

HUTCHINSON COUNTY UNITED WAY, INC.

**AUDITED
FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED
MARCH 31, 2021**

HUTCHINSON COUNTY UNITED WAY, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Hutchinson County United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021 and the related statements of activities and cash flows for the year 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 misstatements, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 Hutchinson County United Way, Inc. as of March 31, 2021 and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, pages 10 and 11, and the schedule of agency allocations, page 12, are presented for purposes of additional analysis and are not required as a 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.



Allen & Ortega CPAs
September 1, 2021

HUTCHINSON COUNTY UNITED WAY, INC.
 STATEMENTS OF FINANCIAL POSITION
 FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash in banks and on hand	\$ 601,605	\$ 470,254
Pledges receivable, net of allowance	244,503	242,591
Prepaid Expenses	1,807	1,947
Accrued Interest	47	207
Office equipment, net of accumulated depreciation	<u>1,017</u>	<u>604</u>
TOTAL ASSETS	<u>\$ 848,979</u>	<u>\$ 715,603</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 466	\$ 1,022
Payroll taxes payable	860	
Allocations payable	<u>534,249</u>	<u>561,916</u>
TOTAL LIABILITIES	535,575	562,938
<u>NET ASSETS</u>		
Net assets without donor restrictions	<u>313,404</u>	<u>152,665</u>
TOTAL NET ASSETS	<u>313,404</u>	<u>152,665</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 848,979</u>	<u>\$ 715,603</u>

See Notes to the Financial Statements and Independent Auditor's Report.

HUTCHINSON COUNTY UNITED WAY, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

<u>REVENUES, GAINS AND OTHER SUPPORT</u>	<u>2021</u>	<u>2020</u>
Support		
Annual campaign	\$ 612,086	\$ 532,561
Less estimated uncollectible pledges	(41,452)	(17,905)
Net Campaign contributions	570,634	514,656
Special events	59,115	95,618
Other revenue	28,269	9,486
Covid-19 relief funds	30,110	
PPP proceeds	14,400	
In-kind support	39,699	145,417
Investment income	4,016	6,505
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	746,243	771,682
 <u>EXPENSES</u>		
Program services		
Funds allocated to agencies and other United Ways	338,963	552,952
Funds allocated to non-agencies		4,460
	338,963	557,412
Community impact	138,400	214,036
Support services		
Management and general	66,075	68,459
Fund-raising	42,066	88,406
	585,504	928,313
TOTAL EXPENSES	585,504	928,313
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	160,739	(156,631)
Net Assets at Beginning of Year	152,665	309,296
NET ASSETS AT END OF YEAR	\$ 313,404	\$ 152,665

See Notes to the Financial Statements and Independent Auditor's Report.

HUTCHINSON COUNTY UNITED WAY, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2021</u>	<u>2020</u>
Increase (decrease) in net assets	\$ 160,739	\$ (156,631)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	276	73
(Increase) decrease		
Pledges receivable	(1,912)	38,261
Prepaid expenses	140	(7)
Accrued interest	160	(121)
Equipment	(689)	(604)
Increase (decrease)		
Accounts payable	466	(148)
Allocations payable	(27,667)	58,606
Payroll taxes payable	(162)	(349)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 131,351	 (60,920)
 NET INCREASE (DECREASE) IN CASH	 131,351	 (60,920)
 CASH - BEGINNING OF YEAR	 470,254	 531,174
 CASH - END OF YEAR	 \$ 601,605	 \$ 470,254

See Notes to the Financial Statements and Independent Auditor's Report.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hutchinson County United Way, Inc. (the Organization) is an autonomous, community-based, nonprofit corporation, that provides joint fundraising with member organizations. Approximately 87% and 87% of the organization's support for the year ended March 31, 2021 and 2020, came from donor contributions. The Organization is concentrated in the geographic area.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows the guidance of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, Not-for Profit Entities Presentation of Financial Statements. Under FASB ASC 958-205-55-5, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Financial Statement Presentation

Hutchinson County United Way, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are the portion of net assets whose use is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use of management and the Board of Directors for general operations.

Temporarily restricted net assets are the portion of net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization. There were no temporarily restricted net assets as of March 31, 2021 and 2020.

Permanently restricted net assets are the portion of net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by the actions of the Organization. There were no permanently restricted net assets as of March 31, 2021 and 2020.

Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Fair value approximates carrying amounts.

