

**UNITED WAY OF SMITH COUNTY  
TYLER, TEXAS**

**FINANCIAL STATEMENTS**

**MARCH 31, 2025 AND 2024**

**UNITED WAY OF SMITH COUNTY  
FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
United Way of Smith County  
Tyler, Texas

### ***Opinion***

We have audited the accompanying financial statements of United Way of Smith County (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Smith County as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 United Way of Smith County and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 United Way of Smith County'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 judgement made by a reasonable user based on the financial statements.

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

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

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

*Henry B. Peters, P.C.*

Tyler, Texas  
August 19, 2025

**UNITED WAY OF SMITH COUNTY  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 763,688	\$ 806,001
Care Fund restricted cash	<u>2,090,466</u>	<u>1,724,925</u>
Total cash and cash equivalents	2,854,154	2,530,926
Pledges receivable, net	727,539	976,526
Grants receivable	60,642	58,410
Prepaid expenses and other current assets	<u>276</u>	<u>272</u>
Total current assets	3,642,611	3,566,134
 <b>PROPERTY AND EQUIPMENT, net</b>	 2,503,242	 2,578,422
 <b>OTHER ASSETS</b>		
Beneficial interest in assets held by others	<u>159,534</u>	<u>153,441</u>
Total assets	<u><u>\$ 6,305,387</u></u>	<u><u>\$ 6,297,997</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 38,449	\$ 24,326
Agency allocations payable	164,982	260,928
Donor designations payable	76,654	73,948
Accrued payroll and related benefits	32,850	25,492
Current portion of note payable	209,497	10,187
Deferred revenue	<u>9,323</u>	<u>43,119</u>
Total current liabilities	531,755	438,000
 <b>LONG-TERM DEBT</b>		
Note payable, net of current portion	<u>-</u>	<u>209,495</u>
Total liabilities	531,755	647,495
 <b>NET ASSETS</b>		
Without donor restrictions:		
Unrestricted	3,023,632	3,272,136
Board designated	<u>659,534</u>	<u>653,441</u>
Total net assets without donor restrictions	3,683,166	3,925,577
With donor restrictions	<u>2,090,466</u>	<u>1,724,925</u>
Total net assets	5,773,632	5,650,502
Total liabilities and net assets	<u><u>\$ 6,305,387</u></u>	<u><u>\$ 6,297,997</u></u>

**UNITED WAY OF SMITH COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Gross campaign results	\$ 1,564,047	\$ 18,092	\$ 1,582,139
Less: donor designations	(292,627)	-	(292,627)
Net campaign contributions	1,271,420	18,092	1,289,512
Care Fund contributions	-	429,428	429,428
Grants and other contribution revenue	1,515	520,947	522,462
In-kind donations	56,698	-	56,698
Interest income	111,764	-	111,764
Change in value of beneficial interest	6,093	-	6,093
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	602,926	(602,926)	-
Total revenues, gains and other support	2,050,416	365,541	2,415,957
<b>EXPENSES</b>			
Gross distributions to agencies	949,335	-	949,335
Less: donor designations paid	(288,301)	-	(288,301)
Net allocations granted to agencies	661,034	-	661,034
Other program services	980,177	-	980,177
Total program services	1,641,211	-	1,641,211
Supporting services	651,616	-	651,616
Total expenses	2,292,827	-	2,292,827
Change in net assets	(242,411)	365,541	123,130
<b>NET ASSETS</b>			
Beginning of period	3,925,577	1,724,925	5,650,502
End of period	\$ 3,683,166	\$ 2,090,466	\$ 5,773,632

