

UNITED WAY OF GREATER TEXARKANA, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021 AND 2020
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
United Way of Greater Texarkana, Inc.
Texarkana, Texas

Opinion

We have audited the accompanying financial statements of United Way of Greater Texarkana, Inc. (United Way) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Texarkana, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Greater Texarkana, Inc. 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 of Greater Texarkana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Greater Texarkana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater Texarkana, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Allocation to Agencies 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.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
April 18, 2022

FINANCIAL STATEMENTS

UNITED WAY OF GREATER TEXARKANA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 218,753	\$ 209,307
Investments - Other	191,255	336,698
Unconditional Promises to Give, Net of Reserve for Uncollectibles	128,996	202,384
Prepaid Assets	1,591	1,591
Total Current Assets	540,595	749,980
Non-Current Assets		
Investment in Marketable Securities (Available for Sale)	3,051,430	2,612,754
Beneficial Interest In Assets Held by the Arkansas Community Foundation	286,900	256,362
Land, Building and Equipment, Net of Accumulated Depreciation	21,422	17,976
Total Non-Current Assets	3,359,752	2,887,092
Total Assets	3,900,347	3,637,072
Liabilities and Net Assets		
Current Liabilities		
Payroll Liabilities	8,302	879
Other Liabilities	5,852	6,227
Allocations Payable	493,791	509,419
Total Current Liabilities	507,945	516,525
Total Liabilities	507,945	516,525
Net Assets:		
Without Donor Restrictions	2,731,355	2,542,120
With Donor Restrictions	661,047	578,427
Total Net Assets	3,392,402	3,120,547
Total Liabilities and Net Assets	\$ 3,900,347	\$ 3,637,072

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

UNITED WAY OF GREATER TEXARKANA, INC.

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31,**

	2021	2020
Changes in Net Assets Without Donor Restrictions		
Revenues and Gains:		
Contributions	229,360	360,516
Fundraising	5,500	25,917
Interest and Dividends on Investments	41,798	49,789
Net Realized and Unrealized Gain on Investments	411,324	254,138
Campaign Event Income	-	44,242
COVID-19 Grant Income	-	57,446
Grant Income	4,540	-
Miscellaneous	-	2,437
Total Revenues and Gains Without Donor Restrictions	692,522	794,485
Net Assets Released from Restrictions		
Satisfaction of Timing Restrictions	312,065	183,828
Total Assets Released from Restrictions	312,065	183,828
Total Revenue, Gains, and Other Support Without Donor Restrictions	1,004,587	978,313
Expenses:		
Program Services -		
Agency Allocations/Mini-Grant Payments	498,071	511,756
COVID-19 Special Distributions	-	41,446
Stuff a Bus	20,144	20,109
Imagination Library	6,647	7,975
Supporting Services -		
Management and General	247,804	238,674
Fund Raising	42,686	19,829
Total Expenses	815,352	839,789
Increase in Net Assets Without Donor Restrictions	189,235	138,524
Changes in Net Assets With Donor Restrictions		
Contributions	364,147	308,818
COVID-19 Funding	-	3,247
Change in Beneficial Interest in Assets Held by Arkansas Community Foundation	30,538	19,878
Net Assets Released from Restrictions	(312,065)	(183,828)
Increase in Net Assets With Donor Restrictions	82,620	148,115
Increase in Net Assets	271,855	286,639
Net Assets at Beginning of Year	3,120,547	2,833,908
Net Assets at End of Year	\$ 3,392,402	\$ 3,120,547

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

UNITED WAY OF GREATER TEXARKANA, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31,**

