

**LUBBOCK AREA UNITED WAY, INC.**

**LUBBOCK, TEXAS**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH COMPARATIVE TOTALS FOR 2022**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**LUBBOCK, TEXAS**

**LUBBOCK AREA UNITED WAY, INC.**

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023, 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, 2023, 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, including omissions, 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 2022 financial statements, and our report dated April 20, 2023, 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, 2022, 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

May 21, 2024

LUBBOCK AREA UNITED WAY, INC.

Exhibit A

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023  
WITH COMPARATIVE TOTALS FOR 2022

ASSETS

	Current Funds	Endowment Fund	Custodian Fund SECC	Totals December 31,	
				2023	2022
Cash	\$ 1,645,486	\$ 47,890	\$ 583,673	\$ 2,277,049	\$ 2,077,016
Temporary Investments (CDs)	1,735,135			1,735,135	1,735,135
Investments		5,183,627		5,183,627	4,556,977
Pledges Receivable - Annual Campaign (Less Allowance for Credit Losses of \$564,086)	3,346,822			3,346,822	3,368,123
Pledges Receivable - SECC Campaign (Less Allowance for Credit Losses of \$45,117)			595,500	595,500	596,860
Interfund Other Receivable (Payable)	(33,691)	251,509	(217,818)		
Other Receivables	39,631	500,000		539,631	769,928
Prepaid Agency Allocations	282,879			282,879	
Other Prepaid Expenses	30,902		87,123	118,025	89,277
Total Current Assets	\$ 7,047,164	\$ 5,983,026	\$ 1,048,478	\$ 14,078,668	\$ 13,193,316
Land, Building, and Equipment - At Cost Net of Accumulated Depreciation of \$820,359	\$ 649,251	\$	\$	\$ 649,251	\$ 495,569
Right-of-Use Asset	10,679			10,679	15,943
Total Noncurrent Assets	\$ 659,930	\$ 0	\$ 0	\$ 659,930	\$ 511,512
Total Assets	\$ 7,707,094	\$ 5,983,026	\$ 1,048,478	\$ 14,738,598	\$ 13,704,828

LIABILITIES

Accounts Payable	\$ 71,854	\$	\$ 232	\$ 72,086	\$ 22,036
Donor Designations Payable	756,732			756,732	628,459
Agency Designations Payable - SECC Campaign			667,534	667,534	723,751
Due to Participating Federations/Agencies	5,856		380,712	386,568	102,402
Deferred Compensation	153,178			153,178	144,284
Lease Liability- Current	4,895			4,895	5,263
Total Current Liabilities	\$ 992,515	\$ 0	\$ 1,048,478	\$ 2,040,993	\$ 1,626,195
Lease Liability	\$ 5,784	\$	\$	\$ 5,784	\$ 10,680
Total Noncurrent Liabilities	\$ 5,784	\$ 0	\$ 0	\$ 5,784	\$ 10,680
Total Liabilities	\$ 998,299	\$ 0	\$ 1,048,478	\$ 2,046,777	\$ 1,636,875

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	1,248,783			1,248,783	1,464,669
Net Investment in Fixed Assets	649,251			649,251	495,569
Total Net Assets without Donor Restrictions	\$ 2,188,025	\$ 0	\$ 0	\$ 2,188,025	\$ 2,250,229
Net Assets with Donor Restrictions					
Restricted by Time or Donor for:					
Operating Budget	\$ 849,059	\$	\$	\$ 849,059	\$ 910,681
Future Campaigns	55,122			55,122	55,122
Designations from PY Campaign	148,114			148,114	112,397
Agency Allocations	3,468,475			3,468,475	3,420,825
Endowment		5,983,026		5,983,026	5,318,699
Total Net Assets with Donor Restrictions	\$ 4,520,770	\$ 5,983,026	\$ 0	\$ 10,503,796	\$ 9,817,724
Total Net Assets	\$ 6,708,795	\$ 5,983,026	\$ 0	\$ 12,691,821	\$ 12,067,953
Total Liabilities and Net Assets	\$ 7,707,094	\$ 5,983,026	\$ 1,048,478	\$ 14,738,598	\$ 13,704,828

See accompanying notes to financial statements.