**UNITED WAY OF SMITH COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Gross campaign results	\$ 1,710,482	\$ 26,406	\$ 1,736,888
Less: donor designations	(298,690)	-	(298,690)
Net campaign contributions	1,411,792	26,406	1,438,198
Care Fund contributions	-	613,280	613,280
Grants and other contribution revenue	6,086	481,082	487,168
In-kind donations	43,231	-	43,231
Interest income	100,154	-	100,154
Other income	50	-	50
Change in value of beneficial interest	16,257	-	16,257
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	1,265,325	(1,265,325)	-
Total revenues, gains and other support	2,842,895	(144,557)	2,698,338
<b>EXPENSES</b>			
Gross distributions to agencies	1,331,328	-	1,331,328
Less: donor designations paid	(296,856)	-	(296,856)
Net allocations granted to agencies	1,034,472	-	1,034,472
Other program services	1,611,630	-	1,611,630
Total program services	2,646,102	-	2,646,102
Supporting services	570,125	-	570,125
Total expenses	3,216,227	-	3,216,227
Change in net assets	(373,332)	(144,557)	(517,889)
<b>NET ASSETS</b>			
Beginning of period	4,298,909	1,869,482	6,168,391
End of period	\$ 3,925,577	\$ 1,724,925	\$ 5,650,502

**UNITED WAY OF SMITH COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2025**

	Program Services				Supporting Services			Total
	Agencies	2-1-1	East Texas Center for Nonprofits	Care Fund	Management and general	Marketing	Fundraising	
<b>EXPENSES</b>								
Gross distributions to agencies	\$ 949,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 949,335
Less: donor designations payable to agencies	(288,301)	-	-	-	-	-	-	(288,301)
Net allocations granted to agencies	661,034	-	-	-	-	-	-	661,034
Special events	-	-	-	-	-	-	54,801	54,801
United Way Worldwide dues	-	-	-	-	29,276	-	-	29,276
Care Fund distributions	-	-	-	136,410	-	-	-	136,410
Salaries and wages	187,211	262,641	-	-	-	73,728	193,362	716,942
Payroll taxes	13,294	19,551	-	-	451	3,004	14,518	50,818
Employee benefits	20,607	81,303	-	-	401	2,677	21,004	125,992
Retirement expense	3,128	9,902	-	-	83	494	3,518	17,125
Professional fees	-	2,534	-	-	33,500	-	-	36,034
Advertising	52	6,166	-	-	-	-	4,991	11,209
Campaign expenses	-	-	-	-	-	-	44,735	44,735
Interest expense	-	-	-	-	6,453	-	-	6,453
Conferences and meetings	426	3,691	-	-	1,280	-	2,557	7,954
Depreciation	47,364	-	-	-	2,255	15,036	10,525	75,180
Equipment rental	-	-	-	-	2,124	-	-	2,124
Insurance	10,150	1,302	-	-	6,166	3,202	2,439	23,259
Miscellaneous	-	2,326	-	-	58,229	-	14,786	75,341
Repairs and maintenance	-	3,516	3,956	-	40,996	-	-	48,468
Office supplies	819	4,825	-	-	2,397	-	-	8,041
Postage	20	8	-	-	654	-	490	1,172
Telephone	600	10,200	-	-	-	-	-	10,800
Technology	10,520	3,498	-	-	567	539	378	15,502
Bad debt expense	134,157	-	-	-	-	-	-	134,157
Total expenses	<u>\$ 1,089,382</u>	<u>\$ 411,463</u>	<u>\$ 3,956</u>	<u>\$ 136,410</u>	<u>\$ 184,832</u>	<u>\$ 98,680</u>	<u>\$ 368,104</u>	<u>\$ 2,292,827</u>