	2021	2020
Cash Flows from Operating Activities:		
Cash Support Collected	\$ 676,935	\$ 747,945
Cash Paid to Agencies, Employees and Suppliers	(819,150)	(864,328)
Interest and Dividends Received	41,798	49,789
	<u>(100,417)</u>	<u>(66,594)</u>
Cash Flows from Investing Activities:		
Purchases of Marketable Securities	(27,352)	(33,726)
Sales and Maturities of Investments - Other	149,064	122,450
Purchases of Investments - Other	(3,621)	(80,922)
Purchase of Fixed Assets	(8,228)	(2,462)
	<u>109,863</u>	<u>5,340</u>
Net Cash Provided by Investing Activities	<u>109,863</u>	<u>5,340</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,446	(61,254)
Cash and Cash Equivalents at Beginning of Year	209,307	270,561
Cash and Cash Equivalents at End of Year	<u>\$ 218,753</u>	<u>\$ 209,307</u>
Reconciliation of Increase in Net Assets to Net Cash Used by Operating Activities:		
Increase in Net Assets	\$ 271,855	\$ 286,639
Adjustment to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	4,782	4,221
Net Realized and Unrealized Investment Gains	(441,862)	(274,016)
Changes in Assets and Liabilities:		
(Increase) Decrease in Unconditional Promises to Give	73,388	(54,678)
Increase (Decrease) in Payroll Liabilities	7,423	(3,095)
Increase (Decrease) in Other Liabilities	(375)	4,916
Increase (Decrease) in Allocations Payable	(15,628)	(30,581)
	<u>(100,417)</u>	<u>(66,594)</u>
Net Cash Used by Operating Activities	<u>\$ (100,417)</u>	<u>\$ (66,594)</u>

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

UNITED WAY OF GREATER TEXARKANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2021

	Program Services				Supporting Services		Total Expenses
	Stuff a Bus	Imagination Library	Agency Allocations	COVID-19 Allocations	Management and General	Fund Raising	
Agency Allocations/Mini-Grant Payments	\$ -	\$ -	\$ 498,071	\$ -	\$ -	\$ -	\$ 498,071
Annual Campaign Expenses	-	-	-	-	-	32,725	32,725
Battle on the Border Expense	-	-	-	-	-	9,961	9,961
Imagination Library Expense	-	6,647	-	-	-	-	6,647
Advertising	-	-	-	-	3,138	-	3,138
Conferences, Conventions and Meetings	-	-	-	-	272	-	272
Depreciation of Buildings and Equipment	-	-	-	-	4,782	-	4,782
Fringe Benefits	-	-	-	-	16,692	-	16,692
Insurance	-	-	-	-	4,316	-	4,316
Maintenance of Building and Grounds	-	-	-	-	2,225	-	2,225
Membership Dues	-	-	-	-	13,775	-	13,775
Miscellaneous	-	-	-	-	11,379	-	11,379
Office Supplies	-	-	-	-	11,475	-	11,475
Payroll Taxes	-	-	-	-	11,743	-	11,743
Postage	-	-	-	-	165	-	165
Printing and Publications	-	-	-	-	950	-	950
Professional Services	-	-	-	-	9,950	-	9,950
Salaries	-	-	-	-	145,791	-	145,791
Stuff a Bus	20,144	-	-	-	-	-	20,144
Telephone	-	-	-	-	4,955	-	4,955
Travel	-	-	-	-	2,480	-	2,480
Utilities	-	-	-	-	3,716	-	3,716
Total Expenses	\$ 20,144	\$ 6,647	\$ 498,071	\$ -	\$ 247,804	\$ 42,686	\$ 815,352

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

UNITED WAY OF GREATER TEXARKANA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020**

	Program Services				Management and General		Fund Raising	Total Expenses
	Stuff a Bus	Imagination Library	Agency Allocations	COVID-19 Allocations	General			
Agency Allocations/Mini-Grant Payments	\$ -	\$ 3,000	\$ 511,756	\$ -	\$ -	\$ -	\$ -	\$ 514,756
COVID-19 Special Distributions	-	-	-	41,446	-	-	-	41,446
Annual Campaign Expenses	-	-	-	-	-	19,684	19,684	19,684
Battle on the Border Expense	-	-	-	-	-	145	145	145
Imagination Library Expense	-	4,975	-	-	-	-	-	4,975
Advertising	-	-	-	-	2,819	-	-	2,819
Conferences, Conventions and Meetings	-	-	-	-	868	-	-	868
Depreciation of Buildings and Equipment	-	-	-	-	4,221	-	-	4,221
Fringe Benefits	-	-	-	-	12,633	-	-	12,633
Insurance	-	-	-	-	3,992	-	-	3,992
Maintenance of Building and Grounds	-	-	-	-	3,335	-	-	3,335
Membership Dues	-	-	-	-	10,836	-	-	10,836
Miscellaneous	-	-	-	-	6,880	-	-	6,880
Office Supplies	-	-	-	-	12,221	-	-	12,221
Payroll Taxes	-	-	-	-	10,336	-	-	10,336
Postage	-	-	-	-	511	-	-	511
Printing and Publications	-	-	-	-	545	-	-	545
Professional Services	-	-	-	-	10,144	-	-	10,144
Salaries	-	-	-	-	148,057	-	-	148,057
Stuff a Bus	20,109	-	-	-	-	-	-	20,109
Telephone	-	-	-	-	5,052	-	-	5,052
Travel	-	-	-	-	2,536	-	-	2,536
Utilities	-	-	-	-	3,688	-	-	3,688
Total Expenses	\$ 20,109	\$ 7,975	\$ 511,756	\$ 41,446	\$ 238,674	\$ 19,829	\$ 839,789	

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

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The United Way of Greater Texarkana, Inc. (the United Way) is a not-for-profit organization, governed by an independent board of directors. The organization has been addressing community conditions in the Texarkana area since 1924 as the local Community Chest, which incorporated as United Way of Greater Texarkana, Inc. in 1996. The United Way provided annual support to twenty-two and twenty-four member agencies in 2021 and 2020, respectively, by way of contributions solicited and received from the public.

Tax-Exempt Status

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. United Way does not have any unrelated business activity income for 2021 or 2020. The United Way is not classified as a private foundation. The United Way's Return of Organization Exempt from Income Tax (Form 990) for the years 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, management has made estimates for the allowance for uncollectable unconditional promises to give based on historical collections and other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the United Way considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

Investments – Other

Certificates of deposit held for investment that are not debt securities and are purchased with original maturities greater than three months are included in Investments – Other. These investments are stated at cost, plus compounded interest which approximates fair value.

Revenue Recognition

The United Way recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. ASC 606 applies to both contributions and exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The United Way records the following contribution revenue in its statements of activities for the years ending December 31, 2021 and 2020:

Promises to Give – Contributions are recognized as revenue when the donor makes a pledge to the United Way that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Unconditional promises to give that are to be collected within one year are recorded at net realized value. As of December 31, 2021 and 2020, unconditional promises to give were reported at \$128,996 and \$202,384, respectively, which is net of an allowance for uncollectible promises to give on a specific campaign identification basis. As of December 31, 2021 and 2020, the allowance for uncollectible pledges totaled \$176,210 and \$172,214, respectively.

Valuation of Investments

The United Way’s investments consist of certificates of deposit that are reported at cost, which approximates fair value, and marketable securities which are reported at fair value as determined by quoted market prices.

FASB ASC 820 - *Fair Value Measurement* requires that investments in financial and nonfinancial assets be reported in a hierarchy which includes the following three different levels:

- Level I – Assets are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that United Way has the ability to access at year-end.
- Level II – Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.
- Level III – Assets are based on unobservable inputs which reflect United Way’s own assumptions about the asset or liabilities.

The fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets.

Beneficial Interest in Assets Held by the Arkansas Community Foundation

The Beneficial Interest in Assets Held by the Arkansas Community Foundation is stated at net asset value of the underlying assets which include but are not limited to common stocks, mutual funds, rights/warrants, exchange traded funds, government bonds, corporate bonds, mortgage-backed securities, fixed income funds, partnerships, hedge funds, and cash. The net asset value is used as a practical expedient to estimate the fair value.

This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the net asset value. The Center’s assets measured at the net asset value are not classified within the fair value hierarchy.

Land, Building and Equipment

Land, Building and Equipment are stated at cost or, if acquired by donation, at estimated fair value at the date of the donation. The United Way capitalizes items with a cost greater than \$1,000 and a useful life over two years. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Furniture and Equipment	5-10 Years
Computer Software	5 Years
Building Improvements	10-20 Years

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the United Way are entitled to paid vacation and sick days. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The United Way's policy is to recognize the costs of compensated absences when actually paid to employees.

Net Assets with Donor Restrictions

The United Way's contributions to the Arkansas Community Foundation are permanently restricted by contract to be maintained by the Foundation in perpetuity and controlled by independent parties.

Earnings on the assets representing a Beneficial Interest in the Arkansas Community Foundation potentially may be used as grants to the United Way and are therefore considered to be temporarily restricted even though the contributions to the Foundation are permanently restricted. The United Way also recognizes that contributions received for the campaign initiated in the current year are temporarily restricted assets since expenses associated with that campaign will be incurred in the subsequent year.

Contributed Services

Although a number of volunteers have donated significant amounts of their time and materials to the United Way's program services and fundraising campaigns, the value of those services do not meet the criteria for recognition under FASB ASC 958-605 – *Revenue recognition*. Therefore, no amounts have been reflected in the financial statements for donated services.

Financial Statement Presentation

The financial statements are presented in accordance with FASB ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. During 2018, the United Way adopted the provisions of Accounting Standards Update (ASU) 2016-14: Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities* which improves the current net asset classification and the related information presented in the financial statements and notes about the United Way's liquidity, financial performance, and cash flows. This standard requires the United Way to report information regarding its financial position and activities according to two net asset classes: net assets with donor restrictions and net assets without donor restrictions. Pledges for future periods are restricted when made and are released from restriction in the year for which they were made.

NOTE B - CONCENTRATION OF CREDIT RISKS

United Way of Greater Texarkana, Inc. maintains cash and certificates of deposit balances at several financial institutions located in Texarkana. Accounts at each institution are covered by the Federal Deposit Insurance Corporation (FDIC) or, for credit unions, the National Credit Union Association (NCUA) up to a maximum of \$250,000. Cash and certificates of deposit balances in excess of the insured amounts were \$23,858 as of December 31, 2020. There were no amounts in excess of insured amounts as of December 31, 2021. The United Way's investments in marketable securities (mutual funds, government securities, and corporate bonds) of \$3,051,430 and \$2,612,754 at December 31, 2021 and 2020, respectively, are at risk for market fluctuations. Promises to give balances represent promises to give from businesses and individuals in the Texarkana area. The collection of these balances is dependent upon fulfillment of these promises.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE C - INVESTMENTS - OTHER

United Way's investments included certificates of deposit with original maturities greater than three months totaling \$191,255 and \$336,698 as of December 31, 2021 and 2020, respectively. These investments are carried at cost, which approximates fair value.

NOTE D - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 2021 and 2020, consisted of the following by campaign year:

	<u>2021</u>	<u>2020</u>
2019 Unconditional Promises to Give	-	65,214
2020 Unconditional Promises to Give	96,210	113,118
2021 Unconditional Promises to Give	71,313	196,266
2022 Unconditional Promises to Give	<u>137,683</u>	<u>-</u>
Gross Unconditional Promises to Give	<u>305,206</u>	<u>374,598</u>
2019 Reserve for Uncollectible Promises to Give	-	(65,214)
2020 Reserve for Uncollectible Promises to Give	(96,210)	(63,000)
2021 Reserve for Uncollectible Promises to Give	(42,000)	(44,000)
2022 Reserve for Uncollectible Promises to Give	<u>(38,000)</u>	<u>-</u>
Total Reserve for Uncollectible Promises to Give	<u>(176,210)</u>	<u>(172,214)</u>
Net Unconditional Promises to Give	<u>\$ 128,996</u>	<u>\$ 202,384</u>

Unconditional promises to give are expected to be received within one year.

NOTE E - INVESTMENT IN MARKETABLE SECURITIES

Fair Value of investments in marketable securities (based on quoted market prices) is as follows:

Level I Investments:	<u>2021</u>	<u>2020</u>
U. S. Government Agencies	\$ 8,422	\$ 11,585
Money Market Mutual Funds	58,563	63,654
Equity Mutual Funds	717,230	582,553
Fixed Income Mutual Funds	312,803	279,653
Corporate Bonds	327,100	366,641
Mutual of America Institutional Funds	<u>1,627,312</u>	<u>1,308,668</u>
Total Investments in Marketable Securities	<u>\$ 3,051,430</u>	<u>\$ 2,612,754</u>

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE F - BENEFICIAL INTEREST IN ASSETS OF THE ARKANSAS COMMUNITY FOUNDATION

In 2000, the United Way established the United Way of Greater Texarkana Endowment with the Arkansas Community Foundation, Inc. The Endowment had operations as follows during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investment Balance - January 1,	\$ 256,362	\$ 236,484
Investment Earnings	5,498	2,956
Realized Gain/(Loss) on Sale of Investments	8,095	(2,417)
Unrealized Gain on Investments	19,679	21,601
Expenses	(2,734)	(2,262)
Net Gain	<u>30,538</u>	<u>19,878</u>
Investment Balance - December 31,	<u>\$ 286,900</u>	<u>\$ 256,362</u>

NOTE G - LAND, BUILDING AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

Property and equipment as of December 31, 2021 and 2020, is summarized as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 900	\$ 900
Buildings and Improvements	56,466	50,987
Computer Software	16,619	16,619
Furniture and Equipment	35,892	33,143
	<u>109,877</u>	<u>101,649</u>
Less Accumulated Depreciation	(88,455)	(83,673)
	<u>\$ 21,422</u>	<u>\$ 17,976</u>

NOTE H - ALLOCATION TO AGENCIES

All special appropriations by the Board are included in the allocations to agencies. The United Way begins its campaigns in the fall and continues to receive pledges until the spring of the subsequent year. In August 2021, the United Way determined the allocations to the agencies and began the four quarterly payments in January of the subsequent year.

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE I – NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATIONS

Community Grants and Contingencies - The Board periodically designates funds for community grants and contingencies. Activity within these designated funds is as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Beginning Balance	\$ 246,554	\$ 246,554
Contingency Designation	-	-
Grants Designation	-	-
Ending Balance	\$ 246,554	\$ 246,554

Repair and Maintenance of Equipment – Periodically, the Board designates funds for repairs and maintenance of equipment. Activity within these designated funds is as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Beginning Balance	\$ 15,115	\$ 15,115
Annual Designation	-	-
Ending Balance	\$ 15,115	\$ 15,115

NOTE J – ENDOWMENT FUNDS (SPENDING POLICY)

The United Way’s endowment funds include donor restricted funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The permanent endowment funds stay permanently restricted and are not appropriated for expenditure. The United Way allows annual grants to be paid to the extent of available temporarily restricted funds.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate unrestricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the foundation

UNITED WAY OF GREATER TEXARKANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE J – ENDOWMENT FUNDS (SPENDING POLICY) (CONTINUED)

The permanently restricted funds, held by the Arkansas Community Foundation, Inc., have a spending rate policy that allows the United Way to annually grant a certain percentage of the assets for agency allocations. The United Way incorporates the “prudent investment rule” in all of its investment considerations and the “total return” concept for distributions. Under the “total return” concept, any distribution may be more or less than the actual income earned. The current spending rate policy provides an annual distribution of 5% of the fund’s average market value of the previous twelve trailing quarters. This practice is designed to take into consideration the fluctuations between high and low market levels over a period of time.

Endowment net assets composition by type of fund as of:

	Net Assets With Donor Restrictions
December 31, 2021	
Donor-restricted Endowment Funds	\$ 286,900
Total	\$ 286,900
December 31, 2020	
Donor-restricted Endowment Funds	\$ 256,362
Total	\$ 256,362

Changes in Endowment net assets are as follows:

	Net Assets With Donor Restrictions
Endowment Net Assets at December 31, 2019	\$ 236,484
Investment Return:	
Investment Income (Loss)	19,878
Contributions	-
Total Investment Change	19,878
Endowment Net Assets at December 31, 2020	\$ 256,362
Investment Return:	
Investment Income (Loss)	30,538
Contributions	-
Total Investment Change	30,538
Endowment Net Assets at December 31, 2021	\$ 286,900

UNITED WAY OF GREATER TEXARKANA, INC.
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NOTE K - RETIREMENT PLAN

The United Way offers a Section 403(b) deferred tax-sheltered annuity retirement plan to qualified participants. Contributions to the plan were \$8,973 and \$8,464 during the years ended December 31, 2021 and 2020, respectively.

