

**UNITED WAY OF DENTON COUNTY, INC.**

ANNUAL FINANCIAL REPORT

YEAR ENDED MARCH 31, 2021

**UNITED WAY OF DENTON COUNTY, INC.**  
ANNUAL FINANCIAL REPORT  
March 31, 2021

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TONN & SEAY**  
A PROFESSIONAL CORPORATION  
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## **Independent Auditors' Report**

The Board of Directors  
United Way of Denton County, Inc.  
Denton, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Denton County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Denton County, Inc. as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021, on our consideration of United Way of Denton County, Inc.'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 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 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 of Denton County, Inc.'s internal control over financial reporting and compliance.

*Hankins, Eastup, Deaton, Tonn & Seay, P.C.*

Hankins, Eastup, Deaton, Tonn & Seay, P.C.  
Denton, Texas

July 19, 2021

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021

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**ASSETS**

|                                |                         |
|--------------------------------|-------------------------|
| Current Assets:                |                         |
| Cash and cash equivalents      | \$ 2,627,284            |
| Operating investments          | 77,113                  |
| Promises to give, net          | 803,878                 |
| Accounts receivable - grants   | 220,757                 |
| Prepaid expenses               | 13,840                  |
| Total Current Assets           | <u>3,742,872</u>        |
| Property and Equipment         |                         |
| Land                           | 663,571                 |
| Building                       | 2,684,454               |
| Office equipment and furniture | 448,089                 |
| Less accumulated depreciation  | (605,362)               |
| Net Property and Equipment     | <u>3,190,752</u>        |
| <br>Total Assets               | <br><u>\$ 6,933,624</u> |

**LIABILITIES AND NET ASSETS**

|  |                         |
|--|-------------------------|
| Current Liabilities:                     |                         |
| Accounts payable                         | 65,710                  |
| Designated funds payable                 | 354,577                 |
| Security deposits                        | 21,631                  |
| Deferred fundraising income              | 78,657                  |
| Unearned income - grants                 | 1,037,850               |
| Current portion of mortgage payable      | 70,810                  |
| Total Current Liabilities                | <u>1,629,235</u>        |
| Other Liabilities:                       |                         |
| Mortgage payable, net of current portion | <u>2,639,878</u>        |
| Total Other Liabilities                  | 2,639,878               |
| Net Assets:                              |                         |
| Without donor restrictions               | 1,821,534               |
| With donor restrictions                  | 842,977                 |
| Total Net Assets                         | <u>2,664,511</u>        |
| <br>Total Liabilities and Net Assets     | <br><u>\$ 6,933,624</u> |