See accompanying notes to financial statements



**UNITED WAY OF SMITH COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2024**

	Program Services				Supporting Services			Total
	Agencies	2-1-1	East Texas Center for Nonprofits	Care Fund	Management and general	Marketing	Fundraising	
<b>EXPENSES</b>								
Gross distributions to agencies	\$ 1,331,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,331,328
Less: donor designations payable to agencies	(296,856)	-	-	-	-	-	-	(296,856)
Net allocations granted to agencies	1,034,472	-	-	-	-	-	-	1,034,472
Special events	-	-	-	-	-	-	50,876	50,876
United Way Worldwide dues	-	-	-	-	35,563	-	-	35,563
Care Fund distributions	-	-	-	704,401	-	-	-	704,401
Salaries and wages	175,630	257,518	-	-	-	71,973	118,590	623,711
Payroll taxes	13,181	19,755	-	-	465	3,097	9,306	45,804
Employee benefits	20,664	83,803	-	-	639	4,261	15,006	124,373
Retirement expense	4,772	12,279	-	-	328	1,138	2,973	21,490
Professional fees	-	4,501	-	-	29,500	-	-	34,001
Advertising	-	8,964	-	-	-	-	5,498	14,462
Campaign expenses	-	-	-	-	-	-	44,487	44,487
Interest expense	-	-	-	-	6,750	-	-	6,750
Conferences and meetings	346	7,406	-	-	1,250	-	1,779	10,781
Depreciation	47,297	-	-	-	2,252	15,015	10,510	75,074
Equipment rental	-	-	-	-	2,669	-	-	2,669
Insurance	8,200	1,568	-	-	6,336	2,569	2,017	20,690
Miscellaneous	-	1,020	-	-	45,457	-	14,431	60,908
Repairs and maintenance	-	5,403	6,079	-	60,903	-	-	72,385
Office supplies	846	11,314	-	-	1,310	-	-	13,470
Postage	47	10	-	-	507	-	1,157	1,721
Telephone	400	8,950	-	-	-	-	-	9,350
Technology	15,700	2,727	-	-	123	818	572	19,940
Bad debt expense	188,849	-	-	-	-	-	-	188,849
Total expenses	<u>\$ 1,510,404</u>	<u>\$ 425,218</u>	<u>\$ 6,079</u>	<u>\$ 704,401</u>	<u>\$ 194,052</u>	<u>\$ 98,871</u>	<u>\$ 277,202</u>	<u>\$ 3,216,227</u>

See accompanying notes to financial statements

**UNITED WAY OF SMITH COUNTY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 123,130	\$ (517,889)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	75,180	75,074
Bad debt expense	134,157	188,849
Net change in beneficial interest in assets held by others	(6,093)	(16,257)
Changes in assets and liabilities:		
Pledges receivable	114,830	47,261
Grants receivable	(2,232)	2,008
Prepaid expenses and other current assets	(4)	3,537
Accounts payable	14,123	16,516
Agency allocations payable	(95,946)	(48,499)
Donor designations payable	2,706	(1,691)
Accrued payroll and related benefits	7,358	(7,135)
Deferred revenue	(33,796)	35,479
Other current liabilities	-	(10,000)
Total adjustments	<u>210,283</u>	<u>285,142</u>
Net cash provided by (used in) operating activities	<u>333,413</u>	<u>(232,747)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>-</u>	<u>(1,205)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,205)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payment on note payable	<u>(10,185)</u>	<u>(9,888)</u>
Net cash used in financing activities	<u>(10,185)</u>	<u>(9,888)</u>
Net increase (decrease) in cash and cash equivalents	323,228	(243,840)
<b>CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH)</b>		
Beginning of period	2,530,926	2,774,766
End of period	<u><u>\$ 2,854,154</u></u>	<u><u>\$ 2,530,926</u></u>

**UNITED WAY OF SMITH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025, AND 2024**

**NOTE 1 - ORGANIZATION**

United Way of Smith County (“Organization”) is a local fundraising organization founded in 1940 comprised primarily of volunteers. The Organization raises funds through campaigns, fundraisers and special events, and in turn, allocates the funds raised to agencies in the focus areas of education, health & wellness, financial stability, and intervention. The allocation decisions are determined by volunteers and are controlled by the community.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**FINANCIAL STATEMENTS PRESENTATION**

The Organization follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities* in preparing the financial statements. Under the provisions of this standard, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein, are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions – Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restricted-contributions (i.e., when the donor-stipulated purposes have been fulfilled and/or when the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**PLEDGES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE PLEDGES**

The Organization maintains pledges receivable from donors and donor companies. The allowance for uncollectible pledges is based on historical write-offs and any known write-offs that are likely to occur from major donor companies.

**GRANTS AND GRANTS RECEIVABLE**

Grants which are conditional on the performance of specified program services or activities are recorded as revenue when the related expenses stipulated by the grants are incurred. Cash received in advance of revenue recognition for grants is recorded as deferred revenue.

