



United Way for Greater Austin

**Financial Statements
as of and for the Years Ended
June 30, 2025 and 2024 and
Independent Auditors' Report**

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United Way for Greater Austin

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

Independent Auditors' Report

To the Board of Directors of
United Way for Greater Austin:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way for Greater Austin (“United Way ATX”) (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 ATX as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way ATX and to meet our other 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 ATX's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government 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 and *Government 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 United Way ATX'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 United Way ATX'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of United Way ATX's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way ATX's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way ATX's internal control over financial reporting and compliance.

Maxwell Locke & Ritter LLP

Austin, Texas
March 30, 2026

United Way for Greater Austin

Statements of Financial Position June 30, 2025 and June 30, 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,466,995	\$ 7,311,016
Investments	5,491,783	4,944,153
Government grants receivable	2,966,813	2,506,727
Grants and contracts receivable	473,535	580,319
Current portion of private grants receivable	1,479,785	618,359
Pledges receivable, net	1,457,827	2,040,224
Prepaid expenses and other assets	365,408	358,692
Total current assets	<u>18,702,146</u>	<u>18,359,490</u>
Private grants receivable, net of current portion and net present value discount	1,561,750	-
Note receivable	296,921	278,380
Property and equipment, net	9,033	4,242
Endowment investments	863,198	777,674
Operating lease right-of-use assets	407,266	580,340
Total	<u><u>\$ 21,840,314</u></u>	<u><u>\$ 20,000,126</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 370,634	\$ 910,989
Accrued expenses	1,482,610	1,973,818
Deferred revenue	1,397,604	951,527
Designations due to others	223,812	102,436
Current portion of operating lease obligations	171,322	173,074
Total current liabilities	<u>3,645,982</u>	<u>4,111,844</u>
Operating lease obligations, net of current portion	<u>235,943</u>	<u>407,265</u>
Total liabilities	3,881,925	4,519,109
Net assets:		
Without donor restrictions, undesignated (deficit)	(1,211,128)	497,409
Without donor restrictions, Board-designated - operating reserve	9,336,216	8,811,724
Without donor restrictions, Board-designated - other	3,175,000	3,175,000
With donor restrictions	6,658,301	2,996,884
Total net assets	<u>17,958,389</u>	<u>15,481,017</u>
Total	<u><u>\$ 21,840,314</u></u>	<u><u>\$ 20,000,126</u></u>

See notes to financial statements.

United Way for Greater Austin

Statement of Activities

Year Ended June 30, 2025

(with summarized comparative totals for the year ended June 30, 2024)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, gains, and other support:				
Private grants	\$ 2,668,955	6,605,483	9,274,438	7,584,314
Government grants	5,608,903	-	5,608,903	5,651,895
Total amounts raised	4,652,182	-	4,652,182	5,707,507
Less allowance for uncollectible pledges	(263,138)	-	(263,138)	(256,720)
Less discount to net present value	(79,649)	-	(79,649)	-
Less donor designations	(62,375)	-	(62,375)	(570,732)
Total support	12,524,878	6,605,483	19,130,361	18,116,264
Grants and contracts	860,023	-	860,023	787,301
Unrealized and realized gains on investments, net of investment fees	404,944	63,126	468,070	574,717
Interest and dividends	348,133	22,398	370,531	450,572
In-kind contributions	164,327	-	164,327	1,177,930
Other income	10,300	-	10,300	6,227
Net assets released from restrictions	3,029,590	(3,029,590)	-	-
Total revenues, gains, and other support	17,342,195	3,661,417	21,003,612	21,113,011
Expenses:				
Program services:				
Gross funds awarded/distributed	2,182,375	-	2,182,375	2,715,732
Less donor designations	(62,375)	-	(62,375)	(570,732)
Net funds awarded/distributed	2,120,000	-	2,120,000	2,145,000
Other program services:				
Health	8,833,168	-	8,833,168	7,844,977
Education	4,771,162	-	4,771,162	7,508,412
Financial stability	1,494,081	-	1,494,081	1,929,861
Total program services	17,218,411	-	17,218,411	19,428,250
Supporting services:				
Fundraising	668,950	-	668,950	823,049
Management and general	638,879	-	638,879	1,619,380
Total supporting services	1,307,829	-	1,307,829	2,442,429
Total expenses	18,526,240	-	18,526,240	21,870,679
Change in net assets	(1,184,045)	3,661,417	2,477,372	(757,668)
Net assets, beginning of year	12,484,133	2,996,884	15,481,017	16,238,685
Net assets, end of year	\$ 11,300,088	6,658,301	17,958,389	15,481,017

See notes to financial statements.

