 years
Furniture and fixtures	5 – 10 years
Buildings and improvements	5 – 40 years

Refundable Grant Advances

United Way oftentimes receives advances of funds from grantors upon being awarded grants. Such advances are accounted for as a liability instead of contribution revenue when the grant instrument includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The liability is reduced and revenues recognized over the grant period as conditions are met.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Agency Allocations Payable

Agency allocations payable represent amounts that are due to United Way's network of agencies. United Way records agency allocations payable upon approval by the Board of Directors.

Contributed Goods and Services

Donated materials are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. The United Way recognized donated materials and services valued at \$271,129 and \$81,726 during the years ended March 31, 2021 and 2020, respectively.

In addition to the above, a number of volunteers donated a total of 7,385 and 5,603 hours of time to the United Way's many activities during the years ended March 31, 2021 and 2020, respectively, with 6,542 and 4,633 hours received for the VITA program in those years, respectively. No amounts have been reflected in the financial statements for these contributed services because the nature of the services does not meet the specified criteria for recognition. However, management estimates the fair value of the services received to be \$132,010 and \$173,995 for the years ended March 31, 2021 and 2020, respectively, based on the hours received and standard volunteer rates published by independent outside organizations.

Functional Expenses

Expenses are summarized and categorized based on their functional classification as either program services or supporting services. 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 using a reasonable methodology. Those expenses are allocated to the various functions and programs based on the timesheet study method recommended by the United Way Worldwide. Under that method, each employee's salary and related costs are allocated to the various functions based on the hours worked in each functional classification by that employee. All other indirect expenses are allocated to the functional categories based on the percentage of time spent in the aggregate by all employees in each functional classification.

Advertising Costs

Advertising costs are expensed as incurred by or donated to the United Way.

Income Taxes

United Way is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. United Way qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Concentrations of Credit Risk

United Way has deposits with financial institutions in the form of cash and certificates of deposit. Those deposits exceeded insured limits by \$176,208 at March 31, 2021 and during the fiscal year with the largest excess of insured limits of \$440,852 on January 4, 2021. Those deposits exceeded insured limits by \$29,608 at March 31, 2020 as well as several times throughout the fiscal year with the largest excess of insured limits of \$192,272 on January 9, 2020.

Contractual Restrictions on Cash and Cash Equivalents

Certain grants and the governmental campaigns described in Note 9 require that the United Way maintain separate bank accounts for each of those activities. The amounts in those separate bank accounts had a total bank balance of \$42,906 and book balance of \$42,906 as of March 31, 2021. The amounts in those separate bank accounts had a total bank balance of \$51,592 and book balance of \$51,592 as of March 31, 2020.

Subsequent Events

The date to which events occurring after March 31, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 26, 2021, which is the date on which the financial statements were available to be issued.

Estimates

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

NOTE 2 - INVESTMENTS

Investments are held by an external investment management firm. Market value and unrealized appreciation (depreciation) of investments over original cost at March 31, 2021 and 2020 is summarized as follows:

March 31, 2021:

	<u>Original Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation) Over Cost</u>
NM FDIC insured deposit program	\$ 10,013	\$ 10,013	\$ -
Money market funds	54,152	54,152	-
Certificates of deposit	72,933	72,933	-
Mutual funds	1,035,012	1,151,739	116,727
Exchange-traded products	<u>98,806</u>	<u>130,907</u>	<u>32,101</u>
Total investments	<u>\$1,270,916</u>	<u>\$1,419,744</u>	<u>\$148,828</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 2 - INVESTMENTS (CONT'D.)