**CONTRIBUTIONS**

Annual campaigns are conducted to raise support for allocation to participating agencies. Pledges are recorded as received and allowances are made for amounts estimated as uncollectible. Unless specifically restricted by the donor, all pledges are considered to be available for unrestricted use.

**UNITED WAY OF SMITH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025, AND 2024**  
**CONTINUED**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**CONTRIBUTIONS - CONTINUED**

Contributions received are distinguished as unrestricted or restricted support, depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization considers campaign contributions received without specific donor restrictions to be unrestricted regardless of the year in which funds are allocated.

**PROPERTY AND EQUIPMENT**

The Organization follows the practice of capitalizing all expenditures in excess of \$2,500 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

The following summarizes the classes and estimated useful lives of property and equipment:

	<u>Estimated Useful Lives</u>
Buildings	31.5 years
Building improvements	15 - 39 years
Furniture and fixtures	5 - 7 years
Signage	5 years
Computer equipment	3 - 5 years
Equipment	5 - 7 years

**BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Organization accounts for assets held by other entities on its behalf in accordance with ASC 958-605-50, subsections 4-6, *Transfer of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others*, which specifies that such transfers are recognized as a beneficial interest receivable at the fair value of the assets.

**DONOR DESIGNATIONS**

Annual campaign gifts in which the Organization agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide membership requirements these designations are presented as part of gross campaign results and gross agency distributions on the accompanying financial statements but are then deducted to arrive at the Organization's actual revenue and expense to be reported under U.S. GAAP.

**DONATED ASSETS AND SERVICES**

The Organization receives various forms of in-kind donations including media, food items, and in-kind services. In-kind donations are utilized in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received. The Organization receives certain volunteer services which are not measurable, and therefore, have been excluded from the financial statements.

**UNITED WAY OF SMITH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025, AND 2024  
CONTINUED**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**AGENCY ALLOCATIONS**

Annual campaigns are conducted from June to January (campaign period) to raise support for programs. Program funds are allocated to participating agencies in the fiscal year that begins April 1 following the campaign period. Allocations committed to agencies, but unpaid by the fiscal year end, are included as agency allocations payable on the accompanying financial statements.

**FUNCTIONAL EXPENSES**

The Organization allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated according to their natural expenditure classification and based on an analysis of personnel time and space utilized for the related activities. Other expenses that are common to several functions are allocated as deemed appropriate.

The Organization's principal program services include:

Agencies

The Organization runs annual campaigns to raise money to be allocated to local agencies for the benefit of community programs.

2-1-1

2-1-1 East Texas is a free, anonymous information and referral service that is available to anyone, 7 days per week, 24 hours each day. The service helps to connect people with critical social services and charitable programs that are available in the local community.

East Texas Center for Nonprofits

The East Texas Center for Nonprofits ("ETCN") is a professional resource in partnership with nonprofits in 14 counties in East Texas to create a community of excellence. The Center offers leadership training, coaching and mentoring for the East Texas nonprofit community.

Care Fund

The Care Fund is a fund established by a local company and administered by the Organization to help the company's employees in times of serious need for qualifying events and expenses.

During the years ended March 31, 2025 and 2024, the Organization conducted activities that included requests for contributions, as well as program and management and general components. Those activities included general campaign activities, special events and nonprofit development programs. The costs of conducting those activities included a total of \$384,746 and \$410,339 of joint costs for the years ended March 31, 2025 and 2024, respectively, which are not specifically attributable to particular components of the activities.

Joint costs were allocated as follows using the Full-time Employee Equivalent Method:

	2025	2024
Agencies	\$ 214,807	\$ 216,130
2-1-1	3,516	5,403
East Texas Center for Nonprofits	3,956	6,079
Management and General	46,538	66,085
Marketing	68,194	68,614
Fundraising	47,735	48,028
	<u>\$ 384,746</u>	<u>\$ 410,339</u>

**UNITED WAY OF SMITH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025, AND 2024**  
**CONTINUED**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**FEDERAL INCOME TAX**

The Organization is exempt from federal income tax, except to the extent the entity has unrelated business income, under 501(c)(3) of the Internal Revenue Code ("Code") and is classified as other than a private foundation within the meaning of Section 509(a). Accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

In accordance with FASB ASC 740, *Income Taxes*, management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that required adjustments to the financial statements to comply with the provisions of this guidance. The Organizations tax returns are subject to examination by the Internal Revenue Services, generally for three years from the date of filing.