Pledges Receivable, net

The Organization conducts an annual fundraising campaign usually in the last quarter of each calendar year. All contributions are considered to be available for unrestricted use unless specifically restricted by the contributor. Pledges receivable are recorded as revenue at the amount the Organization expects to collect on outstanding balances. Included in the pledges are contributions designated for other nonprofit organizations for which the Organization serves as the fiscal agent in the solicitation and distribution of the pledges. These pledges are included in campaign support and are deducted as donor designations to other organizations in arriving at net campaign support. All pledges receivable at the end of the year are for the year in which they are pledged and are recorded in unrestricted net assets. An allowance of \$39,366 and \$39,058 for uncollectible pledges in the years ended March 31, 2021 and 2020, respectively, has been established to provide for uncollectible pledges.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Purchases of land, building, and furniture and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method, over their estimated useful lives of 5 to 10 years.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

Functional expenses have been allocated between program services or supporting services based on an estimated personnel time and space utilized for the related activities. Program services include direct and indirect costs related to providing the services for which purpose the Organization exists. Supporting services include administration and fundraising activities.

In-kind Donations of Materials and Services

Donated materials and services are reflected as "In-kind support" at their estimated fair values at the date of receipt. Donated materials are comprised of equipment, supplies, and food. Donated services are comprised of professional services as well as advertising and any other services that enhance or create non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in many areas, including program services, fund raising events and office support, but do not meet these criteria and are, therefore, not recorded in the financial statements.

Advertising

The Organization expenses the cost of advertising the first time the advertising takes place. Advertising, promotion, and marketing expense for the years ended March 31, 2021 and 2020 was \$2,100 and \$7,542, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has made no provision for federal income taxes in the accompanying financial statements.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting Standards Updates [AS U]

AS U No. 2020-01, *Investments - Equity Securities*. The amendments in this Update clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. The amendments in this Update are effective for periods beginning after December 15, 2020. The Organization will not be affected by this Update.

AS U No. 2020-02, *Financial Instruments - Credit Losses and Leases*. The amendments in this Update are pursuant to SEC Staff Accounting Bulletin No. 119. Amendments are to Subtopic 326-20 on Effective Date Related to AS U No. 2016-02 Leases. The Organization will not be affected by this Update.

AS U No. 2020-03, *Codification Improvements to Financial Instruments*. The amendments in this Update clarify or address stakeholders' specific issues. The amendments in this Update are effective for periods beginning after December 15, 2019. The Organization will not be affected by this Update.

AS U No. 2020-04, *Reference Rate Reform*. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update are effective as of March 12, 2020 through December 31, 2022. The Organization will not be affected by this Update.

AS U No. 2020-05, *Revenue from Contracts with Customers*. The amendments in this Update defer, for one year, the required effective date of Revenue for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Revenue. The Organization will not be affected by this Update.

AS U No. 2020-06, *Investments - Equity Securities*. The amendments in this Update increase information transparency by making the following disclosure amendments in this Update for convertible instruments. The amendments in this Update are effective for periods beginning after December 15, 2021. The Organization will not be affected by this Update.

AS U No. 2020-07, *Not for Profit Entities - Presentation & Disclosures*. The amendments in this Update address presentation and disclosure of contributed nonfinancial assets. The amendments in this Update are effective for periods beginning after June 15, 2021. The Organization will not be affected by this Update.

AS U No. 2020-08, *Codification Improvements to Subtopic 310-20*. The amendments in this Update clarify that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 for each reporting period. The amendments in this Update are effective for periods beginning after December 15, 2020. The Organization will not be affected by this Update.

AS U No. 2020-09, *Debt (Topic 470)*. The amendments in this Update amends and supersedes various SEC paragraphs pursuant to the issuance of SEC Release No. 33-10762. The Organization will not be directly affected by this Update.

AS U No. 2020-10, *Codification Improvements*. The amendments in this Update affects a wife variety of topics. The Organization will not be directly affected by this Update at this time.

HUTCHINSON COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There are no cash deposits in excess of federally insured limits potentially subject the organization to concentrations of credit risk at this time.

PLEDGES RECEIVABLE

Pledges receivable and allowance for uncollectible amounts are summarized as follows for March 31:

	2021	2020
Total pledges receivable	\$ 283,869	\$ 281,649
Less allowance for uncollectible pledges	(39,366)	(39,058)
Net pledges receivable	\$ 244,503	\$ 242,591

The provision for uncollectible pledges is made for campaign contributions (total amount raised) and is based primarily on recent historical experience as well as other factors anticipated by management to affect collections.

PROPERTY AND EQUIPMENT

Depreciation of equipment, furniture, and fixtures is provided on a straight-line basis and accelerated methods over the estimated useful lives of the assets. The following schedule is a summary of furniture and equipment as of March 31:

	2021	2020
Furniture and equipment	\$ 7,620	\$ 6,931
Less accumulated depreciation	(6,603)	(6,327)
Net capital assets	\$ 1,017	\$ 604

EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 1, 2021, the date which the financial statements were available to be issued. There were no subsequent events requiring disclosure in these financial statements.