March 31, 2020:

	Original Cost	Market Value	Unrealized Appreciation (Depreciation) Over Cost
NM FDIC insured deposit program	\$ 7,485	\$ 7,485	\$ -
Money market funds	54,104	54,104	-
Certificates of deposit	71,716	71,716	-
Mutual funds	986,349	901,939	(84,410)
Exchange-traded products	108,581	89,731	(18,850)
Total investments	<u>\$1,228,235</u>	<u>\$1,124,975</u>	<u>(\$103,260)</u>

Investment return for the years ended March 31, 2021 and 2020 is summarized as follows:

	2021	2020
Dividend and interest income	\$ 16,153	\$ 23,444
Realized gains (losses) on sales/maturities	39,726	8,360
Unrealized gain (loss) on investments	252,089	(103,389)
Investment expense	(13,155)	(4,597)
Total investment return	<u>\$294,813</u>	<u>(\$ 76,182)</u>

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable (all due within one year) consist of the following at March 31, 2021:

	Pledges Due	Less Allowance for Uncollectible Accounts	Pledges Receivable Balance
Campaign pledges receivable: 2020 United Way campaign	<u>\$97,905</u>	<u>(\$ 27,288)</u>	<u>\$ 70,617</u>

Pledges receivable (all due within one year) consist of the following at March 31, 2020:

	Pledges Due	Less Allowance for Uncollectible Accounts	Pledges Receivable Balance
Campaign pledges receivable: 2019 United Way campaign	<u>\$127,670</u>	<u>(\$27,276)</u>	<u>\$100,394</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 4 - GRANTS RECEIVABLE

Grants receivable consist of the following at March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable for:		
2-1-1 Program	\$ 34,559	\$ 22,256
VITA Program	27,129	41,425
HOPES	74,140	66,153
Texas Home Visiting	217,382	222,954
Texas School Readiness	30,622	41,855
University of North Texas	<u>15,196</u>	<u>3,988</u>
Totals	<u>\$399,028</u>	<u>\$398,631</u>

All amounts are scheduled to be collected within one year. Management does not consider there to be any significant risk associated with collection of these balances.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In September 2004, the United Way transferred \$25,000 to the Wichita Falls Area Community Foundation (Foundation) to establish a fund to provide current income and long-term protection for the United Way. Under the terms of the agreement, the United Way may withdraw and use the investment return generated by the transferred assets for its charitable purposes in accordance with the spending rate established by the Foundation. The United Way may withdraw from the fund amounts in excess of the established spending rate in any year as determined by the Board of Directors of the Foundation provided one of the following conditions is met: (1) the distribution is for the purpose of enabling the United Way to acquire or renovate a capital asset; (2) the United Way is faced with unexpected financial needs that are not likely to recur, and the distribution will enable the United Way to meet those needs. However, such distributions may not exceed 75% of corpus in any one year.

At the time of the transfer, the United Way granted variance power to the Foundation. That power gives the Foundation the right to distribute the investment return to another not-for-profit organization of its choice if the United Way ceases to exist or if the governing board of the Foundation determines that support of the United Way is no longer possible or practical of accomplishment. Under the terms of the agreement, however, such power does not become effective earlier than at least thirty days after the Foundation notifies the United Way in writing of (1) its intent to exercise such power and (2) the manner in which the Foundation proposes to vary the purposes, uses or methods of administration of the fund.

At March 31, 2021 and 2020, the fund had a value of \$87,685 and \$63,232, respectively, which is reported in the statements of financial position as beneficial interest in assets held by others.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2021 and 2020:

	2021	2020
Land	\$ -	\$ 98,758
Property and equipment being depreciated:		
Building and improvements	-	491,787
Furniture and fixtures	31,073	31,073
Computer equipment	137,658	91,015
Total property and equipment	168,731	712,633
Less accumulated depreciation	(110,800)	(353,759)
Property and equipment, net	<u>\$57,931</u>	<u>\$358,874</u>

United Way moved office locations on February 22, 2021. The land and buildings and improvements of the previous office is being held for sale. The net book value of the assets available for sale was \$335,808 at March 31, 2021. However, the estimated net realizable value at March 31, 2021 is \$290,894; therefore, an adjustment of \$44,914 was recorded and reported as a special item on the Statement of Activities for the year ended March 31, 2021.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTION

Net assets without donor restriction consist of the following at March 31, 2021 and 2020:

	2021	2020
Unappropriated – available for general use	\$1,919,065	\$1,671,098
Board appropriated for specific purposes:		
VITA Program	38,233	10,225
2-1-1 Program	15,329	18,022
Texas School Readiness	-	11,481
Total board appropriations	53,562	39,728
Total net assets without donor restriction	<u>\$1,972,627</u>	<u>\$1,710,826</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 8 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consist of the following as of March 31, 2021 and 2020:

	2021	2020
TRIAD Program	\$ 24,134	\$ 25,166
VITA Program	15,950	15,000
THV, HOPES, HIPPY – Family Support Program	140,949	106,260
2-1-1 Program	13,082	-
COVID-19 Pandemic Relief	21,614	-
Positive Parenting Classes	2,548	-
Christmas Presents for Needy Families	29	-
Voter Engagement Program	276	-
ECC Event – “Fighting ACEs”	2,100	4,500
Total	\$220,682	\$150,926

Net assets were released from restriction in 2021 and 2020 through the United Way incurring the following expenditures:

	2021	2020
Positive Parenting Classes	\$ 1,952	\$ -
THV, HOPES, HIPPY – Family Support Program	59,911	57,974
TRIAD Program	1,032	1,150
2-1-1 Program	16,062	-
COVID-19 Pandemic Relief	13,886	-
Christmas Presents for Needy Families	746	-
Voter Engagement Program	924	-
ECC Event – “Fighting ACEs”	2,400	-
Total	\$96,913	\$59,124

NOTE 9 - GOVERNMENTAL CAMPAIGNS

Under contractual agreement, the United Way conducts a local fundraising campaign in the Wichita Falls area on behalf of the State Employee Charitable Campaign (through October 31, 2018). Through this governmental campaign, donors designate their gifts to a wide variety of charitable organizations and the United Way distributes the campaign proceeds accordingly. Because the United Way acts as an agent for these campaigns, it cannot recognize contribution revenue or allocation expense on the statement of activities related to these transactions.

For presentation purposes, specific donor designations to the United Way's agencies are included in gross annual campaign pledges and gross allocations to agencies, and then deducted from each to reflect amounts actually available for use by the United Way.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 9 - GOVERNMENTAL CAMPAIGNS (CONT'D.)

As of March 31, 2021 and 2020, cash balances held on behalf of the governmental campaign and maintained in a separate bank account totaled \$42,906 and \$51,592, respectively. Pledges receivable and donor designations payable related to the governmental campaign are \$47,364, as of March 31, 2021, and \$56,074 as of March 31, 2020.

NOTE 10 - EMPLOYEE BENEFIT PLANS

Tax-Sheltered Annuity Program

All employees of United Way are eligible to participate in a tax-sheltered annuity program. Participating employees agree to a reduced salary and the United Way then pays the difference into the annuity plan on behalf of the employees. Income tax on these amounts is deferred until participants receive proceeds from the annuity. Currently, no employees are participating in this program.

Simplified Employee Pension Plan

The United Way also has a noncontributory simplified employee pension plan in which all employees are eligible to participate. The United Way contributes five percent of the eligible employee's salary to the plan. In addition to the plan, the United Way also contributes one percent of the president's salary to a secondary plan. The contributions for the years ended March 31, 2021 and 2020 totaled \$37,466 and \$31,861, respectively.

NOTE 11 - CONCENTRATIONS

The United Way is dependent upon its annual campaign held in the Wichita Falls, Texas area for a significant portion of its support and revenue. That campaign accounted for 10% and 9% of United Way's total public support and revenue for the years ended March 31, 2021 and 2020, respectively. Also, United Way received one governmental grant from a single grantor that comprised 37% and 40% of the total public support and revenue for the years ended March 31, 2021 and 2020, respectively. A significant decrease in these sources of public support and revenue could have a material adverse effect on the United Way.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

United Way's working capital and cash flows have limited seasonal variations during the year; however, it does vary depending on occupancy levels and services sold. Monthly cash outflows vary each year based on staffing levels and specific maintenance projects. United Way has been managing liquidity with its own resources – current year operations and available net assets.

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONT'D.)

The following reflects United Way'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 or internal designations.