**ADVERTISING**

The Organization expenses the cost of advertising as it is incurred.

**ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

**RECLASSIFICATIONS**

Certain reclassifications have been made in the 2024 financial statements in order to be consistent with the current year's presentation. These reclassifications had no impact on net assets.

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions 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.

	2025	2024
Financial assets at year-end	\$ 3,642,335	\$ 3,565,862
Less: those unavailable for general expenditures within one year, due to: contractual or donor-imposed restrictions	(2,090,466)	(1,724,925)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,551,869</u>	<u>\$ 1,840,937</u>

As further disclosed in Note 11, the Organization also has certain net assets without contractual or donor-imposed restrictions which have been board designated. These designations can be removed or revised by vote of the board.

**NOTE 4 - PLEDGES RECEIVABLE**

The following tables summarize the Organization's pledges receivable at March 31:

	2025	2024
Pledges receivable	\$ 838,653	\$ 1,097,075
Allowance for uncollectible pledges	(111,114)	(120,549)
Pledges receivable, net	<u>\$ 727,539</u>	<u>\$ 976,526</u>

**UNITED WAY OF SMITH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025, AND 2024  
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**NOTE 5 - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at cost, less accumulated depreciation at March 31:

	2025	2024
Land	\$ 127,320	\$ 127,320
Buildings and improvements	2,835,628	2,835,627
Furniture and fixtures	61,643	61,643
Signage	3,209	3,209
Computer equipment	83,626	83,627
Equipment	22,996	22,996
	<u>3,134,422</u>	<u>3,134,422</u>
Less: accumulated depreciation	<u>(631,180)</u>	<u>(556,000)</u>
	<u><u>\$ 2,503,242</u></u>	<u><u>\$ 2,578,422</u></u>

Depreciation expense totaled \$75,180 and \$75,074 for the years ended March 31, 2025 and 2024, respectively.

**NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The following summarizes the changes in the investment in beneficial interest in funds held at the East Texas Communities Foundation ("ETCF") for the years ended March 31:

	2025	2024
Balance, beginning of year	\$ 153,441	\$ 137,184
Interest and dividends	5,129	4,030
Net realized and unrealized gain	3,087	14,153
Investment and administrative expenses	<u>(2,123)</u>	<u>(1,926)</u>
Balance, end of year	<u><u>\$ 159,534</u></u>	<u><u>\$ 153,441</u></u>

**NOTE 7 - ENDOWMENT FUNDS**

The beneficial interest represents board designated endowment funds held at ETCF established by a donor in 1998 with an initial gift in the amount of \$10,000, and consists primarily of mutual funds, equity investments, and fixed income investments. These funds are managed according to the Organization's guidelines. ETCF has not been granted variance power by the Organization. Generally, the Organization may withdraw up to 5% of the funds in any year but could request to withdraw additional funds at any time upon 2/3 vote of the total number of directors of the Organization as well as ETCF. As such, the endowment is not considered to be donor restricted but is board designated as a reserve fund that could be drawn upon.

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act ("TX UPMIFA"). In accordance with the TX UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization's investment policies.

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**NOTE 7 - ENDOWMENT FUNDS - CONTINUED**

**INVESTMENT RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES**

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Actual returns in any given year may vary from the amount expected. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**SPENDING POLICY**

The Organization has a policy of appropriating for distribution each year those funding requests which in total shall not exceed the accrued interest and other realized returns on investments of the Organization. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal rate annually, which is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**NOTE 8 - FAIR VALUE MEASUREMENT**

The FASB ASC 820, *Fair Value Measurements and Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identifiable assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.