## LUBBOCK AREA UNITED WAY, INC.

Exhibit B

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH COMPARATIVE TOTALS FOR 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals December 31,	
			2023	2022
<b>REVENUE</b>				
Public Support from Annual Campaign				
Current Year Campaign	\$	\$ 5,752,551	\$ 5,752,551	\$ 5,325,683
Less: South Plains State Employee Charitable Campaign Support for Other Organizations		(589,471)	(589,471)	(642,577)
Donor Designations		(384,959)	(384,959)	(403,872)
Provision for Uncollectible Pledges		(317,846)	(317,846)	(292,725)
Net Current Year Annual Campaign	\$	\$ 4,460,275	\$ 4,460,275	\$ 3,986,509
Net Assets Released from Restrictions				
Prior Year Campaign Contributions	4,677,285	(4,677,285)		
Less: Provision for Uncollectible Pledges	(246,240)	246,240		
Allocations in Excess of Current Campaign	7,485	(7,485)		
Allowance Loss for Prior Campaign Year	(132,269)		(132,269)	(37,464)
Additional Campaign Revenue from Prior Campaigns	29,915		29,915	19,104
Net Campaign Revenue	\$ 4,336,176	\$ 21,745	\$ 4,357,921	\$ 3,968,149
Other Public Support and Revenue				
Contributions and Endowment Pledges	\$	\$ 463,513	\$ 463,513	\$ 2,076,398
Other Revenue, Net of Related Expense	45,254		45,254	77,243
Gain on Sale of Assets				156,768
Investment Income (Loss), Net of Fees	166,926	200,814	367,740	(392,934)
Rent Income	80,845		80,845	91,151
Total Other Public Support and Revenue	\$ 293,025	\$ 664,327	\$ 957,352	\$ 2,008,626
Total Revenue	\$ 4,629,201	\$ 686,072	\$ 5,315,273	\$ 5,976,775
<b>ALLOCATIONS, EXPENSES, AND LOSSES</b>				
Allocations and Designations to Agencies	\$ 3,787,080	\$	\$ 3,787,080	\$ 3,861,261
Less: Donor Designations	(384,959)		(384,959)	(403,872)
Total Allocations	\$ 3,402,121	\$ 0	\$ 3,402,121	\$ 3,457,389
Functional Expenses				
Community Services	\$ 34,067	\$	\$ 34,067	\$ 45,193
Community Impact	57,326		57,326	45,380
Supporting Services:				
Management and General	714,931		714,931	710,744
Fund Raising	407,955		407,955	372,895
State and National Dues	75,005		75,005	84,339
Total Functional Expenses	\$ 1,289,284	\$ 0	\$ 1,289,284	\$ 1,258,551
Total Allocations and Expenses	\$ 4,691,405	\$ 0	\$ 4,691,405	\$ 4,715,940
CHANGE IN NET ASSETS	\$ (62,204)	\$ 686,072	\$ 623,868	\$ 1,260,835
NET ASSETS - BEGINNING OF YEAR	2,250,229	9,817,724	12,067,953	10,807,118
NET ASSETS - ENDING OF YEAR	\$ 2,188,025	\$ 10,503,796	\$ 12,691,821	\$ 12,067,953

See accompanying notes to financial statements.



## LUBBOCK AREA UNITED WAY, INC.

Exhibit C

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**WITH COMPARATIVE TOTALS FOR 2022**