March 31, 2021

Cash and cash equivalents	\$ 497,834
Investments	1,419,744
Pledges receivable, net (to be collected in less than one year)	70,617
Grants receivable (to be collected in less than one year)	399,028
Other receivables (to be collected in less than one year)	3,921
Beneficial interest in assets held by others	<u>87,685</u>
Total financial assets	2,478,829
Less those unavailable for general expenditures within one year due to:	
Donor restricted – TRIAD Program	(24,134)
Donor restricted – THV, HOPES, HIPPIE – Family Support Program	(140,949)
Donor restricted – VITA Program	(15,950)
Donor restricted – 2-1-1 Program	(13,082)
Donor restricted – COVID-19 Pandemic Relief	(21,614)
Donor restricted – Positive Parenting Classes	(2,548)
Donor restricted – Christmas Presents for Needy Families	(29)
Donor restricted – Voter Engagement Program	(276)
Donor restricted – ECC Event – “Fighting ACEs”	<u>(2,100)</u>
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$2,258,147</u>

March 31, 2020

Cash and cash equivalents	\$ 352,318
Investments	1,124,975
Pledges receivable, net (to be collected in less than one year)	100,394
Grants receivable (to be collected in less than one year)	398,631
Other receivables (to be collected in less than one year)	4,096
Beneficial interest in assets held by others	<u>63,232</u>
Total financial assets	2,043,646
Less those unavailable for general expenditures within one year due to:	
Donor restricted – TRIAD Program	(25,166)
Donor restricted – THV, HOPES, HIPPIE – Family Support Program	(106,260)
Donor restricted – VITA Program	(15,000)
Donor restricted – ECC Event – “Fighting ACEs”	<u>(4,500)</u>
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$1,892,720</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D.) MARCH 31, 2021 AND 2020

NOTE 13 - COVID-19 PANDEMIC

Beginning in December 2019, a novel coronavirus, now designated SAR-CoV2 which causes the disease COVID-19 was declared a global pandemic by the World Health Organization. The symptoms of COVID-19 can range from severe illness and can cause complications including death. On March 13, 2020, the Governor of the State of Texas issued a proclamation certifying that COVID-19 poses an imminent threat of disaster in Texas and declared a state of disaster for all counties in Texas. A state of disaster requires that certain emergency protective measures be taken pursuant to the Texas Disaster Act of 1975 relating to Emergency Management and Public Health, pursuant to Chapter 418 of the Texas Government Code.

The full financial impact on United Way from the economic decline caused by the pandemic is not known at this time. However, the federal government passed the CARES Act in March 2020 to provide economic relief, including a Paycheck Protection Program. On April 7, 2020, United Way received funding through a note payable to JPMorgan Chase Bank, N.A. for \$207,500. This is a Paycheck Protection Program note payable administered through the Small Business Administration (SBA). The note calls for interest of .98% payable in eighteen monthly installments, including interest, of \$11,617 starting November 7, 2020 and a final payment due on April 7, 2022. However, the United Way may apply to the SBA for forgiveness of the principal amount due on the loan that is used for the limited purposes that qualify for forgiveness under SBA requirements. United Way applied for loan forgiveness with SBA and anticipates that the loan will be forgiven since it followed the guidelines for forgiveness to be granted. Therefore, United Way recognized the loan as grant revenue for the year ended March 31, 2021.

INTERNAL CONTROL AND COMPLIANCE SECTION



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

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

The Board of Directors
North Texas Area United Way, Inc.
Wichita Falls, 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 North Texas Area United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, 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 July 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Texas Area United Way, Inc.'s internal control over financial reporting (internal control) to determine the 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 North Texas Area United Way, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of North Texas Area United Way, 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Texas Area United Way, 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 determination of financial statement amounts. 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 North Texas Area United Way, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 26, 2021



EDGIN, PARKMAN, FLEMING & FLEMING, PC

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DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
North Texas Area United Way, Inc.
Wichita Falls, Texas

Report on Compliance for the Major Federal Program

We have audited North Texas Area United Way, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Texas Area United Way, Inc.'s major federal program for the year ended March 31, 2021. North Texas Area United Way, Inc.'s major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for North Texas Area United Way, Inc.'s major federal program 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 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). 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 North Texas Area United Way, Inc.'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 the major federal program. However, our audit does not provide a legal determination of North Texas Area United Way, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, North Texas Area United Way, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2021.

Report on Internal Control over Compliance

The management of North Texas Area United Way, Inc. 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 North Texas Area United Way, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 North Texas Area United Way, Inc.'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.