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2021

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
|---|----------------------------------|-------------------------------|---------------------|
| Public Support and Revenue:                                       |                                  |                               |                     |
| Campaign Results:   |                                  |                               |                     |
| Gross campaign results  | \$ 857,147                       | \$ 687,556                    | \$ 1,544,703        |
| Gross campaign results in prior year<br>released from restriction | 841,241                          | (841,241)                     | -                   |
| Total Campaign Results  | <u>1,698,388</u>                 | <u>(153,685)</u>              | <u>1,544,703</u>    |
| Loss on uncollectible promises to give<br>Net Campaign Revenue    | <u>(134,642)</u>                 | <u>-</u>                      | <u>(134,642)</u>    |
|   | <u>1,563,746</u>                 | <u>(153,685)</u>              | <u>1,410,061</u>    |
| Other Revenue:  |                                  |                               |                     |
| Special events  | 49,351                           | -                             | 49,351              |
| Other contributions   | 373,335                          | 68,362                        | 441,697             |
| Other grants  | 14,024,005                       | 90,325                        | 14,114,330          |
| Service fees  | 1,905                            | -                             | 1,905               |
| Rental income (net of \$172,865 rental expenses)                  | 103,199                          | -                             | 103,199             |
| Interest income   | 1,324                            | -                             | 1,324               |
| Paycheck Protection Program loan forgiveness                      | 212,000                          | -                             | 212,000             |
| Net assets released from restrictions                             | 43,545                           | (43,545)                      | -                   |
| Total Other Revenue   | <u>14,808,664</u>                | <u>115,142</u>                | <u>14,923,806</u>   |
| Total Public Support and Revenue                                  | <u>16,372,410</u>                | <u>(38,543)</u>               | <u>16,333,867</u>   |
| Expenses:   |                                  |                               |                     |
| Program Services:   |                                  |                               |                     |
| Funds awarded/distributed   | 658,145                          | -                             | 658,145             |
| Community capacity building                                       | 931,791                          | -                             | 931,791             |
| Community education   | 39,528                           | -                             | 39,528              |
| I&R research  | 31,309                           | -                             | 31,309              |
| VITA  | 71,974                           | -                             | 71,974              |
| Project blueprint   | 7,144                            | -                             | 7,144               |
| COVID-19 relief   | 13,561,409                       | -                             | 13,561,409          |
| Total Program Services  | <u>15,301,300</u>                | <u>-</u>                      | <u>15,301,300</u>   |
| Supporting Services:  |                                  |                               |                     |
| Organizational administration                                     | 160,513                          | -                             | 160,513             |
| Campaign  | 264,621                          | -                             | 264,621             |
| Total Supporting Services   | <u>425,134</u>                   | <u>-</u>                      | <u>425,134</u>      |
| Federal income tax  | 22,325                           | -                             | 22,325              |
| Total Expenses  | <u>15,748,759</u>                | <u>-</u>                      | <u>15,748,759</u>   |
| Change in Net Assets  | 623,651                          | (38,543)                      | 585,108             |
| Net Assets, Beginning of Year                                     | 1,197,883                        | 881,520                       | 2,079,403           |
| Net Assets, End of Year   | <u>\$ 1,821,534</u>              | <u>\$ 842,977</u>             | <u>\$ 2,664,511</u> |

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENT OF CASH FLOWS  
MARCH 31, 2021

Cash Flows from Operating Activities:

|  |                  |
|--|------------------|
| Change in net assets   | \$ 585,108       |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                  |
| Depreciation expense   | 129,140          |
| (Increase) decrease in pledges receivable  | 192,114          |
| (Increase) decrease in accounts receivable - grants  | (132,543)        |
| (Increase) decrease in prepaid expenses  | 1,551            |
| Increase (decrease) in deferred income   | 78,657           |
| Increase (decrease) in unearned income - grants  | 1,037,850        |
| Increase (decrease) in security deposits   | 3,449            |
| Increase (decrease) in accounts payable  | 21,372           |
| Increase (decrease) in designated funds payable  | <u>(174,319)</u> |
| Net Cash Provided by Operating Activities  | <u>1,742,379</u> |

Cash Flows from Investing Activities:

|  |                 |
|--|-----------------|
| Acquisition of property and equipment        | (42,457)        |
| (Increase) decrease in operating investments | <u>(385)</u>    |
| Net Cash Used by Investing Activities        | <u>(42,842)</u> |

Cash Flows from Financing Activities:

|                                       |               |
|---------------------------------------|---------------|
| Increase in mortgage payable          | <u>10,824</u> |
| Net Cash Used by Investing Activities | <u>10,824</u> |

Net Increase (Decrease) in Cash and Cash Equivalents 1,710,361

Cash and Cash Equivalents, Beginning of Year 916,923

Cash and Cash Equivalents, End of Year \$ 2,627,284

Supplemental Data:

|                            |                         |
|----------------------------|-------------------------|
| Cash paid for interest     | <u>\$ 93,010</u>        |
| Cash paid for income taxes | <u><u>\$ 14,200</u></u> |

The accompanying notes are an integral part of these financial statements.