United Way for Greater Austin

Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Private grants	\$ 3,895,176	3,689,138	7,584,314
Government grants	5,651,895	-	5,651,895
Total amounts raised	5,707,507	-	5,707,507
Less allowance for uncollectible pledges	(256,720)	-	(256,720)
Less donor designations	(570,732)	-	(570,732)
Total support	14,427,126	3,689,138	18,116,264
Grants and contracts	787,301	-	787,301
Unrealized and realized gains on investments, net of expenses	485,624	89,093	574,717
Interest and dividends	429,822	20,750	450,572
In-kind contributions	1,177,930	-	1,177,930
Other income	6,227	-	6,227
Net assets released from restrictions	3,766,009	(3,766,009)	-
Total revenues, gains, and other support	21,080,039	32,972	21,113,011
Expenses:			
Program services:			
Gross funds awarded/distributed	2,715,732	-	2,715,732
Less donor designations	(570,732)	-	(570,732)
Net funds awarded/distributed	2,145,000	-	2,145,000
Other program services:			
Health	7,844,977	-	7,844,977
Education	7,508,412	-	7,508,412
Financial stability	1,929,861	-	1,929,861
Total program services	19,428,250	-	19,428,250
Supporting services:			
Fundraising	823,049	-	823,049
Management and general	1,619,380	-	1,619,380
Total supporting services	2,442,429	-	2,442,429
Total expenses	21,870,679	-	21,870,679
Change in net assets	(790,640)	32,972	(757,668)
Net assets, beginning of year	13,274,773	2,963,912	16,238,685
Net assets, end of year	\$ 12,484,133	2,996,884	15,481,017

See notes to financial statements.

United Way for Greater Austin

Statement of Functional Expenses

Year Ended June 30, 2025

(with summarized comparative totals for the year ended June 30, 2024)

	2025							2024 Total
	Program Services				Supporting Services			
	Health	Education	Financial Stability	Total Program Services	Fundraising	Management and General	Total Expenses	
Personnel and contract labor costs	\$ 3,926,533	2,043,412	577,199	6,547,144	245,410	204,509	6,997,063	8,346,649
Subgrantee	1,952,308	951,273	288,500	3,192,081	-	-	3,192,081	4,363,710
Professional fees	953,819	627,140	217,507	1,798,466	125,324	104,437	2,028,227	1,528,346
Employee benefits	602,763	283,983	95,152	981,898	41,281	34,401	1,057,580	1,083,961
Technology	274,563	204,801	58,042	537,406	36,276	30,230	603,912	511,041
Payroll taxes	322,382	170,038	54,383	546,803	25,476	21,230	593,509	632,436
Supplies	242,177	25,142	12,264	279,583	4,884	4,070	288,537	303,263
Occupancy	70,298	78,390	48,551	197,239	30,345	25,287	252,871	260,892
Events	69,950	78,959	48,633	197,542	30,160	25,133	252,835	212,016
Marketing	30,332	113,846	17,075	161,253	10,672	8,893	180,818	227,351
Program medical fees	-	-	-	-	72,561	91,766	164,327	182,452
Affiliate dues	152,375	-	-	152,375	-	-	152,375	112,170
Employee reimbursements	41,384	46,148	28,582	116,114	17,864	14,886	148,864	113,939
Utilities	58,293	34,265	9,507	102,065	4,547	3,789	110,401	64,096
In-kind	70,954	10,501	6,510	87,965	4,069	3,391	95,425	1,177,930
Professional development	21,409	23,949	4,850	50,208	2,537	2,114	54,859	110,107
Bank fees	-	69	-	69	2,222	51,982	54,273	60,428
Membership and subscription dues	8,833	15,185	5,129	29,147	3,206	2,672	35,025	55,091
Insurance	9,331	10,405	6,444	26,180	4,028	3,356	33,564	32,620
Photography and video	4,289	5,458	2,962	12,709	1,851	1,543	16,103	10,318
Equipment rental and maintenance	4,155	4,633	2,870	11,658	1,794	1,495	14,947	16,480
Bad debt	2,619	2,921	1,809	7,349	1,131	942	9,422	239,430
Depreciation	1,179	1,315	814	3,308	509	424	4,241	15,368
Interest	9	11	7	27	4	3	34	93
Other	13,213	39,318	7,291	59,822	2,799	2,326	64,947	65,492
Total expenses before net funds awarded/distributed	8,833,168	4,771,162	1,494,081	15,098,411	668,950	638,879	16,406,240	19,725,679
Net funds awarded/distributed	162,500	1,027,500	930,000	2,120,000	-	-	2,120,000	2,145,000
Total expenses	<u>\$ 8,995,668</u>	<u>5,798,662</u>	<u>2,424,081</u>	<u>17,218,411</u>	<u>668,950</u>	<u>638,879</u>	<u>18,526,240</u>	<u>21,870,679</u>

