

LUBBOCK AREA UNITED WAY, INC.

LUBBOCK, TEXAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

**FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

LUBBOCK AREA UNITED WAY, INC.

LUBBOCK, TEXAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

**FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK AREA UNITED WAY, INC.
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

TABLE OF CONTENTS

	<u>Statement Identification</u>	<u>Page No.</u>
FINANCIAL SECTION		
Independent Auditor's Report		1
Statement of Financial Position	Exhibit A	4
Statement of Activities	Exhibit B	5
Statement of Cash Flows	Exhibit C	6
Statement of Functional Expenses	Exhibit D	7
Notes to Financial Statements		8
ACCOMPANYING INFORMATION		
Comparison of Actual Revenues and Expenses with Operating Budget	Schedule 1	18
Reconciliation of Budget Comparison to Financial Statements	Schedule 2	19

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

Board of Directors
Lubbock Area United Way, Inc.
Lubbock, Texas

Opinion

We have audited the accompanying financial statements of Lubbock Area United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, cash flows, and functional expenses for the year 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 Lubbock Area United Way, Inc. as of December 31, 2025, and the results of its operations and cash flows for the year 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 Lubbock Area United Way, Inc. (the Organization) 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and our report dated December 11, 2025, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying Comparison of Actual Revenues and Expenses with Operating Budget and Reconciliation of Budget Comparison to Financial Statements are presented for purposes of additional analysis and are 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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 29, 2026

LUBBOCK AREA UNITED WAY, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

ASSETS

	Current Funds	Endowment Fund	Custodian Fund SECC	Totals December 31,	
				2025	2024
Cash	\$ 1,442,350	\$ 61,718	\$ 355,747	\$ 1,859,815	\$ 2,297,641
Temporary Investments (CDs)	1,868,929		105,072	1,974,001	1,834,416
Investments		7,794,975		7,794,975	6,401,458
Pledges Receivable - Annual Campaign (Less Allowance for Credit Losses of \$902,549)	3,423,599			3,423,599	3,551,154
Pledges Receivable - SECC Campaign (Less Allowance for Credit Losses of \$38,898)			450,970	450,970	469,647
Interfund Other Receivable (Payable)	(23,031)	313,562	(290,531)		
Other Receivables	302,981		3,190	306,171	319,160
Other Prepaid Expenses	37,036		42,677	79,713	108,202
Total Current Assets	\$ 7,051,864	\$ 8,170,255	\$ 667,125	\$ 15,889,244	\$ 14,981,678
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$893,383	\$ 570,926	\$	\$	\$ 570,926	\$ 602,574
Right-of-Use Asset	28,528			28,528	5,785
Total Noncurrent Assets	\$ 599,454	\$ 0	\$ 0	\$ 599,454	\$ 608,359
Total Assets	\$ 7,651,318	\$ 8,170,255	\$ 667,125	\$ 16,488,698	\$ 15,590,037

LIABILITIES

Accounts Payable	\$ 39,837	\$	\$ 18,814	\$ 58,651	\$ 116,579
Donor Designations Payable	477,258			477,258	597,843
Agency Designations Payable - SECC Campaign			550,359	550,359	487,513
Due to Participating Federations/Agencies	10,511		97,952	108,463	237,550
Deferred Compensation	138,147			138,147	145,774
Lease Liability- Current	7,719			7,719	4,657
Total Current Liabilities	\$ 673,472	\$ 0	\$ 667,125	\$ 1,340,597	\$ 1,589,916
Lease Liability	\$ 20,809	\$	\$	\$ 20,809	\$ 1,128
Total Noncurrent Liabilities	\$ 20,809	\$ 0	\$ 0	\$ 20,809	\$ 1,128
Total Liabilities	\$ 694,281	\$ 0	\$ 667,125	\$ 1,361,406	\$ 1,591,044