**UNITED WAY OF DENTON COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended March 31, 2021

|  | Program Services    |                             |                     |              |        |                   |                 |                  |                               |          | Support Services       |            |  |
|--|---------------------|-----------------------------|---------------------|--------------|--------|-------------------|-----------------|------------------|-------------------------------|----------|------------------------|------------|--|
|  | Allocation Services | Community Capacity Building | Community Education | I&R Research | VITA   | Project Blueprint | COVID-19 Relief | Program Services | Organizational Administration | Campaign | Total Support Services | Total      |  |
| Allocations and Awards                 | 567,498             | -                           | -                   | -            | -      | -                 | -               | -                | -                             | -        | -                      | 567,498    |  |
| Total Allocations and Awards           | 567,498             | -                           | -                   | -            | -      | -                 | -               | -                | -                             | -        | -                      | 567,498    |  |
| Salaries and wages                     | 20,663              | 413,232                     | 11,948              | 20,350       | 36,191 | 184               | 389,392         | 891,960          | 82,516                        | 163,329  | 245,845                | 1,137,805  |  |
| Payroll taxes                          | 1,761               | 32,305                      | 955                 | 1,577        | 3,151  | 35                | 27,999          | 67,783           | 6,326                         | 12,211   | 18,537                 | 86,320     |  |
| Employee benefits                      | 264                 | 63,134                      | 962                 | 4            | 9,071  | 4                 | 31,039          | 104,478          | 6,588                         | 24,039   | 30,627                 | 135,105    |  |
| Total payroll expenses                 | 22,688              | 508,671                     | 13,865              | 21,931       | 48,413 | 223               | 448,430         | 1,064,221        | 95,430                        | 199,579  | 295,009                | 1,359,230  |  |
| Contract services                      | 2,020               | 108,619                     | 314                 | 1,010        | 3,548  | 202               | 14              | 115,727          | 2,020                         | 2,020    | 4,040                  | 119,767    |  |
| Supplies                               | 395                 | 26,005                      | 1,244               | 987          | 292    | 481               | 4,809           | 34,213           | 24,444                        | 2,214    | 26,658                 | 60,871     |  |
| Postage and shipping                   | -                   | -                           | 33                  | 10           | -      | -                 | 53              | 96               | 238                           | -        | 238                    | 334        |  |
| Telephone and networks                 | 1,132               | 3,035                       | 856                 | 903          | 1,241  | 97                | 126             | 7,390            | 2,682                         | 2,509    | 5,191                  | 12,581     |  |
| Occupancy                              | 1,206               | 13,252                      | 176                 | 1,356        | 1,981  | 491               | 394             | 18,856           | 3,143                         | 2,211    | 5,354                  | 24,210     |  |
| Equipment rental & maintenance         | 6,120               | 36,067                      | 6,304               | 2,516        | 5,789  | 1,883             | 1,705           | 60,384           | 10,346                        | 8,416    | 18,762                 | 79,146     |  |
| Printing                               | -                   | 341                         | 750                 | -            | 16     | -                 | 500             | 1,607            | -                             | 8,399    | 8,399                  | 10,006     |  |
| Travel                                 | -                   | 1,682                       | 2,197               | -            | 78     | -                 | 940             | 4,897            | 422                           | 1,168    | 1,590                  | 6,487      |  |
| Conferences and meetings               | 113                 | 1,632                       | -                   | -            | -      | -                 | -               | 1,745            | 87                            | 190      | 277                    | 2,022      |  |
| Insurance                              | 1,184               | 5,647                       | 116                 | 27           | 1,358  | 16                | -               | 8,348            | 2,697                         | 2,507    | 5,204                  | 13,552     |  |
| Awards                                 | -                   | 1,000                       | -                   | -            | -      | -                 | -               | 1,000            | -                             | 129      | 129                    | 1,129      |  |
| Dues                                   | 2,099               | 2,614                       | 3,600               | 50           | 137    | -                 | -               | 8,500            | 264                           | 976      | 1,240                  | 9,740      |  |
| Other                                  | 305                 | 6,282                       | 3,696               | 40           | 133    | -                 | 13,299          | 23,755           | 2,791                         | 7,901    | 10,692                 | 34,447     |  |
| Veterans program expenses              | -                   | 162,383                     | -                   | -            | -      | -                 | -               | 162,383          | -                             | -        | -                      | 162,383    |  |
| Emergency assistance payments          | -                   | -                           | -                   | -            | -      | -                 | 13,091,139      | 13,091,139       | -                             | -        | -                      | 13,091,139 |  |
| United Way of America dues             | 2,268               | 10,653                      | 4,180               | 2,268        | 2,329  | 2,267             | -               | 23,965           | 7,680                         | 8,760    | 16,440                 | 40,405     |  |
| United Way of Texas dues               | 211                 | 638                         | 925                 | 211          | 296    | 211               | -               | 2,492            | 633                           | 1,098    | 1,731                  | 4,223      |  |
| Total Expenses                         | 39,741              | 888,521                     | 38,256              | 31,309       | 65,611 | 5,871             | 13,561,409      | 14,630,718       | 152,877                       | 248,077  | 400,954                | 15,031,672 |  |
| Before Depreciation                    | 17,243              | 14,657                      | 431                 | -            | 2,155  | 431               | -               | 34,917           | 2,587                         | 5,604    | 8,191                  | 43,108     |  |
| Depreciation of Property and Equipment | 33,663              | 28,613                      | 841                 | -            | 4,208  | 842               | -               | 68,167           | 5,049                         | 10,940   | 15,989                 | 84,156     |  |
| Total Expenses                         | 658,145             | 931,791                     | 39,528              | 31,309       | 71,974 | 7,144             | 13,561,409      | 15,301,300       | 160,513                       | 264,621  | 425,134                | 15,726,434 |  |