See notes to financial statements.

United Way for Greater Austin

Statement of Functional Expenses Year Ended June 30, 2024

	Program Services				Supporting Services		
	Health	Education	Financial Stability	Total Program Services	Fundraising	Management and General	Total Expenses
Personnel and contract labor costs	\$ 4,004,195	2,824,546	851,053	7,679,794	349,305	317,550	8,346,649
Subgrantee	1,445,896	2,514,314	403,500	4,363,710	-	-	4,363,710
Professional fees	654,868	617,257	135,870	1,407,995	63,041	57,310	1,528,346
Employee benefits	544,669	348,227	108,753	1,001,649	43,116	39,196	1,083,961
Technology	158,237	233,769	59,985	451,991	30,931	28,119	511,041
Payroll taxes	305,069	212,732	64,262	582,063	26,386	23,987	632,436
Supplies	114,078	151,314	23,993	289,385	7,269	6,609	303,263
Occupancy	55,570	94,965	55,570	206,105	28,698	26,089	260,892
Events	44,685	78,011	45,264	167,960	23,077	20,979	212,016
Marketing	51,850	91,084	42,508	185,442	21,952	19,957	227,351
Program medical fees	182,452	-	-	182,452	-	-	182,452
Affiliate dues	23,892	40,830	23,892	88,614	12,339	11,217	112,170
Employee reimbursements	51,857	43,532	10,310	105,699	4,316	3,924	113,939
Utilities	51,676	6,174	3,145	60,995	1,624	1,477	64,096
In-kind	-	-	-	-	160,698	1,017,232	1,177,930
Professional development	34,657	63,915	6,457	105,029	2,660	2,418	110,107
Bank fees	12,871	21,996	12,871	47,738	6,647	6,043	60,428
Membership and subscription dues	24,903	15,841	7,224	47,968	3,731	3,392	55,091
Insurance	6,948	11,874	6,948	25,770	3,588	3,262	32,620
Photography and video	2,091	3,574	2,591	8,256	1,080	982	10,318
Equipment rental and maintenance	3,510	5,999	3,510	13,019	1,813	1,648	16,480
Bad debt	51,127	87,093	50,964	189,184	26,319	23,927	239,430
Depreciation	3,273	5,594	3,273	12,140	1,690	1,538	15,368
Interest	20	34	20	74	10	9	93
Other	16,583	35,737	7,898	60,218	2,759	2,515	65,492
Total expenses before net funds awarded/distributed	7,844,977	7,508,412	1,929,861	17,283,250	823,049	1,619,380	19,725,679
Net funds awarded/distributed	162,500	1,027,500	955,000	2,145,000	-	-	2,145,000
Total expenses	\$ 8,007,477	8,535,912	2,884,861	19,428,250	823,049	1,619,380	21,870,679

See notes to financial statements.

United Way for Greater Austin

Statements of Cash Flows

Years Ended June 30, 2025 and June 30, 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,477,372	\$ (757,668)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized and realized gains on investments	(505,237)	(598,598)
Change in net present value discount on private grants receivable	79,649	-
Bad debt provision	263,138	256,720
Depreciation	4,242	15,368
Non-cash lease expense	192,636	229,300
Changes in assets and liabilities that provided (used) cash:		
Government grants receivable	(460,086)	(1,283,741)
Grant and contract receivable	106,784	(232,060)
Private grants receivable	(2,502,825)	181,136
Pledges receivable	319,259	176,866
Prepaid expenses and other assets	(6,716)	(143,044)
Note receivable	(18,541)	(17,428)
Operating lease obligations	(192,636)	(229,814)
Accounts payable	(540,355)	356,371
Accrued expenses	(491,208)	512,275
Deferred revenue	446,077	(26,781)
Designations due to others	121,376	32,672
Net cash used in operating activities	(707,071)	(1,528,426)
Cash Flows from Investing Activities:		
Purchases of investments	(1,851,876)	(5,141,048)
Proceeds from the sale of investments	1,723,959	2,132,307
Purchases of property and equipment	(9,033)	-
Net cash used in investing activities	(136,950)	(3,008,741)
Net change in cash and cash equivalents	(844,021)	(4,537,167)
Cash and cash equivalents, beginning of year	7,311,016	11,848,183
Cash and cash equivalents, end of year	\$ 6,466,995	\$ 7,311,016
Supplemental Non-Cash Disclosures:		
Operating lease obligations resulting from the addition of right-of-use assets	\$ -	\$ 12,804
Donated stock received and immediately liquidated	\$ 26,874	\$ -