NET ASSETS

Net Assets without Donor Restrictions					
Designated by the Governing Board for:					
Capital Improvements	\$ 236,768	\$	\$	\$ 236,768	\$ 236,768
Board Initiatives	53,223			53,223	53,223
Undesignated - Available for General Activities	2,110,747			2,110,747	1,860,224
Net Investment in Fixed Assets	570,926			570,926	602,574
Total Net Assets without Donor Restrictions	\$ 2,971,664	\$ 0	\$ 0	\$ 2,971,664	\$ 2,752,789
Net Assets with Donor Restrictions					
Restricted by Time or Donor for:					
Operating Budget	\$ 1,053,710	\$	\$	\$ 1,053,710	\$ 897,346
Designations from PY Campaign	115,796			115,796	153,698
Agency Allocations	2,815,867			2,815,867	2,981,099
Endowment		8,170,255		8,170,255	7,214,061
Total Net Assets with Donor Restrictions	\$ 3,985,373	\$ 8,170,255	\$ 0	\$ 12,155,628	\$ 11,246,204
Total Net Assets	\$ 6,957,037	\$ 8,170,255	\$ 0	\$ 15,127,292	\$ 13,998,993
Total Liabilities and Net Assets	\$ 7,651,318	\$ 8,170,255	\$ 667,125	\$ 16,488,698	\$ 15,590,037

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit B

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

	Without Donor Restrictions	With Donor Restrictions	Totals December 31,	
			2025	2024
REVENUE				
Public Support from Annual Campaign				
Current Year Campaign	\$	\$ 4,909,085	\$ 4,909,085	\$ 4,973,502
Less: South Plains State Employee Charitable Campaign Support for Other Organizations		(482,531)	(482,531)	(495,831)
Donor Designations		(319,686)	(319,686)	(418,822)
Provision for Uncollectible Pledges		(334,700)	(334,700)	(320,261)
Net Current Year Annual Campaign	\$ 0	\$ 3,772,168	\$ 3,772,168	\$ 3,738,588
Net Assets Released from Restrictions				
Prior Year Campaign Contributions	4,211,397	(4,211,397)		
Less: Provision for Uncollectible Pledges	(179,254)	179,254		
Allocations in Excess of Current Campaign	(213,205)	213,205		
Allowance Loss for Prior Campaign Year	(200,567)		(200,567)	(82,746)
Additional Campaign Revenue from Prior Campaigns	22,216		22,216	530,930
Net Campaign Revenue	\$ 3,640,587	\$ (46,770)	\$ 3,593,817	\$ 4,186,772
Other Public Support and Revenue				
Contributions and Endowment Pledges	\$	\$ 62,125	\$ 62,125	\$ 1,012,164
Other Revenue, Net of Related Expense	625,612		625,612	206,848
Investment Income, Net of Fees	236,325	894,069	1,130,394	432,942
Rent Income	86,740		86,740	86,814
Total Other Public Support and Revenue	\$ 948,677	\$ 956,194	\$ 1,904,871	\$ 1,738,768
Total Revenue	\$ 4,589,264	\$ 909,424	\$ 5,498,688	\$ 5,925,540
ALLOCATIONS, EXPENSES, AND LOSSES				
Allocations and Designations to Agencies	\$ 3,305,777	\$	\$ 3,305,777	\$ 3,730,542
Less: Donor Designations	(319,686)		(319,686)	(418,822)
Total Allocations	\$ 2,986,091	\$ 0	\$ 2,986,091	\$ 3,311,720
Functional Expenses				
Community Services	\$ 8,861	\$	\$ 8,861	\$ 8,896
Community Impact	195,494		195,494	114,958
Supporting Services:				
Management and General	761,096		761,096	685,831
Fund Raising	323,799		323,799	417,735
State and National Dues	95,048		95,048	79,228
Total Functional Expenses	\$ 1,384,298	\$ 0	\$ 1,384,298	\$ 1,306,648
Total Allocations and Expenses	\$ 4,370,389	\$ 0	\$ 4,370,389	\$ 4,618,368
CHANGE IN NET ASSETS	\$ 218,875	\$ 909,424	\$ 1,128,299	\$ 1,307,172
NET ASSETS - BEGINNING OF YEAR	2,752,789	11,246,204	13,998,993	12,691,821
NET ASSETS - ENDING OF YEAR	\$ 2,971,664	\$ 12,155,628	\$ 15,127,292	\$ 13,998,993