The accompanying notes are an integral part of the financial statements.



## UNITED WAY OF DENTON COUNTY, INC.

### NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2021

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#### **NOTE 1 – Nature of Activities and Significant Accounting Policies**

The nature of activities and summary of significant accounting policies of United Way of Denton County, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. Management of the Organization is responsible for the accuracy and internal consistency of the preparation of the financial statements and notes contained in this annual report.

Nature of Activities –The United Way of Denton County, Inc. serves as a catalyst to facilitate the organized effort of the community to identify and address the existing and emerging human needs of its people. The Organization is supported primarily through donor contributions.

Basis of Presentation – The accompanying 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 presented follow the requirements of Accounting Standards Update (ASU) 2016-14, Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-For-Profit Entities*.

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

We report contributions and grants restricted by donors/grantors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2021

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**NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies – Continued**

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in checking and money market accounts.

Operating Investments – Operating investments consist of a non-brokered certificate of deposit. The certificate of deposit is a one-year certificate that will mature in the next fiscal year. The certificate of deposit is reported at carrying value (cost), which approximates fair value.

Support and Promises to Give – Annual campaigns are conducted to raise support for allocation to participating agencies in the current and subsequent year. The Organization previously conducted a capital campaign soliciting contributions and pledges to be used for building purchase or renovation costs. Unconditional promises to give are recognized as revenue when the promise to give is made, in accordance with GAAP. All support is considered available for unrestricted use or temporarily restricted due to time restrictions, unless specifically restricted by the donor. Promises to give are recorded as received, and allowances are provided for amounts estimated as uncollectable. The allowance for uncollectible pledges is established by the United Way Management based on past collection experience and current economic conditions.

Some capital campaign promises to give are to be paid over time periods ranging from one to five years.

Donor restricted pass-through pledges are not recognized as revenue as the Organization acts only as an intermediary between the donor and the ultimate beneficiary as required by FASB ASC 958-605, Not-For-Profit Entities-Revenue Recognition. The SECC campaign and all specific donor donations to designated agencies fall under this designation.

Contributions – The Organization’s success in conducting its mission is highly dependent on attracting committed volunteers. A substantial number of volunteers have donated significant amounts of their time in the Organization’s management and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated property and professional services are recorded at their estimated fair value as of the date of the donation.

Property and Equipment – Property and equipment are stated at cost, or if donated, the approximate fair value as of the date of the donation, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 30 years. Expenditures for the new construction, major renewals and replacements, and equipment with a cost in excess of \$500 are capitalized. Land is not being depreciated.

Income Taxes – The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from Texas franchise and sales and use taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A). United Way of Denton County, Inc. has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2021

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**NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies - Continued**

The Organization applies the provisions of FASB ASC 74, *Income Taxes* related to the accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the year ended March 31, 2021, the organization does not believe it currently holds any uncertain tax positions, therefore no recognition of uncertain tax positions is reflected in the financial statements. There was unrelated business income (rental income) for the year ended March 31, 2021, and as a result, an income tax provision of \$22,325 has been recorded.