See notes to financial statements.

United Way for Greater Austin

Notes to Financial Statements Years Ended June 30, 2025 and 2024

1. Organization

United Way for Greater Austin (“United Way ATX”) brings our community together to break economic barriers and build opportunity for all. Since 1924, United Way ATX has been dedicated to providing families and individuals in need with the tools and resources they need to thrive. The needs in our Greater Austin area have changed over time, so we’ve adapted our support to stay ahead of emerging needs and help as many people as possible. United Way ATX continues to believe that every person deserves the opportunity to thrive and is passionate about solving our community’s biggest challenges.

United Way ATX unites the community around collective goals, strategically invests in partners, and executes proven programs that make a real difference for children and families.

2. Summary of Significant Accounting Policies

Basis of Presentation - The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board Accounting Standards Codification.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Asset Classifications - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use, or at the discretion of the Board of Directors (the “Board”) for United Way ATX’s use.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations, which limit their use to a specific purpose and/or the passage of time, or which require them to be maintained permanently.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - United Way ATX considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments - Investments, including endowment investments, are reported in the statements of financial position and are carried at fair value based on quoted market prices. Investment transactions are recorded on the trade date and investment income is recorded when earned. Unrealized gains or losses are recorded for the change in fair value of investments between reporting periods and are reported net of expenses. Realized gains and losses are recorded as the difference between historical cost and the proceeds received from the sale of an investment.

Government Grants Receivable - Government grants receivable are recorded at the amount United Way ATX expects to receive from grantors. United Way ATX considers government grants receivable to be fully collectible; accordingly, no allowance for estimated credit losses has been recorded.

Grants and Contracts Receivable - Grants and contracts receivable consists of reciprocal grant and contract agreements and are recorded based on contracted prices when United Way ATX has an unconditional right to payments under the contract. United Way ATX monitors the donor or grantor balances and estimates credit losses based on factors such as the age of the receivable balance and historical collection experience. United Way ATX applies the practical expedient for estimated expected credit losses on current grants and contracts receivable and assumes current economic conditions will remain unchanged over the short remaining life of these assets and therefore does not incorporate forward-looking information. United Way ATX elects to consider actual cash collections through the date the financial statements were available to be issued when estimating expected credit losses. As of June 30, 2025 and 2024, management deemed all grants and contracts receivable to be collectible and no allowance for expected credit losses were necessary.

Private Grants Receivable - Private grants receivable are recorded at fair value at the amount United Way ATX expects to receive from donors, which represents unconditional promises to give that generally have restrictions for time or purpose. No allowance for private grants had been recorded as, historically, United Way ATX has not experienced significant uncollectible amounts.

Pledges Receivable - United Way ATX conducts its annual campaign of each calendar year to raise support for its mission in the subsequent calendar year. Unconditional promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Receivables from contributions are recorded as revenue when the pledge is received and an allowance is recorded for amounts estimated to be uncollectible based upon historical collections performance for each campaign by year.

The allowance for uncollectible pledges receivable as of June 30, 2025 and 2024 is disclosed in Note 7. The provision for bad debt related to the current year campaign is reflected net of total amounts raised, and the provision for bad debt related to previous years' campaigns are reflected in management and general expenses in the statements of activities.

Property and Equipment - Property and equipment are recorded at cost if purchased and at fair value on the date of receipt if donated. United Way ATX capitalizes all acquisitions of property and equipment with a cost or donated value in excess of \$2,500 and a useful life greater than one year. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 years
Buildings and improvements	25 years

Land and construction in progress are not depreciated. Maintenance and repairs that do not improve or extend the useful life of the respective asset are expensed as incurred.