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit C

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

	December 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,128,299	\$ 1,307,172
Adjustments to Reconcile Change in Net Assets to		
Cash From Operating Activities		
Depreciation	44,042	46,678
Unrealized (Gain) Loss on Investments		112,625
Changes in Assets and Liabilities		
Accounts Receivable	12,989	220,471
Prepaid Expenses	28,489	292,702
Pledges Receivable	146,232	(78,479)
Accounts Payable	(57,928)	44,493
Donor Designations Payable	(57,739)	(338,910)
Due to Participating Federations/Agencies	(129,087)	(149,018)
Deferred Compensation	(7,627)	(7,404)
Net Cash From Operating Activities	\$ 1,107,670	\$ 1,450,330
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Investment Activity	\$ (1,393,516)	\$ (1,330,457)
Purchase of Equipment	(12,395)	
Net Cash From Investing Activities	\$ (1,405,911)	\$ (1,330,457)
NET CHANGE IN CASH	\$ (298,241)	\$ 119,873
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,132,057	4,012,184
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,833,816	\$ 4,132,057
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 0	\$ 0
Income Taxes	\$ 0	\$ 0

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit D

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH COMPARATIVE TOTALS FOR 2024

	Community Services	Community Impact	Management and General	Fund Raising	Totals December 31,	
					2025	2024
Salaries	\$ 3,171	\$ 105,019	\$ 378,396	\$ 191,611	\$ 678,197	\$ 669,165
Employee Benefits, Taxes, and Fees	690	22,846	82,315	41,682	147,533	153,915
Total Salaries and Related Expenses	\$ 3,861	\$ 127,865	\$ 460,711	\$ 233,293	\$ 825,730	\$ 823,080
Professional Fees	5,000	129	50,819	258	56,206	33,031
Insurance		24,636	23,202	1,159	48,997	31,621
Supplies		2,112	6,510	25,018	33,640	14,450
Telephone		540	4,293	2,021	6,854	6,491
Postage and Shipping			2,879	3,059	5,938	9,634
Occupancy Expense			59,118		59,118	53,692
Maintenance and Rental of Equipment		4,475	21,701	3,561	29,737	23,007
Printing and Publications		14,472	6,587	10,787	31,846	22,889
Travel		471	1,731	1,819	4,021	2,296
Conferences and Meetings		187	13,612	2,217	16,016	19,402
Software Maintenance		9,773	55,418	18,841	84,032	86,135
Membership Dues			2,190	65	2,255	1,580
Awards			143	2,256	2,399	7,872
Property Taxes			17,368		17,368	17,828
Other			19,487	1,564	21,051	27,734
Total Expenses Before Depreciation	\$ 8,861	\$ 184,660	\$ 745,769	\$ 305,918	\$ 1,245,208	\$ 1,180,742
Depreciation Expense		10,834	15,327	17,881	44,042	46,678
Total Expenses	\$ 8,861	\$ 195,494	\$ 761,096	\$ 323,799	\$ 1,289,250	\$ 1,227,420

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Lubbock Area United Way, Inc. (the Organization) is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization analyzes local needs, brings together resources to address priority issues, and invests in programs that will bring about long-term changes in the community.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, and accordingly, the financial statements reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization is required to classify net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions: Net assets subject to donor-(or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. Net assets without donor restrictions are currently available for operating purposes under the direction of the board, designated by the board for specific use, or invested in property and equipment.