	December 31,	
	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 623,868	\$ 1,260,835
Adjustments to Reconcile Change in Net Assets to Cash From Operating Activities		
Depreciation	43,554	46,277
Gain on Sale of Assets		(156,768)
Unrealized (Gain) Loss on Investments	(303,345)	91,398
Changes in Assets and Liabilities		
Accounts Receivable	230,297	(731,049)
Prepaid Expenses	(311,627)	(11,499)
Pledges Receivable	22,661	201,600
Accounts Payable	50,050	(17,108)
Donor Designations Payable	72,056	(5,512)
Due to Participating Federations/Agencies	284,166	31,226
Deferred Rental Revenue		(4,020)
Deferred Compensation	8,894	16,439
Net Cash From Operating Activities	<u>\$ 720,574</u>	<u>\$ 721,819</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net Investment Activity	\$ (323,305)	\$ (824,784)
Proceeds from Sale of Fixed Assets		185,802
Purchase of Equipment	<u>(197,236)</u>	
Net Cash From Investing Activities	<u>\$ (520,541)</u>	<u>\$ (638,982)</u>
<b>NET CHANGE IN CASH</b>	<b>\$ 200,033</b>	<b>\$ 82,837</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>3,812,151</u></b>	<b><u>3,729,314</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 4,012,184</u></b>	<b><u>\$ 3,812,151</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest	<u>\$ 0</u>	<u>\$ 0</u>
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

LUBBOCK AREA UNITED WAY, INC.

Exhibit D

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH COMPARATIVE TOTALS FOR 2022

	Community Services	Community Impact	Management and General	Fund Raising	Totals December 31,	
					2023	2022
Salaries	\$ 25,759	\$ 20,564	\$ 355,348	\$ 254,671	\$ 656,342	\$ 659,634
Employee Benefits, Taxes, and Fees	6,808	5,434	93,912	67,305	173,459	163,553
Total Salaries and Related Expenses	\$ 32,567	\$ 25,998	\$ 449,260	\$ 321,976	\$ 829,801	\$ 823,187
Professional Fees	1,500	47	52,999	94	54,640	29,068
Insurance			19,011		19,011	25,046
Supplies		143	10,920	4,492	15,555	13,086
Telephone		572	3,409	2,429	6,410	6,651
Postage and Shipping		1,036	1,963	3,666	6,665	12,268
Occupancy Expense			53,285		53,285	50,927
Maintenance and Rental of Equipment		2,136	21,609	4,241	27,986	18,923
Printing and Publications		2,388	11,122	6,722	20,232	13,636
Travel			500	1,203	1,703	1,912
Conferences and Meetings		4,001	11,699	1,014	16,714	11,797
Software Maintenance		10,291	31,841	36,687	78,819	81,831
Membership Dues			1,877		1,877	1,316
Awards			1,654	5,398	7,052	4,084
Property Taxes			18,080		18,080	20,325
Other			10,545	2,350	12,895	13,878
Total Expenses Before Depreciation	\$ 34,067	\$ 46,612	\$ 699,774	\$ 390,272	\$ 1,170,725	\$ 1,127,935
Depreciation Expense		10,714	15,157	17,683	43,554	46,277
Total Expenses	\$ 34,067	\$ 57,326	\$ 714,931	\$ 407,955	\$ 1,214,279	\$ 1,174,212

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 2024 allocations are awarded subsequent to year end. Therefore, these contributions will be released from net assets with donor restrictions in 2024 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 2024. Therefore, the allocation expense related to the 2023 campaign will be recognized in 2024. The allocations expense recognized in 2023 relates to the 2022 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, 2023. The Organization is no longer subject to U.S. federal tax examinations by federal taxing authorities for years before 2020.

**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, 2022 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 has adopted *Revenue from Contracts with Customers, Topic 606* (ASU No. 2014-09).

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, 2023.

**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.

**Leases**

The Organization has adopted the provision of Financial Accounting Standards Board Accounting Standards Codification Section 842, Leases (FASB ASC 842). Further information is contained in Note 7 to the financial statements.

**2. Pledges Receivable and Allowance for Credit Losses**

The Pledges Receivable – annual campaign is net of an allowance for credit losses of \$564,086, 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
2022 Campaigns	\$ 5,325,683	\$ 630,666	\$ 246,240	\$ 384,426
2023 Campaigns	5,325,683	3,280,242	317,846	2,962,396
	<u>\$ 10,651,366</u>	<u>\$ 3,910,908</u>	<u>\$ 564,086</u>	<u>\$ 3,346,822</u>

With the adoption of Accounting Standards (ASU) No. 2016-13 Topic 326 during the year ended December 31, 2023, the term allowance for uncollectible accounts was changed to allowance for credit losses. 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, 2023:

Balance, Beginning of Year	\$ 488,594
Accruals for Credit Losses	207,761
Write-Offs	<u>(132,269)</u>
Balance, End of Year	<u>\$ 564,086</u>

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**3. Fixed Assets and Depreciation**

The Organization capitalized fixed assets with a value of \$1,000 and a useful life of two 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, 2023, was \$43,554.