HUTCHINSON COUNTY UNITED WAY, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED MARCH 31, 2021

	PROGRAM SERVICES	SUPPORT SERVICES			TOTAL
		COMMUNITY IMPACT	MANAGEMENT AND GENERAL	FUND RAISING	
Agency allocations	\$ 338,963				\$ 338,963
Salaries		\$ 4,690	\$ 23,452	\$ 18,762	46,904
Payroll taxes		363	1,817	1,454	3,634
Total Salaries and payroll taxes		5,053	25,269	20,216	50,538
Advertising				2,100	2,100
Awards				3,855	3,855
Back to school fair expense		82,521		9,778	82,521
Campaign expense					9,778
Conference, convention and meeting					
Community impact expense		31,889			31,889
Computer expense		217	1,086	869	2,172
Day of caring expense					
Depreciation			276		276
Insurance			13,136		13,136
Membership dues			12,079		12,079
Office supplies			2,321		2,321
Postage and box rent		24	120	96	240
Professional services			4,700		4,700
Rent			649		649
Telephone		236	1,181	945	2,362
Travel					
Volunteer Hours		17,408			17,408
Miscellaneous		1,052	5,258	4,207	10,517
TOTAL FUNCTIONAL EXPENSES	\$ 338,963	\$ 138,400	\$ 66,075	\$ 42,066	\$ 585,504

HUTCHINSON COUNTY UNITED WAY, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE FISCAL YEAR ENDED MARCH 31, 2020

FUNCTIONAL EXPENSES	PROGRAM SERVICES	SUPPORT SERVICES			TOTAL
		COMMUNITY IMPACT	MANAGEMENT AND GENERAL	FUND RAISING	
Agency allocations	\$ 557,412				\$ 557,412
Salaries		\$ 8,225	\$ 41,127	\$ 32,902	\$ 82,254
Payroll taxes		538	2,688	2,150	5,376
Total Salaries and payroll taxes		<u>8,763</u>	<u>43,815</u>	<u>35,052</u>	<u>87,630</u>
Advertising				7,542	7,542
Awards				10,078	10,078
Back to school fair expense		75,289			75,289
Campaign expense			2,241	32,379	32,379
Conference, convention and meeting		448		1,795	4,483
Community impact expense		55,280	836	670	55,280
Computer expense		168			1,674
Day of caring expense		14,443			14,443
Depreciation			73		73
Insurance			2,413		2,413
Membership dues			9,819		9,819
Office supplies			2,341		2,341
Postage and box rent		30	152	122	304
Professional services			4,700		4,700
Rent			638		638
Telephone		169	841	674	1,684
Travel		24	118	94	236
Volunteer Hours		57,422			57,422
Miscellaneous		2,000	472		2,472
TOTAL FUNCTIONAL EXPENSES	\$ 557,412	\$ 214,036	\$ 68,459	\$ 88,406	\$ 928,312

HUTCHINSON COUNTY UNITED WAY, INC.
 SCHEDULES OF AGENCY ALLOCATIONS
 FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

<u>AGENCY ALLOCATIONS</u>	<u>2021</u>	<u>2020</u>
Partner		
Borger Area Learning Center	\$ 20,000	\$ 24,360
Golden Spread Council - Boy Scouts	40,000	42,295
Buttercup House	60,000	65,700
Connect Community Services		32,792
Epilepsy Foundation	5,030	5,920
Girl Scouts of the Texas Oklahoma Plains	5,000	5,000
High Plains Helping Hand	56,225	60,050
HutchCares	10,469	10,144
Hutchinson County Crisis Center	64,470	63,818
Jerry Waggoner Foundation	11,565	11,470
Living Water Benevolence Ministries	22,020	31,214
Opportunities, Inc	24,500	24,145
Salvation Army	35,240	26,200
Texas Panhandle Centers	13,740	14,308
The Bridge	9,320	13,500
Other Allocations		
Back to School Fair	82,520	75,000
Census 2020		6,000
Community Impact Grants	30,000	20,000
Day of Caring	10,000	10,000
Friends of Drug Court	24,150	20,000
Mental Health	10,000	
Prior year allocation adjustment	(195,286)	(8,964)
Non-Partner		
Biblical Wellness Center		2,340
Care Net Pregnancy		1,080
Family Support Services		1,040
Total	<u>\$ 338,963</u>	<u>\$ 557,412</u>