Functional Allocation of Expenses

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Functional expenses have been allocated between community services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Fund Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. The assets, liabilities, and net assets are reported in self-balancing fund groups.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Contributions

The annual fundraising campaign is conducted each year to raise financial support for payment of allocations to participating agencies in the subsequent year. Pledges are considered unconditional promises. These pledges, less an allowance for credit losses, are recorded as net assets with or without donor restrictions depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

The restriction on the pledges received is a time restriction since the pledges received in the fall of the year are for the expenses and the allocations to be paid in the following year. As a result, the pledges are recorded with donor restrictions when received. The allocations from the 2025 campaign are awarded subsequent to year end. Therefore, these contributions will be released from net assets with donor restrictions in 2026 in order to cover those allocations.

Allocations and Designations

The allocations consist of amounts allocated by the Organization and amounts designated to specific agencies by the donors.

The Organization allocated amounts to the agencies in February 2026. Therefore, the allocation expense related to the 2025 campaign will be recognized in 2026. The allocations expense recognized in 2025 relates to the 2024 campaign. In contrast, donor designations are recognized as an expense the year of the campaign.

Endowment Fund

The Organization has adopted a Planned Giving and Endowment Program and related policy. Pledges are recorded when made by the donor if it is considered an unconditional promise. The pledges are solicited for the purpose of creating a principal balance to fund the endowment. These pledges are considered to be restricted by the donor. The earnings on the principal balance are distributed based on any restrictions imposed by the donor. If the donor has not imposed restrictions, the pledge is considered to be without donor restrictions. The assets of the Endowment Fund are maintained by the Organization in various financial instruments, including money market accounts, mutual funds, government securities, and other investments as authorized by the Board of Directors. These funds are separate from the endowment maintained by the Community Foundation of West Texas as disclosed in Note 6.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Fair Value Investments

The Organization has adopted a generally accepted financial accounting standard which provides a framework for measuring fair value under accounting standards generally accepted in the United States of America. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

These levels, defined by the valuation techniques are described below:

Level 1 – Inputs include quoted prices in active markets for identical assets.

Level 2 – Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 – Inputs are subjective and generally based on the entity's own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

See Note 6 for a detail of endowment investments and their fair value.

The Organization's management has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions; (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment and spending policies of the Organization.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Uncertain Tax Positions

The Organization has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Organization is its filing status as a tax-exempt entity. The Organization determined that it is more likely than not that its tax position would be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority. There were no penalties or interest related to income taxes recognized during the year ended December 31, 2025. The Organization is no longer subject to U.S. federal tax examinations by federal taxing authorities for years before 2022.

Capital Expenditures

Capital expenditures and depreciation for land, buildings, and equipment are recorded in the current fund and are reflected as equity in fixed assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and temporary investments to be cash and cash equivalents.

Comparative Totals

The financial information for the year ended December 31, 2024 is presented for comparative purposes only and is not intended to be a complete financial statement presentation.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Use of Estimates in the Preparation of Financial Statements

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue from Contracts with Customers

The Organization receives revenue from tenants for rental revenue. Rent is billed and recorded at the beginning of every month. All rental obligations have been satisfied as of December 31, 2025.

A portion of the Organization’s revenue is derived from grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. All performance obligations have been satisfied as of December 31, 2025.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Concentrations of Credit Risk

Pledges receivable are due from contributors concentrated in Lubbock, Texas and the immediate surrounding area.

The Organization maintains cash and short-term investments in several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, the balance in these accounts exceeded the insured limits.

2. Pledges Receivable and Allowance for Credit Losses

The Pledges Receivable – annual campaign is net of an allowance for credit losses of \$902,549, which is considered to be adequate to cover future uncollected pledges.

Pledges receivable by annual campaign and the associated allowances for credit losses are as follows:

	Total Campaign Income	Pledges Receivable	Allowance for Credit Losses	Net Pledges Receivable
2024 Campaigns	\$ 4,973,502	\$ 805,959	\$ 567,849	\$ 238,110
2025 Campaigns	<u>4,909,085</u>	<u>3,520,189</u>	<u>334,700</u>	<u>3,185,489</u>
	<u>\$ 9,882,587</u>	<u>\$ 4,326,148</u>	<u>\$ 902,549</u>	<u>\$ 3,423,599</u>

The allowance for credit losses represents an estimate of the expected credit losses inherent in pledge receivables from annual campaign support as of the statement of financial position date. Additions to the allowance for credit losses, if any, are made by recording charges to expenses in the income statement. Recoveries consist of pledge payments on outstanding balances.