Use of Estimates – 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs – Advertising costs are expensed as incurred.

**NOTE 2 – Promises to Give**

Receivables from promises to give at March 31, 2021 consisted of the following promises and the expected time of collection:

|  |                   |
|--|-------------------|
| Receivable in one year or less           | \$ 864,147        |
| Receivable in two to five years          | <u>73,478</u>     |
|  | 937,625           |
| Less allowance for uncollectible amounts | (132,424)         |
| Less discount to present value           | <u>(1,323)</u>    |
| Promises to give, net                    | <u>\$ 803,878</u> |

\$148,897 of the net receivables are promises to give to the Organization's capital building campaign.

**NOTE 3 – Property and Equipment**

Property and equipment consist of the following at March 31, 2021:

|                                |                     |
|--------------------------------|---------------------|
|                                | <u>2021</u>         |
| Land                           | \$ 663,571          |
| Building                       | 2,684,454           |
| Office furniture and equipment | 448,089             |
| Less accumulated depreciation  | <u>(605,362)</u>    |
| Total                          | <u>\$ 3,190,752</u> |

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2021

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**NOTE 4 – Contributions – Donated Services and Materials**

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's activities during the years. The value of this contributed time is not reflected in these statements. The contributions of services are recognized only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**NOTE 5 – Designated Funds Payable**

The State Employee Charitable Contribution program (SECC) is the only authorized charitable fundraising drive in the State workplace. The United Way serves as the Local Campaign Manager for the SECC campaign. The Organization acts as an intermediary between the donor and the ultimate beneficiary. The SECC funds and designated funds collected through the United Way Campaign are not recognized as revenue by the Organization, but are reported as a designated payable in the statement of the financial position.

**NOTE 6 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 1,234,857        |
| Accounts receivable       | 220,757             |
| Operating investments     | 77,113              |
| Promises to give          | <u>654,981</u>      |
|                           | <u>\$ 2,187,708</u> |

**NOTE 7 – Mortgage Payable**

The Organization refinanced the mortgage payable on its building effective July 8, 2020. The original principal amount was \$2,717,000. The new mortgage payable has an initial interest rate of 3.45% through July 31, 2030. The note called for monthly payments of interest only through February 1, 2021. Beginning March 1, 2021, monthly principal and interest payments of \$13,602.81 are payable through February 1, 2046, subject to change on each interest rate change. Beginning August 1, 2030, and every five years thereafter, the interest rate will be adjusted to the Wall Street Journal Prime Rate, rounded to the nearest 1/10<sup>th</sup> of 1 percent. At each interest rate change date, the monthly principal and interest payable will be adjusted to fully amortize the loan by the maturity date of February 1, 2046. During the term of the loan, the interest rate cannot be less than 3.45% or more than 10.0%. The balance of the note at March 31, 2021 was \$2,710,688.

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2021

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**NOTE 7 – Mortgage Payable (Continued)**

Future maturities of notes payable are as follows:

Years Ending March 31.

|            |                     |
|------------|---------------------|
| 2022       | \$ 70,810           |
| 2023       | 73,292              |
| 2024       | 75,861              |
| 2025       | 78,519              |
| 2026       | 81,272              |
| Thereafter | <u>2,252,415</u>    |
|            | <u>\$ 2,710,688</u> |

**NOTE 8 – Lease Commitments**

The Organization leases certain office equipment under operating leases expiring through July 2022. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of March 31, 2021 are as follows:

|            |                  |
|------------|------------------|
| 03/31/2022 | \$ 9,661         |
| 03/31/2023 | <u>3,036</u>     |
| Totals     | <u>\$ 12,697</u> |

Rent expense under operating leases was \$9,866 for the year ended March 31, 2021.

**NOTE 9 – Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**NOTE 10 – Retirement Plan**

The Organization's retirement plan is administered by the United Way. It is a defined contribution retirement plan described under Section 403(b) of the Internal Revenue Service Code. It is a defined contribution retirement plan. Any employee can make voluntary contributions to the plan. The Organization contributes six percent of gross salary for employees who normally work more than thirty hours per week. Contributions for the year ended March 31, 2021 were \$43,183. Under the plan, participant accounts are one-hundred percent vested at all times.