Costs to Obtain or Fulfill Contracts - As performance obligations in United Way ATX's contracts with customers are satisfied over a period of one year or less, United Way ATX applies the practical expedient to expense costs to obtain a contract as incurred. United Way ATX does not incur significant fulfillment costs requiring capitalization.

Leases - United Way ATX leases office space and copiers under long-term lease agreements. Leases are classified as either operating or finance leases at the lease commencement date. Right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date and measured at the present value of future minimum lease payments over the expected lease term. ROU assets are adjusted for any initial direct costs, prepaid lease payments, and lease incentives received.

The majority of United Way ATX's lease agreements do not specify a discount rate; therefore, United Way ATX elects to use a risk-free rate to determine the present value of lease obligations. Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the statements of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease payments for short-term leases are recognized on a straight-line basis over the lease term. Lease agreements may include options to renew, terminate, or purchase the leased asset. These options are included in the lease term only when it is reasonably certain they will be exercised, based on management's assessment of factors such as economic incentives, intent, historical practice, and business needs. United Way ATX's lease agreements do not contain residual value guarantees, restrictive covenants, or similar provisions.

Operating lease expense is recognized on a straight-line basis. Variable lease costs primarily relate to taxes, insurance, and common area maintenance.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

Designations Due to Others/Donor Designations - United Way ATX, as part of its annual campaign, raises and collects amounts that donors have designated to be distributed to various partner agencies, non-partner agencies, and other United Ways. Contributions designated by the donor for a specific unrelated organization are recognized as reductions to campaign results and gross funds awarded/distributed. These designations are agency transactions that do not represent income to United Way ATX and are recorded net of administrative fees as designations due to others in the statements of financial position.

Board-Designated Net Assets - United Way ATX had Board-designated net assets included in cash and cash equivalents and investments. The Board-designated net assets were set aside for building funds of \$1,000,000 and community impact grants of \$2,175,000 as of June 30, 2025 and 2024. Board-designated net assets were also set aside for an operating reserve of \$9,336,216 and \$8,811,724 as of June 30, 2025 and 2024, respectively.

Total Amounts Raised, Private Grants, and Government Grants Revenues - Contributions, including total amounts raised, private grants, and government grants are recorded at their fair value and are considered to be available for general operations of United Way ATX unless specifically restricted by the donor. United Way ATX recognizes contributions when cash, securities, other assets, or unconditional promises to give are received. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related restricted net assets are reclassified to net assets without donor restrictions. This is reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give, defined as those with a measurable performance or other barrier and a right to return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Government grant revenues consist of contracts received from federal, state, and local governments that are earned based on United Way ATX incurring allowable costs or providing services. Therefore, revenue is recognized as those costs are incurred or the services are provided. Payments received prior to incurring allowable costs or providing services on governmental contracts is deferred when received and recognized as revenue when earned.

In-kind Contributions - Services, materials, facilities, and other in-kind contributions are recorded at their fair value on the date they are received. Donated services are recognized as contributions during the period services are rendered if the services (a) create or enhance non-financial assets and (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by United Way ATX. A substantial number of volunteers contribute significant amounts of time to United Way ATX in the allocation process, campaign efforts, and community program efforts. The financial statements do not reflect the value of these volunteer hours as contributions since such services do not meet the recognition criteria. In-kind contributions are discussed in Note 13.

Revenue Recognition - Revenue is recognized when promised services are transferred to partner agencies, non-partner agencies, and grantors in an amount that reflects the consideration to which United Way ATX expects to be entitled in exchange for those services by following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as United Way ATX satisfies a performance obligation.

Grants and contracts are recognized when services are provided and the performance obligations are satisfied.

Service fees are assessed for providing fundraising, administrative, and processing services to partner agencies, non-partner agencies, and certain grantors as per agreement. Service fees are recorded as grants and contracts revenue once designated amounts are paid to partner and non-partner agencies, or as services are performed related to grants and contract agreements. The performance obligations are satisfied as designated amounts are paid or as the services are rendered.

Payments received in advance of the satisfaction of performance obligations are recorded as deferred revenue until the revenue recognition criteria are met.