NOTE L – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The table below reflects the organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2021	2020
Financial assets at year-end	3,877,334	3,617,506
Less those available for general expenditures within one year, due to:		
Donor-restricted to payment and activity of the Arkansas Community Foundation Endowment Fund	286,900	256,362
Board-restricted to use for expenditures related to the subsequent campaign year	364,147	308,818
Other donor-restrictions	10,000	10,000
Board-restricted to use for funding allocations payable	491,791	509,419
Donor-restricted to use for COVID-19 funding	-	3,247
Board-designated restrictions for Community Grant & Contingencies	246,554	246,554
Board-designated restrictions for repair & maintenance	15,115	15,115
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,462,827	\$ 2,267,991

UNITED WAY OF GREATER TEXARKANA, INC.
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NOTE M – CHANGE IN ACCOUNTING STANDARDS

As of January 1, 2020, the United Way adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending December 31, 2021 and 2020, are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

As of January 1, 2020, the United Way adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made (Topic 958)*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending December 31, 2021 and 2020 are presented under FASB ASU 2018-08. There was no material impact to the financial statements from the adoption of ASUs 2014-09 and 2018-08 as the United Way's revenues are predominately comprised of contributions. Accordingly, no adjustment to opening net assets was recorded.

As of January 1, 2020, the United Way adopted the provisions of FASB ASU 2016-18, *Statement of Cash Flows (Topic 230)*. This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The United Way has applied the provisions of ASU 2016-18 to retrospectively to all periods presented with no effect on net assets or previously issued financial statements.

As of January 1, 2020, the United Way adopted the provisions of FASB ASU 2016-01, *Financial Instruments – Overall Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825-10)* allows a not-for-profit to choose, on an investment-by-investment basis, to report an equity investment without a readily determinable fair value, that does not qualify for the practical expedient fair value in accordance with FASB ASC 820-10-35-59, at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issue. The FASB ASU requires additional disclosures about those investments. Adoption of this accounting pronouncement had no effect on the United Way's 2020 and 2021 financial statements.

NOTE N – SUBSEQUENT EVENTS

FASB ASC 855 - *Subsequent Events*, requires disclosure of the date through which the Organization has evaluated subsequent events, accordingly, the United Way has evaluated subsequent events through April 18, 2022, the date the financial statements were available, and has determined that no subsequent event disclosures are necessary.

SUPPLEMENTAL INFORMATION

UNITED WAY OF GREATER TEXARKANA, INC.
SCHEDULES OF ALLOCATIONS TO AGENCIES
DECEMBER 31,

	2021	2020
Allocations to Agencies:		
ATCOG	\$ 6,336	\$ 6,336
Caddo Area Council Boy Scouts	13,440	13,440
CASA Court Appointed Special Advocates	33,600	33,600
Community Healthcore	5,808	5,808
Domestic Violence Prevention, Inc.	21,120	21,120
For the Sake of One	2,640	2,640
Habitat for Humanity	4,224	6,624
Harvest of Texarkana	24,192	24,192
Miller-Bowie Literacy Council	20,160	20,160
Miller County Senior Center	4,800	4,800
Next Step Community Solutions	2,000	-
Opportunities, Inc.	67,056	67,056
P.R.I.D.E. (Personal Responsibility in Daily Effort) Academy	-	16,944
Randy Sams Homeless Shelter	39,360	39,360
Resources for the Disabled	68,080	59,520
Runnin WJ Ranch	38,400	38,400
Salvation Army	10,560	10,560
Senior Citizens Services	33,870	33,870
Shelter Agencies For Families	6,800	4,800
Temple Memorial Treatment Center	41,184	41,184
Texarkana Friendship Center	18,612	18,612
Texarkana Noon Lions Club	960	960
Texarkana Regional Center on Aging	-	5,564
Therapeutic Foster Program	13,960	12,960
TRAHC Artsmart CAN	20,909	20,909
	\$ 498,071	\$ 509,419
Mini Grants:		
Emergency Food and Shelter	-	2,337
Total Allocations to Agencies and Mini Grants	\$ 498,071	\$ 511,756