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2021

**NOTE 11 – Net Assets with Donor Restrictions**

Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of March 31, 2021, net assets with donor restrictions were as follows:

|  |                   |
|--|-------------------|
| Annual campaign promises to give, net    | \$ 535,132        |
| Capital campaign contributions           | 144,101           |
| Barriers fund contributions              | 108,948           |
| Winter storm damage contributions        | <u>50,000</u>     |
| Total net assets with donor restrictions | <u>\$ 842,977</u> |

**NOTE 12 – Concentration of Credit and Market Risk**

The Organization maintains various bank accounts that may from time to time contain balances in excess of federally insured limits. The Organization manages this risk by maintaining the deposits with high quality financial institutions.

The Organization has various receivables as of March 31, 2021. The Organization consider its risk of loss from receivables (net of allowance for uncollectible amounts) to be minimal.

The Organization received approximately 54.3% of its contributions from fifteen companies and/or their employees for the 2020 pledge campaign year. COVID-19 relief grants from Denton County, Texas accounted for 92% of total grants.

**NOTE 13 – Rental Income**

In June 2018, the Organization purchased the building in which the Organization’s offices are located. The Organization occupies fifty percent of the building and rents the remaining 50% to other tenants. The Organization received \$279,460 in rental income during the fiscal year ended March 31, 2021. The rental income is reported in the statement of activities net of \$172,865 of rental expenses. The rental expenses incurred are as follows:

|                          |                   |
|--------------------------|-------------------|
| Interest expense         | \$ 46,505         |
| Property management fees | 14,522            |
| Property taxes           | 25,971            |
| Insurance                | 6,780             |
| Security                 | 6,436             |
| Maintenance              | 5,622             |
| Miscellaneous            | 5,639             |
| Utilities                | 16,406            |
| Depreciation             | <u>44,984</u>     |
| Total                    | <u>\$ 172,865</u> |

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2021

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**NOTE 14 – Financial Instruments**

Accounts receivable – The amounts reported in the accompanying statements of financial position as accounts receivable approximate fair value because of the short maturities of those instruments.

Receivables from promises to give – The amounts reported in the accompanying statements of financial position as receivables from promises to give approximate fair value because of the short maturities of those instruments.

Accounts payable and other amounts payable – The carrying amounts reported in the accompanying statements of the financial position for accounts payable and other amounts payable approximate fair value.

The carrying amounts and fair value of the United Way’s financial instruments at March 31, 2021 are as follows:

|  | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> |
|--|----------------------------|-----------------------|
| Financial Assets:                          |                            |                       |
| Cash and cash equivalents                  | \$ 2,627,284               | \$ 2,627,284          |
| Operating Investments                      | 77,113                     | 77,113                |
| Promises to give, net                      | 803,878                    | 803,878               |
| Other                                      | 234,597                    | 234,597               |
| Financial liabilities:                     |                            |                       |
| Accounts payable and other amounts payable | 441,918                    | 441,918               |
| Deferred fundraising income                | 78,657                     | 78,657                |
| Unearned income -grants                    | 1,037,850                  | 1,037,850             |
| Long-term mortgage payable                 | 2,710,688                  | 2,710,688             |

**NOTE 15 – Subsequent Events**

Management has evaluated the impact of all subsequent events on the Organization through July 19, 2021, the date of financial statements issuance.