The following table presents earned revenue streams, specifically grants and contracts and service fees, disaggregated by timing of revenue recognition during the years ended June 30:

	2025	2024
Revenue recognized over time	\$ 706,628	\$ 643,444
Revenue recognized at a point in time	153,395	143,857
Total revenue	<u>\$ 860,023</u>	<u>\$ 787,301</u>

The timing of revenue recognition, billings, and cash collections resulted in grants and contracts receivable totaling \$348,259 and deferred revenue totaling \$85,970 as of June 30, 2023.

Net Funds Awarded/Distributed - United Way ATX annually distributes funds into the community through Community Investment Grants to their partner agencies, relief funds for disasters and community crises, as well as other strategic community investments that align with their mission to fight poverty. For the years ended June 30, 2025 and 2024, \$2,120,000 and \$2,145,000, respectively, were awarded to non-profit and for-profit organizations within the community. The statements of activities reflects these amounts as net funds/awarded distributed.

Federal Income Taxes - United Way ATX is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; except to the extent of any unrelated business income. United Way ATX did not incur any significant tax liabilities due to unrelated business income during the years ended June 30, 2025 and 2024. United Way ATX files Form 990 tax returns in the U.S. federal jurisdiction, and is subject to routine examinations of its tax returns; however, there are no tax examinations currently in process.

Functional Expense Allocation - The accompanying financial statements present expenses by function and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the program and supporting services using a variety of cost allocation techniques, such as time and effort.

Program expenses are incurred for the following programs:

- Health Focus Area - A person’s zip code should not determine their access to quality healthcare. United Way ATX connects people with affordable healthcare, healthy foods, and basic needs support, so everyone has an opportunity to thrive.
- Education Focus Area - Success in life begins with a quality education. That’s why United Way ATX ensures children get a healthy start in life and are ready to succeed in kindergarten and beyond.
- Financial Stability Focus Area - Families and individuals face financial obstacles that prevent them from reaching their full potential. We fight to ensure everyone in our community has the resources and opportunities they need to build a strong financial foundation and thrive.

3. Concentrations of Credit Risk

Financial instruments which potentially subject United Way ATX to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. United Way ATX places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. United Way ATX does not maintain collateral for its receivables. Concentrations of receivables and revenue (donors or grantors that exceed 10% or more of the account balance) as of and for the years ended June 30, 2025 and 2024 were as follows:

<u>Account</u>	2025		2024	
	<u>Number of Donors/Grantors</u>	<u>2025 Concentration</u>	<u>Number of Donors/Grantors</u>	<u>2024 Concentration</u>
Government grants receivable	2	80%	3	88%
Grants and contracts receivable	2	99%	1	10%
Private grants receivable	3	87%	3	91%
Pledges receivable	1	41%	3	64%
Total amounts raised revenue	1	34%	1	24%
Government grants revenue	4	84%	4	90%
Private grants revenue	4	85%	4	79%
Grants and contracts revenue	2	100%	2	87%

4. Liquidity and Availability of Financial Assets

United Way ATX's financial assets available to management for general expenditure within one year were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,466,995	\$ 7,311,016
Investments	5,491,783	4,944,153
Government grants receivable	2,966,813	2,506,727
Grants and contracts receivable	473,535	580,319
Private grants receivable, current portion	1,479,785	618,359
Pledges receivable, net	<u>1,457,827</u>	<u>2,040,224</u>
	18,336,738	18,000,798
Less amounts unavailable for general expenditure within one year:		
Designations due to others	(223,812)	(102,436)
Board-designated operating reserve	(9,336,216)	(8,811,724)
Board-designated other	<u>(3,175,000)</u>	<u>(3,175,000)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 5,601,710</u>	<u>\$ 5,911,638</u>

United Way ATX invests its funds in liquid investments to meet its cash flow requirements and minimize interest rate risk. In addition, United Way ATX's Board-designated net assets without restrictions could be made available by the Board for current operations to manage unanticipated liquidity needs.

Donor restricted endowments are not included in financial assets available to management for general expenditures as amounts are limited for expenditure based on the Board's spending policy.

Net assets with donor restrictions that are temporarily restricted as to purpose have not been removed from the balance disclosed as available for general expenditure within one year, as those restrictions can or will be met as part of general operations within the next year.

Although United Way ATX reported a deficit in undesignated net assets without donor restrictions as of June 30, 2025, United Way ATX utilized Board-designated reserves to meet operating needs during the year. The use of these funds was not formally approved by the Board in advance of expenditure. Board-designated reserves totaled \$12,511,216 at June 30, 2025.