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**NOTE 8 - FAIR VALUE MEASUREMENT - CONTINUED**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methodologies used by the Organization for assets measured at fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of March 31:

	2025 (Level 3)	2024 (Level 3)
Beneficial interest in assets held by others	\$ 159,534	\$ 153,441

**NOTE 9 - NOTE PAYABLE**

During the year ended March 31, 2021, the Organization entered into a note payable agreement with a bank in the amount of \$250,000 to refinance the outstanding line of credit balance that was due. The note accrues interest at 3% and calls for monthly payments of principal and interest of \$1,386 and is secured by a building owned by the Organization. The note matures on February 27, 2026, at which time any outstanding principal and accrued interest is due in full.

**NOTE 10 - CARE FUND**

In February 2018, a local company established a Care Fund with the Organization to assist its employees in time of serious need. The employer and its employees may make donations to the Care Fund which are tax deductible and irrevocable. The Organization serves as administrator and manages, reviews and distributes funds based on the recommendations of the established committee composed of volunteers. The Organization has full control and authority over the use of the donated funds within the guidelines of the established fund. As of March 31, 2025 and 2024, the Care Fund had a remaining restricted balance of \$2,090,466 and \$1,724,925. During the years ended March 31, 2025 and 2024, the Care Fund distributed \$136,410 and \$704,401, respectively. In addition, a portion of the donations were allocated to cover administrative expenses as outlined in the Care Fund agreement. The Organization earned administrative fees of \$8,100 for the years ended March 31, 2025, and 2024, respectively. Subsequent to the statement of financial position date but before the financial statements were available to be issued, the Organization agreed to close the Care Fund and send an agreed upon balance to a newly established charity fund set up by the company. On July 8, 2025, the Organization transferred \$2,278,828 to the fund and is in the process of reconciling and transferring the remaining agreed upon amount.

**NOTE 11 - BOARD DESIGNATED NET ASSETS**

The Board of Directors has designated a portion of net assets without donor restrictions for the following purposes as of March 31:

	2025	2024
Reserve funds:		
Endowment funds held at ETCF	\$ 159,534	\$ 153,441
Budgetary reserve	500,000	500,000
	<u>\$ 659,534</u>	<u>\$ 653,441</u>

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**NOTE 12 - GRANTS**

During the years ended March 31, 2025 and 2024, the Organization applied for and was awarded grants from Texas Health & Human Services Commission ("HHS") for the 2-1-1 program operations in the amount of \$375,807 and \$381,237, respectively. In addition, the Organization received a \$50,000 grant in both 2025 and 2024 for 2-1-1 operations from Texas Mutual Insurance Company to provide outreach services, training and other costs not covered by the HHS contract

**NOTE 13 - EMPLOYEE BENEFIT PLAN**

The Organization sponsors a defined contribution employee benefit plan ("Plan") that covers all full-time employees with at least one year of service. An employee may elect to defer eligible compensation, as defined by the Plan, subject to certain maximum limitations imposed by the Internal Revenue Code. Employees that reach age 50 before the close of the Plan year are eligible to make catch-up contributions. Employer contributions to the Plan are at the discretion of the Board of Directors. Employer contributions totaled \$17,125 and \$21,490 for years ended March 31, 2025 and 2024, respectively. An employee fully vests immediately as of the date of their participation in the Plan.

**NOTE 14 - CONTINGENCIES AND CONCENTRATIONS**

The Organization maintains cash in accounts with federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits. The Organization has not experienced any loss in such accounts, and it does not believe it is exposed to any significant risk on cash.

The market value of the beneficial interest in assets held by others is subject to fluctuation due to various market-related risks, including changes in interest rates, economic conditions, and overall market volatility. These factors can impact the fair value of such investments, which may result in periodic unrealized gains or losses. However, management regularly monitors these risks and believes that, despite potential fluctuations, there will be no material adverse effect on the organization's financial position, results of operations, or cash flows.

The Organization is subject to certain claims and contingencies that arise in the normal course of accomplishing its mission. None of these, in the opinion of management, are expected to have a material adverse effect on the financial position, activities or cash flows of the Organization.

**NOTE 15 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through August 19, 2025, the date on which the financial statements were available to be issued.