**FEDERAL AWARDS SECTION**



Members:  
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ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

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**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION

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CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST  
P.O. BOX 977  
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of United Way of Denton County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way of Denton County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Denton County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way of Denton County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hankins, Eastup, Deaton, Tonn & Seay, PC*

Hankins, Eastup, Deaton, Tonn & Seay, PC  
Denton, Texas

July 19, 2021

Members:  
AMERICAN INSTITUTE OF  
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PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited United Way of Denton County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Denton County, Inc.'s major federal programs for the year ended March 31, 2021. United Way of Denton County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of United Way of Denton County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Denton County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Denton County, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, United Way of Denton County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

### **Report on Internal Control Over Compliance**

Management of United Way of Denton County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Denton County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Denton County, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hankins, Eastup, Deaton, Tonn & Seay, PC*

Hankins, Eastup, Deaton, Tonn & Seay, PC  
Denton, Texas

July 19, 2021

**UNITED WAY OF DENTON COUNTY, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2021

I. Summary of Auditor's Results

*Financial Statements*

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ Yes X No

Noncompliance material to financial statements noted? \_\_\_ Yes X No

*Federal Awards*

Internal control over major programs:

Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ Yes X No

Type of auditors' report issued on compliance for major programs Unmodified

Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_ Yes X No

Identification of major program:

CFDA 21.019 - Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? \_\_\_ Yes X No(1)

II. Financial Statement Findings

None

III. Findings and Questioned Costs for State and Federal Awards

None

(1) In order to meet the criteria for a low-risk auditee in the current year, the Organization must have undergone a Single Audit in accordance with the Uniform Guidance in the two previous fiscal years, and had no findings. This is the first year the Organization has been required to undergo a Single Audit.

**UNITED WAY OF DENTON COUNTY, INC.**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED MARCH 31, 2021**

CORRECTIVE ACTION PLAN:

None Required

**UNITED WAY OF DENTON COUNTY, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2021**

| (1)<br>FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM or CLUSTER TITLE | (2)<br>Federal<br>CFDA<br>Number | (3)<br>Pass-Through<br>Entity Identifying<br>Number | (4)<br>Federal<br>Expenditures |
|--|----------------------------------|---|--------------------------------|
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                      |                                  |   |                                |
| <u>Direct Program</u>  |                                  |   |                                |
| Continuum of Care Program  | 14.267                           | TX0530L6T   | \$ 103,779                     |
| Total Direct Program   |                                  |   | <u>103,779</u>                 |
| <u>Passed Through City of Denton, Texas</u>                                  |                                  |   |                                |
| Texas Emergency Rental Assistance Program                                    | 14.228                           | 70200001013   | 92,948                         |
| <u>Passed Through City of Lewisville, Texas</u>                              |                                  |   |                                |
| Texas Emergency Rental Assistance Program                                    | 14.228                           | 70200001026   | <u>87,305</u>                  |
| Total CFDA Number 14.228   |                                  |   | <u>180,253</u>                 |
| <u>Passed Through City of Denton, Texas</u>                                  |                                  |   |                                |
| Emergency Solutions Grant - CARES Act  | 14.231                           | 43206070082   | <u>240</u>                     |
| <b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPEMNT</b>                |                                  |   | <u>\$ 284,272</u>              |
| <b>U.S. DEPARTMENT OF THE TREASURY</b>                                       |                                  |   |                                |
| <u>Direct Program</u>  |                                  |   |                                |
| Volunteer Income Tax Assistance Matching Grant                               | 21.009                           | 21VITA0201  | \$ 39,833                      |
| Total Direct Program   |                                  |   | <u>\$ 39,833</u>               |
| <u>Passed Through Denton County, Texas</u>                                   |                                  |   |                                |
| Coronavirus Relief Fund  | 21.019                           | 52.6813.10.67                                       | 12,293,003                     |
| Emergency Rental Assistance Program  | 21.023                           | 56.6813.10.40                                       | <u>673,873</u>                 |
| Total Passed Through Denton County, Texas                                    |                                  |   | <u>\$ 12,966,876</u>           |
| <b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>                                 |                                  |   | <u>\$ 13,006,709</u>           |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                  |                                  |   | <u><u>\$ 13,290,981</u></u>    |

**UNITED WAY OF DENTON COUNTY, INC.**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2021

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of United Way of Denton County, Inc. under programs of the federal government for the year ended March 31, 2021. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of United Way of Denton County, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of United Way of Denton County, Inc.

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

United Way of Denton County, Inc. accounts for all awards under federal programs using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. This basis of accounting recognizes revenue in the accounting period in which they are earned, and expenses in the accounting period in which the liability is incurred. Expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable.