



United Way of the Coastal Bend, Inc.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2023 and 2022



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REPORT





Carr, Riggs & Ingram, LLC
500 North Shoreline Boulevard
Suite 701
Corpus Christi, TX 78401

361.882.3132
361.882.3199 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of the Coastal Bend, Inc.
Corpus Christi, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of United Way of the Coastal Bend, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Way of the Coastal Bend, Inc. as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Coastal Bend, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Coastal Bend, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 the Coastal Bend, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of the Coastal Bend, 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Report on Summarized Comparative Information

We have previously audited United Way of the Coastal Bend, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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* 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 schedule of expenditures of federal awards 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 October 16, 2023, on our consideration of United Way of the Coastal Bend, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of the Coastal Bend, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of the Coastal Bend, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
October 16, 2023



FINANCIAL STATEMENTS



United Way of the Coastal Bend, Inc.
Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 2,357,070	\$ 1,893,246
Certificates of deposit	982,844	981,616
Grants receivable	217,174	367,803
Campaign pledges receivable, net	2,140,598	2,085,130
Prepaid expenses	35,971	33,397
Total current assets	5,733,657	5,361,192
Non current assets		
Property and equipment, net	2,381,603	2,452,795
Total assets	\$ 8,115,260	\$ 7,813,987
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 82,028	\$ 126,449
Designations payable	1,189,569	1,042,031
Performance obligation	143,700	123,438
Other payables	3,866	20,431
Accrued expenses	89,748	98,140
Total current liabilities	1,508,911	1,410,489
Total liabilities	1,508,911	1,410,489
Net assets		
Net assets without donor restrictions	3,928,172	3,498,620
Net assets with donor restrictions	2,678,177	2,904,878
Total net assets	6,606,349	6,403,498
Total liabilities and net assets	\$ 8,115,260	\$ 7,813,987

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

United Way of the Coastal Bend, Inc.
Statements of Activities

<i>For the years ended June 30,</i>	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Revenues and support				
Gross campaign results	\$ 2,848	\$4,446,905	\$ 4,449,753	\$ 4,675,544
Less: donor designations	-	(1,438,188)	(1,438,188)	(1,161,371)
Less: provision for uncollectible pledges	-	(272,369)	(272,369)	(392,892)
Net campaign revenue - current year	2,848	2,736,348	2,739,196	3,121,281
Federal, state and private grant revenues	1,703,134	10,814	1,713,948	1,728,617
Special events	-	135,981	135,981	90,854
Interest income	34,474	-	34,474	6,780
Rent income	24,000	-	24,000	20,000
Contributions of non-financial assets	22,163	34,640	56,803	82,192
Administrative fee on designated contributions	149,979	-	149,979	119,996
Miscellaneous income	19,388	-	19,388	7,406
Net assets released from restrictions	2,991,670	(2,991,670)	-	-
Total revenue and other support	4,947,656	(73,887)	4,873,769	5,177,126
Expenses				
<i>Program services</i>				
Gross grants to agencies	2,811,209	-	2,811,209	2,566,710
Less: donor designations to agencies	(1,128,894)	-	(1,128,894)	(930,804)
Net grants to programs	1,682,315	-	1,682,315	1,635,906
Other program expenses	2,111,773	-	2,111,773	2,119,951
Total program services	3,794,088	-	3,794,088	3,755,857
<i>Support services</i>				
Management and general	500,674	-	500,674	484,565
Fundraising	376,156	-	376,156	345,739
Total supporting services	876,830	-	876,830	830,304
Total expenses	\$4,670,918	\$ -	\$ 4,670,918	\$ 4,586,161

(Continued)

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

United Way of the Coastal Bend, Inc.
Statements of Activities (Continued)

<i>For the years ended June 30,</i>	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Change in net assets	276,738	(73,887)	202,851	590,965
Net assets at beginning of year	3,651,434	2,752,064	6,403,498	5,812,533
Net assets at end of year	\$3,928,172	\$2,678,177	\$ 6,606,349	\$ 6,403,498