5. Investments

Investments, including endowment investments, consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Equities	\$ 2,477,156	\$ 3,485,474
Fixed income	2,266,640	2,138,722
Exchange traded funds	1,479,262	-
Cash and money market	<u>131,923</u>	<u>97,631</u>
Total investments	<u>\$ 6,354,981</u>	<u>\$ 5,721,827</u>

Investments were measured at fair value using the market approach and inputs were considered to be Level 1 under the fair value hierarchy.

Net investment gains consisted of the following during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Unrealized and realized gains on investments, net	\$ 506,617	\$ 598,598
Interest and dividends	191,465	167,048
Investment fees	<u>(38,547)</u>	<u>(23,881)</u>
Total net investment gains	<u>\$ 659,535</u>	<u>\$ 741,765</u>

6. Private Grants Receivable

Private grants receivable consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 1,479,785	\$ 618,359
Due in one to five years	1,641,399	-
Less net present value discount	<u>(79,649)</u>	<u>-</u>
Private grants receivable, net	<u>\$ 3,041,535</u>	<u>\$ 618,539</u>

As of June 30, 2025, a discount rate of 5.1% was used to discount the anticipated cash flows on long-term private grants receivable.

7. Pledges Receivable

Pledges receivable consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 2,004,672	\$ 2,805,800
Less allowance for uncollectible pledges	<u>(546,845)</u>	<u>(765,576)</u>
Pledges receivable, net	<u>\$ 1,457,827</u>	<u>\$ 2,040,224</u>

8. Property and Equipment

Property and equipment consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 374,816	\$ 1,447,528
Accumulated depreciation	(369,793)	(1,443,286)
Construction in progress	<u>4,010</u>	<u>-</u>
Total property and equipment, net	<u>\$ 9,033</u>	<u>\$ 4,242</u>

9. Line of Credit

United Way ATX had a \$500,000 line of credit with a financial institution. The line of credit accrued interest at 3.082% plus the secured overnight Financing Rate and was secured by substantially all assets. No draws were made on the line of credit prior to maturity in May 2024.

10. Leases

The following is a summary of United Way ATX's lease expense for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease expense	\$ 192,636	\$ 229,300
Variable lease expense	<u>23,310</u>	<u>3,901</u>
Total	<u>\$ 215,946</u>	<u>\$ 233,201</u>

Future minimum lease payments due under long-term lease agreements, excluding payments for common area maintenance, were as follows as of June 30, 2025:

2026	\$ 184,080
2027	184,080
2028	55,875
2029	<u>2,190</u>
Total minimum lease payments	426,225
Less amounts representing interest	<u>(18,960)</u>
Present value of minimum lease payments	407,265
Less current portion of operating lease obligations	<u>(171,322)</u>
Operating lease obligations, net of current portion	<u>\$ 235,943</u>

As of June 30, 2025 and 2024, operating leases had a weighted average remaining lease term of 2.34 and 3.28 years, respectively, and a weighted average discount rate of 4.05% and 4.03%, respectively.

11. Endowment Fund

United Way ATX’s endowment consists solely of donor-restricted funds, which are restricted for the purpose of furthering United Way ATX’s mission. The Board interprets the Texas Uniform Prudent Management of Institutional Funds Act (“TUPMIFA”) 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. Permanently restricted net assets are classified at the original value of gifts donated to the permanent endowment, plus the original value of subsequent gifts to the permanent endowment. The earnings portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those funds are appropriated for expenditure by United Way ATX in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, United Way ATX 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 United Way ATX, and (7) United Way ATX’s investment policies.

United Way ATX has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to result in high yields while assuming a moderate level of investment risk. The long-term return objectives of the funds should be to preserve capital, provide consistent asset growth that exceeds the rate of inflation, and minimize the exposure of the endowment’s capital to risk and volatility. The spending policy allows the Board to determine amounts appropriated for expenditure which are calculated as the excess returns, net of investment fees, for the prior 12-quarter rolling average, as defined. The withdrawal from the endowment funds may not exceed 4% of the average market value. There were no deficiencies for donor-restricted endowment funds as of June 30, 2025 and 2024.