The cost and accumulated depreciation as of December 31, 2023, are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land - 1655 Main	\$ 177,592	\$	\$ 177,592
Building - 1655 Main	907,760	584,882	322,878
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	226,126	182,604	43,522
Computer Software	38,460	38,460	
	<u>\$ 1,469,610</u>	<u>\$ 820,359</u>	<u>\$ 649,251</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, 2023, net assets with donor restrictions consisted of the following:

	<u>Balance 1/1/2023</u>	<u>Net Current Year Campaign</u>	<u>Released from Restrictions</u>	<u>Balance 12/31/2023</u>
Campaign Income Restricted for:				
Allocations to Agencies	\$ 3,420,825	\$ 3,468,475	\$ (3,420,825)	\$ 3,468,475
Operating Budget	910,681	849,059	(910,681)	849,059
Designations from PY Campaign	112,397	148,114	(112,397)	148,114
Future Campaigns	55,122			55,122
Endowment	5,318,699	664,327		5,983,026
	<u>\$ 9,817,724</u>	<u>\$ 5,129,975</u>	<u>\$ (4,443,903)</u>	<u>\$ 10,503,796</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 \$129,930. 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:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>	<u>Level</u>
PCB - Endowment Fund Agency				
Cash and Cash Equivalents	\$ 58,938	\$ 58,938	\$	Cost
Equity/Liquid Alts	1,230,092	1,290,260	60,168	1
Fixed Income	869,487	886,124	16,637	1
PCB - Operating Endowment Fund				
Cash and Cash Equivalents	67,680	67,680		Cost
Equity/Liquid Alts	1,406,402	1,475,341	68,939	1
Fixed Income	1,026,797	1,047,277	20,480	1
CFWT - Endowment Fund	70,599	70,599		2
CFWT - Agency Fund	123,051	123,051		2
Cash Surrender Value of Life Insurance	95,153	164,357	69,204	2
	<u>\$ 4,948,199</u>	<u>\$ 5,183,627</u>	<u>\$ 235,428</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, 2023:

Endowment Net Assets, Beginning of Year	\$	<u>5,318,699</u>
Contributions	\$	<u>463,513</u>
Investment Activity:		
Investment Income	\$	134,204
Management Fees		(19,458)
Realized Loss on Investments		(87,347)
Unrealized Gain on Investments		303,345
Distribution of Earnings		<u>(129,930)</u>
Total Net Investment Income	\$	<u>200,814</u>
Endowment Net Assets, End of Year	\$	<u><u>5,983,026</u></u>

**7. Leases**

As disclosed in Note 1, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification Section 842, Leases (FASB ASC 842) to reflect its investment in right-of-use assets and the corresponding lease liability.

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, 2023 was \$6,946.

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:

2024	\$	5,263
2025		5,263
2026		<u>1,316</u>
Total Lease Payments	\$	11,842
Less: Imputed Interest		<u>(1,163)</u>
Present Value of Liability	\$	10,679
Less: Current Maturities		<u>(4,895)</u>
	\$	<u><u>5,784</u></u>

**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, 2023, reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions or internal designations.