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

United Way of the Coastal Bend, Inc.
Statements of Functional Expenses

For the year ended June 30, 2023

	Program Services				Support Services			2023 Total	Summarized Total for the Year Ended June 30, 2022
	Education	Financial Stability	Health	Total Program Services	Management & General	Fundraising	Total Support Services		
Gross distributions to agencies	\$ 895,259	\$ 800,241	\$ 1,115,709	\$ 2,811,209	\$ -	\$ -	\$ -	\$ 2,811,209	\$2,566,710
Less: donor designations to agencies	(319,387)	(453,952)	(355,555)	(1,128,894)	-	-	-	(1,128,894)	(930,804)
Net grants to programs	575,872	346,289	760,154	1,682,315	-	-	-	1,682,315	1,635,906
Salaries	193,573	90,892	590,711	875,176	314,926	224,119	539,045	1,414,221	1,382,348
Payments to subcontractors	650,964	11,673	2,629	665,266	7,821	9,850	17,671	682,937	668,478
Payroll taxes and employee benefits	40,033	18,247	134,985	193,265	88,615	53,242	141,857	335,122	313,546
Dues and subscriptions	20,168	9,214	47,841	77,223	18,272	16,452	34,724	111,947	125,338
Depreciation	14,239	7,119	19,934	41,292	16,374	13,526	29,900	71,192	71,192
Occupancy	7,955	3,979	19,541	31,475	9,150	7,559	16,709	48,184	42,512
Supplies	10,790	4,264	51,230	66,284	2,636	4,742	7,378	73,662	101,199
Travel and mileage	1,482	1,219	12,370	15,071	(164)	3,364	3,200	18,271	12,582
Software and support	14,358	8,265	14,888	37,511	10,834	10,544	21,378	58,889	60,213
Office expense	1,071	\$7,288	\$4,201	12,560	\$1,146	\$1,028	2,174	14,734	10,139
Equipment rental	2,234	2,787	3,100	8,121	2,451	2,433	4,884	13,005	13,221
Professional fees	5,900	2,950	8,260	17,110	6,785	5,605	12,390	29,500	28,313
Property insurance	4,294	2,146	8,691	15,131	4,937	4,078	9,015	24,146	17,396
Bank and brokerage charges	2,093	1,047	2,931	6,071	4,277	1,989	6,266	12,337	7,735
Training	2,586	5,017	15,210	22,813	3,448	7,644	11,092	33,905	29,688
Advertising expense	5,060	4,605	6,790	16,455	5,345	5,410	10,755	27,210	43,408
Repairs and maintenance	2,945	1,472	4,124	8,541	3,387	2,799	6,186	14,727	18,615
Printing	575	300	1,034	1,909	256	1,625	1,881	3,790	3,321
Postage	154	78	267	499	178	147	325	824	1,011
Total	\$ 1,556,346	\$ 528,851	\$ 1,708,891	\$ 3,794,088	\$ 500,674	\$ 376,156	\$ 876,830	\$ 4,670,918	\$ 4,586,161

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

United Way of the Coastal Bend, Inc.
Statements of Cash Flows

<i>For the year ended June 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 202,851	\$ 590,965
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	71,192	71,192
Changes in operating assets and liabilities		
Certificates of deposit	(1,228)	(309)
Grants receivable	150,629	(57,128)
Campaign pledges receivable, net	(55,468)	(306,594)
Prepaid expenses	(2,574)	45,172
Accounts payable	(44,421)	15,331
Designations payable	147,538	54,515
Performance obligation	20,262	37,493
Other payables	(16,565)	(6,313)
Accrued expenses	(8,392)	(72,776)
Net cash provided by operating activities	463,824	371,548
Investing Activities		
Purchase of property and equipment	-	(194,209)
Net cash used in investing activities	-	(194,209)
Net change in cash and cash equivalents	463,824	177,339
Cash and cash equivalents at beginning of year	1,893,246	1,715,907
Cash and cash equivalents at end of year	\$ 2,357,070	\$ 1,893,246

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

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Organization

The United Way of the Coastal Bend, Inc. (the Organization) was incorporated in 1936 as a nonprofit corporation to bring together in united appeal all possible campaigns or community accepted health, welfare, and recreational agencies and to solicit funds and property for such agencies. The Organization serves 60 communities in and around the following counties: Bee, Brooks, Duval, Jim Wells, Live Oak, Kenedy, Kleberg, Nueces, Refugio, and San Patricio.

Below is a summary of the principal community initiatives administered by the Organization:

1. Success By 6 Coalition -The initiative works as a coalition to reduce the barriers to children experiencing healthy, safe, learning environments at home and in their communities. The initiative aims to ensure all Coastal Bend children arrive at school healthy and ready to learn.
2. Operation Supply Our Students (Operation SOS) – Operation SOS is a community-wide donation and school supply drive striving to ensure that students have the school supplies needed for the school year.
3. Volunteer Income Tax Assistance (VITA) Program – VITA volunteers provide free income tax filing services for individuals and families who earned \$55,000 or less in the previous year. This helps taxpayers avoid fees and receive assistance obtaining all applicable tax credits.
4. SingleCare Prescription Savings Card Partnership – SingleCare partnered with the Organization to help the community save on prescriptions regardless of coverage or lack of health insurance.
5. Caller Times Children’s Christmas Appeal – The appeal is an annual initiative powered by the Corpus Christi Caller Times, United Way of the Coastal Bend and area agencies that provide these children with the happy holidays they desire.
6. Annual United Way of the Coastal Bend Golf Classic – The Golf Classic is an annual event that directly benefits the Community Investment Fund to support education, health, and financial stability initiatives throughout the Coastal Bend.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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 (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