Changes in endowment net assets with donor restrictions were as follows during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 777,674	\$ 693,831
Unrealized and realized gains		
on investments, net of investment fees	63,126	89,093
Interest and dividends	22,398	20,750
Appropriations	-	(26,000)
Endowment net assets, end of year	<u>\$ 863,198</u>	<u>\$ 777,674</u>

In November 2024, the Board approved an appropriation of \$28,851 from endowment funds for expenditure during the fiscal year ended June 30, 2025.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions have temporary and permanent restrictions that consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Permanent restrictions-		
Donor-restricted endowment funds	\$ 496,630	\$ 496,630
Temporary restrictions:		
Education	1,413,015	734,743
Health	2,022,041	640,029
Community Impact	374,282	385,272
Earnings not yet appropriated for expenditure on donor restricted perpetual endowments	366,568	281,044
Financial Stability	1,641,750	144,166
Time restricted	344,015	315,000
Total	<u>\$ 6,658,301</u>	<u>\$ 2,996,884</u>

13. In-kind Contributions

United Way ATX received the following contributed nonfinancial assets, recorded as in-kind contributions in the statements of activities during the years ended June 30:

	<u>2025</u>	<u>2024</u>	Usage in Programs or Activities	Monetized or Utilized	Fair value techniques and inputs
Professional services	\$ 91,766	\$ 1,059,232	Management and general activities	Utilized	Current rates for similar services
Auction items	45,456	17,465	Fundraising	Monetized	Gross selling price received from auctions/ raffles
Goods	27,105	-	Fundraising	Utilized	Current rates for similar products
Goods	-	53,700	Management and general activities	Utilized	Current rates for similar products
Advertising and media	-	47,533	Management and general activities	Utilized	Current rates for similar services
	<u>\$ 164,327</u>	<u>\$ 1,177,930</u>			

There were no donor-imposed restrictions associated with the donated goods and services.

14. Contingencies

United Way ATX receives government grants that are subject to review and audit by government agencies. United Way ATX is also funded by private grants that are subject to review and audit by the grantor agencies. These contracts have certain compliance requirements and, should audits by the government or grantor agencies disclose any areas of substantial noncompliance, United Way ATX may be required to refund any disallowed costs.

15. Donor Designations

Donor designations were as follows during the years ended June 30:

	<u>2025</u>	<u>2024</u>
Designations to other 501(c)(3) organizations	\$ 33,066	\$ 517,751
Designations to other United Ways	<u>29,309</u>	<u>52,981</u>
Total donor designations	<u>\$ 62,375</u>	<u>\$ 570,732</u>

16. Payments to Affiliates

During the years ended June 30, 2025 and 2024, United Way ATX recorded expenses for amounts due to affiliates that represent dues to United Way Worldwide of \$135,975 and \$99,281, respectively, and dues to United Way of Texas of \$12,889 during each of the years ended June 30, 2025 and 2024.

17. Retirement Plan

United Way ATX offers its employees the opportunity to enroll in a 403(b) plan (the “Plan”). This tax deferred annuity plan allows employees, at their option, to make contributions using payroll deductions. United Way ATX contributed \$81,194 and \$94,250 to the Plan during the years ended June 30, 2025 and 2024, respectively.

18. Related Party Transactions

Certain members of the Board contributed \$236,292 and \$180,160 to United Way ATX during the years ended June 30, 2025 and 2024, respectively. United Way ATX leases office space under a long-term, non-cancelable operating lease (Note 10) from a related party. Rent expense on the operating lease obligation, including common area maintenance charges, totaled \$170,940 for each of the years ended June 30, 2025 and 2024.

19. Conditional Promises to Give

United Way ATX receives conditional promises to give that are generally recorded to private grants revenue when the conditions are substantially met, which generally involves satisfactory achievement of agreed upon key performance metrics. As of June 30, 2025 and 2024, these conditional promises to give totaled \$2,181,793 and \$1,084,925, respectively, and were not recorded to the financial statements except for payments received in advance of \$1,278,578 and \$886,215, which were recorded to deferred revenue as of June 30, 2025 and 2024, respectively.

United Way ATX receives conditional promises to give that are generally recorded to government grants revenue when the conditions are substantially met, which generally involves satisfactory achievement of agreed upon key performance metrics. As of June 30, 2025 and 2024, these conditional promises to give totaled \$160,585 and \$199,811, respectively, and were not recorded to the financial statements except for payments received in advance of \$17,627 and \$49,854, which were recorded to deferred revenue as of June 30, 2025 and 2024, respectively.

20. Subsequent Events

United Way ATX evaluated subsequent events through March 30, 2026 (the date the financial statements were available to be issued), and no events have occurred from the statement of financial position date through that date that would impact the financial statements.