Cash	\$	2,277,049
Temporary Investments (CDs)		1,735,135
Investments		5,183,627
Pledges Receivable - Annual Campaign		3,346,822
Pledges Receivable - SECC Campaign		595,500
Other Receivables		539,631
Prepaid Agency Allocations		282,879
Other Prepaid Expenses		118,025
Land, Building, and Equipment		649,251
Right-of-Use Asset		<u>10,679</u>
Total Financial Assets	\$	14,738,598
Less contractual or donor-imposed restrictions:		
Cash		(1,030,003)
Cash - Endowment		(47,890)
Cash - SECC		(583,673)
Investments - Endowment		(5,183,627)
Pledges Receivable - Annual Campaign		(3,346,822)
Pledges Receivable - SECC Campaign		(595,500)
Other Prepaid Expenses		(118,025)
Right-of-Use Asset		(10,679)
Board-Designated Net Assets		(289,991)
Net Investment in Fixed Assets		<u>(649,251)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$	<u><u>2,883,137</u></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 \$7,037 during 2023.

**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 \$42,174 in 2023 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 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, 2023, the balance of this liability is \$153,178 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. Restricted Campaign Revenue**

During the year ended December 31, 2007, the Organization received a large gift from an anonymous donor. This gift was not intended to all be used in the current year campaign. The donor designated this contribution to be applied to future campaigns at the discretion of the Board of Directors. These funds are invested in certificates of deposit. Annual earnings from the investment are available, at the Board's discretion, to be used for the Organization's strategic initiatives. As of December 31, 2023, the principal balance available for future campaigns is \$55,122.

**LUBBOCK AREA UNITED WAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**14. Subsequent Events**

The Organization's management has evaluated subsequent events through May 21, 2024, 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, 2023

	2022 Actual	2023 Actual	2023 Budget	2023 Budget Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Loaned Executive Revenue	\$ 34,418	\$ 32,932	\$ 29,000	\$ 3,932
Campaign Event Sponsorship	27,500	39,000	35,000	4,000
Kickoff Revenue	22,970	24,530	24,000	530
Annual Meeting Revenue	12,030	16,496	15,000	1,496
Donor Choice Processing Fees	45,000		45,000	(45,000)
Operating Endowment Earnings	119,606	64,111	85,481	(21,370)
Interest Income	31,589	56,568	30,000	26,568
Other Income	71,935	48,850		48,850
<b>Total Operating Revenues</b>	<b>\$ 365,048</b>	<b>\$ 282,487</b>	<b>\$ 263,481</b>	<b>\$ 19,006</b>
<b>OPERATING EXPENSES</b>				
Payroll and Benefits	\$ 823,187	\$ 832,846	\$ 938,962	\$ 106,116
Campaign Expenses	130,234	111,438	92,500	(18,938)
Marketing and Communication	14,472	17,462	16,800	(662)
Meetings and Conferences	25,483	38,148	32,000	(6,148)
Professional Services	112,217	130,166	89,900	(40,266)
Utility Expenses	5,054	4,853	5,000	147
Office Operations	29,562	27,599	29,200	1,601
Financial Expenses	34,931	9,801	26,300	16,499
<b>Total Operating Expenses</b>	<b>\$ 1,175,140</b>	<b>\$ 1,172,313</b>	<b>\$ 1,230,662</b>	<b>\$ 58,349</b>
<b>Total Operating Budget</b>	<b>\$ (810,092)</b>	<b>\$ (889,826)</b>	<b>\$ (967,181)</b>	<b>\$ 77,355</b>

LUBBOCK AREA UNITED WAY, INC.

Schedule 2

OPERATING FUND  
RECONCILIATION OF BUDGET COMPARISON TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUES

Total Operating Revenues - Schedule 1	\$	282,487
Unbudgeted Revenues:		
Endowment Contributions and Pledges		426,201
Building Rental Income		80,845
Investment Income Other Than General Fund		8,060
Operating Endowment Income Reported in Endowment Fund		238,126
Operating Endowment Income Reported in General Fund		38,186
Expenses Shown Net of Other Revenue - Exhibit B		<u>(116,553)</u>
Total Other Public Support and Revenue - Exhibit B	\$	<u>957,352</u>

EXPENSES

Total Operating Expenses - Schedule 1	\$	1,172,313
Unbudgeted Expenses:		
Building Expenses		114,965
Depreciation Expense		43,554
United Way Dues		75,005
Expenses Shown Net of Other Revenue - Exhibit B		<u>(116,553)</u>
Total Functional Expenses - Exhibit B	\$	<u>1,289,284</u>