The following is a rollforward of the allowance for credit losses during the year ended December 31, 2025:

Balance, Beginning of Year	\$ 508,565
Accruals for Credit Losses	594,551
Write-Offs	<u>(200,567)</u>
Balance, End of Year	<u>\$ 902,549</u>

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

3. Fixed Assets and Depreciation

The Organization capitalized fixed assets with a value of \$3,000 and a useful life of three years or more. Fixed assets are recorded at cost. Donated assets are valued at their fair market value at the date of the gift. There were no fixed assets purchased during the year that were capitalized. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis at annual rates of 3% for buildings and 7% to 33% for other equipment. Depreciation expense for the year ended December 31, 2025, was \$44,042.

The cost and accumulated depreciation as of December 31, 2025, are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land - 1655 Main	\$ 177,592	\$	\$ 177,592
Building - 1655 Main	904,567	638,809	265,758
Land - Parking Lot - 1655 Main	56,352		56,352
Paving - Parking Lot - 1655 Main	6,158	6,158	
Land - Parking Lot - 2201 19th Street	48,907		48,907
Paving - Parking Lot - 2201 19th Street	8,255	8,255	
Office Furniture and Equipment	224,018	201,701	22,317
Computer Software	38,460	38,460	
	<u>\$ 1,464,309</u>	<u>\$ 893,383</u>	<u>\$ 570,926</u>

4. Custodian Fund – SECC

The State Employees Charitable Campaign (SECC), a program initiated by the State of Texas in 1994, is conducted by the Organization in the South Plains area. The net assets do not belong to the Organization and are reflected as due to participating federations/agencies on the statement of financial position.

5. Net Assets with Donor Restrictions

At December 31, 2025, net assets with donor restrictions consisted of the following:

	Balance 1/1/2025	Net Current Year Campaign	Released from Restrictions	Balance 12/31/2025
Campaign Income Restricted for:				
Allocations to Agencies	\$ 2,981,099	\$ 2,815,867	\$ (2,981,099)	\$ 2,815,867
Operating Budget	897,346	1,053,710	(897,346)	1,053,710
Designations from PY Campaign	153,698	115,796	(153,698)	115,796
Endowment	<u>7,214,061</u>	<u>956,194</u>		<u>8,170,255</u>
	<u>\$ 11,246,204</u>	<u>\$ 4,941,567</u>	<u>\$ (4,032,143)</u>	<u>\$ 12,155,628</u>

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

6. Endowment Funds

The Organization's Endowment Funds consist of long-term investments in corporate bonds and mutual funds held by Plains Capital Bank (PCB) and other funds held by Community Foundation of West Texas (CFWT). The value of all of these endowments less the amounts appropriated to the general funds of the Organization are presented as net assets with donor restrictions. The amount contributed to the general fund during the year amounted to \$140,050. Net investment activity is shown in net assets with donor restrictions net of the distributions to the operating fund. A set percentage is used to transfer amounts to net assets without donor restrictions annually regardless of the amount of investment income earned.

Values in these endowment funds, accumulated unrealized gains or losses, and valuation level as described in Note 1 are shown below:

	Cost	Market	Unrealized Gain (Loss)	Level
PCB - Endowment Fund Agency				
Cash and Cash Equivalents	\$ 152,919	\$ 152,919	\$	Cost
Equity/Liquid Alts	1,741,226	1,900,248	159,022	1
Alternatives	312,238	341,181	28,943	2
Fixed Income	1,412,247	1,398,377	(13,870)	1
PCB - Operating Endowment Fund				
Cash and Cash Equivalents	167,329	167,329		Cost
Equity/Liquid Alts	1,980,316	2,132,382	152,066	1
Fixed Income	996,332	995,821	(511)	1
Alternatives	266,142	292,311	26,169	2
CFWT - Endowment Fund	80,604	80,604		2
CFWT - Agency Fund	142,988	142,988		2
Cash Surrender Value of Life Insurance	95,153	190,815	95,662	2
	<u>\$ 7,347,494</u>	<u>\$ 7,794,975</u>	<u>\$ 447,481</u>	