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
July 26, 2021

NORTH TEXAS AREA UNITED WAY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to the financial statements noted? _____ Yes X No

2. Federal Awards

Internal control over major program:

One or more material weaknesses identified? _____ Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported under 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.870	Maternal, Infant and Early Childhood Home Visiting Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

NORTH TEXAS AREA UNITED WAY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D.)
FOR THE YEAR ENDED MARCH 31, 2021**

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

NORTH TEXAS AREA UNITED WAY, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2021**

There were no findings or questioned costs in the prior year.

NORTH TEXAS AREA UNITED WAY, INC.

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED MARCH 31, 2021**

No corrective action plan is required since there were no current year findings or questioned costs.

NORTH TEXAS AREA UNITED WAY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED MARCH 31, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures	Amounts Provided to Subrecipients
<u>U. S. Department of Agriculture:</u>				
Passed Through Texas Health and Human Services Commission:				
Food Stamps	10.561	529-16-0006-00009H	\$ 3,903	\$ -
Food Stamps	10.561	529-16-0006-00009L	9,108	-
Total CFDA Number 10.561			<u>13,011</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>13,011</u>	<u>-</u>
<u>U. S. Department of Treasury:</u>				
Direct Program:				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	19VITA0168	75,104	-
Total U. S. Department of Treasury			<u>75,104</u>	<u>-</u>
<u>U. S. Department of Health and Human Services:</u>				
Passed Through Texas Health and Human Services Commission:				
Maternal, Infant and Early Childhood Home Visiting Program	93.870	X10MC32222	570,475	351,095
Maternal, Infant and Early Childhood Home Visiting Program	93.870	24486153	756,211	480,543
Total CFDA Number 93.870			<u>1,326,686</u>	<u>831,638</u>
Temporary Assistance for Needy Families	93.558	529-16-0006-00009H	3,903	-
Temporary Assistance for Needy Families	93.558	529-16-0006-00009L	9,108	-
Total CFDA Number 93.558			<u>13,011</u>	<u>-</u>
Refugee and Entrant Assistance	93.566	529-16-0006-00009H	3,903	-
Refugee and Entrant Assistance	93.566	529-16-0006-00009L	9,108	-
Total CFDA Number 93.566			<u>13,011</u>	<u>-</u>
Child Care and Development Block Grant	93.575	529-16-0006-00009H	2,907	-
Child Care and Development Block Grant	93.575	529-16-0006-00009L	3,645	-
Total CFDA Number 93.575			<u>6,552</u>	<u>-</u>
Children's Health Insurance Program	93.767	529-16-0006-00009H	3,903	-
Children's Health Insurance Program	93.767	529-16-0006-00009L	9,108	-
Total CFDA Number 93.767			<u>13,011</u>	<u>-</u>
Medical Assistance Program	93.778	529-16-0006-00009H	3,903	-
Medical Assistance Program	93.778	529-16-0006-00009L	9,108	-
Total CFDA Number 93.778			<u>13,011</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,385,282</u>	<u>831,638</u>
<u>U. S. Corporation for National and Community Service:</u>				
Passed Through University of North Texas:				
AmeriCorps	94.006	GF40128-8	15,176	-
AmeriCorps	94.006	18ACHTX0010003	12,248	-
Total CFDA Number 94.006			<u>27,424</u>	<u>-</u>
Total U. S. Corporation for National and Community Service			<u>27,424</u>	<u>-</u>
Totals			<u>\$ 1,500,821</u>	<u>\$ 831,638</u>

NORTH TEXAS AREA UNITED WAY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED MARCH 31, 2021

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the North Texas Area United Way, Inc. (United Way) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the United Way, it is not intended to and does not present the financial position, changes in net assets or cash flows of the United Way.

Note 2 - FEDERAL ASSISTANCE RECONCILIATION

Statement of Activities:

Governmental grants	\$2,221,743
Less payroll protection program grant	(207,500)
Less non-federal governmental grants	(513,422)
Total per Schedule of Expenditures of Federal Awards	<u>\$1,500,821</u>

Note 3 - DE MINIMIS INDIRECT COST RATE

United Way elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.