CFWT does not provide cost information on its statements. Therefore, the cost above is shown as the same as the market value for the CFWT – Endowment Fund and CFWT – Agency Fund investments. The Life Insurance Policies held by the Endowment Fund are recorded at their Cash Surrender Value which approximates market value.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

Changes in Endowment Fund Net Assets for the fiscal year ended December 31, 2025:

Endowment Net Assets, Beginning of Year	\$ 7,214,061
Contributions	\$ 62,125
Investment Activity:	
Investment Income	\$ 206,445
Management Fees	(28,774)
Realized Gain on Investments	425,833
Unrealized Gain on Investments	430,615
Distribution of Earnings	(140,050)
Total Net Investment Income	\$ 894,069
Endowment Net Assets, End of Year	\$ 8,170,255

7. Leases

The Organization is leasing a postage machine. The lease is for 63 months (January 1, 2021 to March 31, 2026). Monthly payments are \$439. Lease expense for the year ended December 31, 2025 was \$5,263.

The Organization is leasing a copy machine. The lease is for 63 months (April 21, 2025 to July 21, 2030). Monthly payments are \$573. Lease expense for the year ended December 31, 2025 was \$4,585.

The right-of-use asset and lease liability were calculated at the net present value of the guaranteed lease payments over the term of each lease using a discount rate of 5.00%.

The following represents the future minimum lease payments:

2026	\$ 8,193
2027	6,877
2028	6,877
2029	6,877
2030	4,013
Total Lease Payments	\$ 32,837
Less: Imputed Interest	(4,309)
Present Value of Liability	\$ 28,528
Less: Current Maturities	(7,719)
	\$ 20,809

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

8. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions or internal designations.

Cash	\$	1,859,815
Temporary Investments (CDs)		1,974,001
Investments		7,794,975
Pledges Receivable - Annual Campaign		3,423,599
Pledges Receivable - SECC Campaign		450,970
Other Receivables		306,171
Other Prepaid Expenses		79,713
Land, Building, and Equipment (Net)		570,926
Right-of-Use Asset		28,528
Total Financial Assets	\$	16,488,698
Less contractual or donor-imposed restrictions:		
Cash		(1,056,640)
Cash - Endowment		(61,718)
Cash - SECC		(355,747)
Temporary Investments (CDs) - SECC		(105,072)
Investments - Endowment		(7,794,975)
Pledges Receivable - Annual Campaign		(3,423,599)
Pledges Receivable - SECC Campaign		(450,970)
Other Receivables - SECC		(3,190)
Other Prepaid Expenses		(79,713)
Right-of-Use Asset		(28,528)
Board-Designated Net Assets		(289,991)
Net Investment in Fixed Assets		(570,926)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$	<u>2,267,629</u>

The Organization is supported by contributions. Due to donor restriction requirements to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, some financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term certificates of deposit. In the event of an unanticipated liquidity need, the Organization has reserve funds on hand to meet at least 90 days of normal operating expense.

LUBBOCK AREA UNITED WAY, INC.

NOTES TO FINANCIAL STATEMENTS

9. Maintained Endowment Funds – Community Foundation of West Texas

Three separate endowment funds have been set up at the Community Foundation of West Texas. These assets are reflected on the records of CFWT and not included in the statement of financial position for the Organization. The earnings on these funds are to be distributed based on any restrictions of the donors. The Organization received distributions of earnings amounting to \$6,985 during 2025.

10. Retirement Benefits

Through a 403(b) Thrift Plan, maintained by Mutual of America Life Insurance Company, the Organization provides retirement benefits to its employees. The Organization made contributions to the plan totaling \$45,623 in 2025 which is funded through semi-monthly contributions. Employees must be 21 years of age with six months of service to be eligible to receive employer contributions. In addition, employees may voluntarily contribute to their individual accounts via semi-monthly payroll deductions.

11. Deferred Compensation

During the year ended December 31, 2013, the Organization established a non-qualified post-retirement benefit plan for the former Chief Executive Officer to be funded at a maximum of \$12,600 per year until the earlier of his reaching retirement age or his retirement. In addition, each year, earnings of 3% per annum on the total accumulated amount, excluding any current year contributions, are added to this liability. At December 31, 2025, the balance of this liability is \$138,147 and is reflected as a liability on the statement of financial position.

12. Donated Services

Due to the nature of the Organization's operations, a substantial number of volunteers provide significant amounts of time for the program services and fund-raising campaigns for the Organization. These volunteer services are not of the nature of services required to be recorded and reflected in the financial statements.

13. Subsequent Events

The Organization's management has evaluated subsequent events through April 29, 2026, the date which the financial statements were available for issue. No events have occurred up to that date that would require adjustment to, or disclosure in, the financial statements.

ACCOMPANYING INFORMATION

LUBBOCK AREA UNITED WAY, INC.

Schedule 1

COMPARISON OF ACTUAL REVENUES AND EXPENSES WITH OPERATING BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2025

	2024 Actual	2025 Actual	2025 Budget	2025 Budget Variance Favorable (Unfavorable)
OPERATING REVENUES				
Loaned Executive Revenue	\$ 33,300	\$ 20,450	\$ 30,000	\$ (9,550)
Campaign Event Sponsorship	66,420	62,600	60,000	2,600
Kickoff Revenue	21,886	18,542	20,000	(1,458)
Annual Meeting Revenue	10,802	11,096	10,000	1,096
Donor Choice Processing Fees		35,206	45,000	(9,794)
Operating Endowment Earnings	45,265	57,209	50,644	6,565
Interest Income	90,184	76,474	45,000	31,474
Other Income	192,505	656,409	16,000	640,409
Total Operating Revenues	\$ 460,362	\$ 937,986	\$ 276,644	\$ 661,342
OPERATING EXPENSES				
Payroll and Benefits	\$ 834,172	\$ 849,786	\$ 900,937	\$ 51,151
Campaign Expenses	117,222	196,121	103,500	(92,621)
Marketing and Communication	31,906	15,583	16,500	917
Meetings and Conferences	42,654	48,324	26,500	(21,824)
Professional Services	120,701	140,783	114,827	(25,956)
Utility Expenses	4,535	4,919	6,000	1,081
Office Operations	25,861	30,479	28,400	(2,079)
Financial Expenses	17,113	24,708	32,500	7,792
Total Operating Expenses	\$ 1,194,164	\$ 1,310,703	\$ 1,229,164	\$ (81,539)
Total Operating Budget	\$ (733,802)	\$ (372,717)	\$ (952,520)	\$ 579,803

LUBBOCK AREA UNITED WAY, INC.

Schedule 2

OPERATING FUND
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

REVENUES

Total Operating Revenues - Schedule 1	\$ 937,986
Unbudgeted Revenues:	
Building Rental Income	86,740
Investment Income Other Than General Fund	18,132
Operating Endowment Income Reported in Endowment Fund	956,194
Operating Endowment Income Reported in General Fund	89,510
Expenses Shown Net of Other Revenue - Exhibit B	<u>(183,691)</u>
Total Other Public Support and Revenue - Exhibit B	\$ <u><u>1,904,871</u></u>

EXPENSES

Total Operating Expenses - Schedule 1	\$ 1,310,703
Unbudgeted Expenses:	
Building Expenses	118,196
Depreciation Expense	44,042
United Way Dues	95,048
Expenses Shown Net of Other Revenue - Exhibit B	<u>(183,691)</u>
Total Functional Expenses - Exhibit B	\$ <u><u>1,384,298</u></u>