United Way Worldwide Presentation Standards

The Organization’s financial statements follow the guidance prescribed by United Way Worldwide titled, *Implementation Requirements for Membership Standard H – Financial Statement Standards* (Standard H). Also, the Organization pledges to comply with the United Way Worldwide’s *Implementation Requirements for Membership Standard M – Cost Deduction Requirements*.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to contributions in-kind and allocation of functional expenses.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Program Services

The Organization's program services consist of the following:

Education – The Organization provides continuing education to help children reach developmental milestones, strengthen their literacy, gain skills and knowledge, and graduate on time.

Financial Stability – The Organization provides job training, literacy courses, financial education and services that help guide members of the community on the path toward financial empowerment.

Health – The Organization provides physical and mental health fund services that help people with medical visits, medications and therapy.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all unrestricted highly liquid investments with an original maturity of 90 days or less.

Certificates of deposit

Certificates of deposit are valued at original cost at purchase plus accrued interest. The safety and security of investments is of utmost importance to the Board of Directors and to the community. The President/CEO and Controller/CFO are authorized to make investment decisions concerning the Organization. The Finance Committee of the Organization is responsible for the review of investments of available contributed dollars to ensure the financial stability of the Organization. Yield on investments is maximized within the context of purpose of safety of principal. The Organization does not invest in equity securities without the prior approval of the Finance Committee. Maturity on investments does not exceed three years. The current investment portfolio consists of several certificates of deposit with varying maturity dates in excess of 90 days past the fiscal year end.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Campaign Pledges Receivable

Contributions are recognized when the donor makes a promise to give (pledge) that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions are satisfied, or expire, or the donor stipulation is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance has historically ranged between 3% and 6% of pledged contributions of the general campaign. As of June 30, 2023 and 2022, the Organization used a rate of 5.44%, based on historical 5-year experience with respect to collectability.

Property and Equipment

All acquisitions of property and equipment in excess of \$25,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Donor Designations

Gifts raised in the Organization's annual campaign in which the Organization agrees to transfer the gift to another beneficiary as designated by the donor constitute agency transactions, and are deducted from gross campaign results to arrive at contribution revenue. In accordance with the Organization membership requirements, these designations are presented as part of gross campaign results and gross agency distributions on the statement of activities, but are then deducted to arrive at the Organization's actual revenue and expense.

Revenue Recognition and Campaign Support

Administrative fees on contribution and payments under various contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Campaign contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

The Organization conducts an annual fund-raising campaign for the following year's operations. Thus, campaign contributions are treated as with donor restrictions in the year of the campaign and are transferred to without donor restrictions in the following year when the funds will be used to fund program allocations and the Organization's programs and supporting services. The Organization honors designations made to each partner agency by distributing the portion of a donor's pledge to said partner agency.

Contributions received in the current year from the preceding year's fund-raising campaign are reported as without donor restrictions since the restrictions are met in the same year.

A significant portion of the Organization's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Revenue from special events is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property and Services

The Organization recognizes donated property and other intangible gifts-in-kind such as advertising and personal protective equipment as a contribution at its estimated market value at the date of the gift.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Fundraising activities include the solicitation of contributions of money. Depreciation and facility management costs are allocated based on square footage. Information technology costs are allocated based on number of computer units utilized by each area. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs totaled \$27,210 and \$43,408, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023 and 2022, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective June 30, 2023 and evaluated leases existing at, or entered into after, June 30, 2022 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. This change in accounting principal did not have a material impact on the financial statements. Management will continue to evaluate the impact of the guidance on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 16, 2023. See Note 17 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2023	2022
Total assets at year end	\$ 8,115,260	\$ 7,813,987
Less non-financial assets		
Prepaid expenses	(35,971)	(33,397)
Property and equipment, net	(2,381,603)	(2,452,795)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,697,686	\$ 5,327,795

Unrestricted Net Asset Reserve Policy

The Organization maintains an unrestricted net asset balance (net of property, plant and equipment) that enables the Organization to effectively address cash flow interruptions, community emergencies or disasters, meet commitments, obligations, or other contingencies as they arise. The reserve maintained by the Organization is equal to a minimum of four months and a maximum of eight months of the annual allocations and operating budget of the Organization.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

Additionally, investments are maintained in securities which can be liquidated on a short-term basis. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Net assets that are reported with donor restrictions for time purposes are all considered available within one year as the time restriction expires within one year.

Note 4: CERTIFICATES OF DEPOSIT

Certificates of deposit are valued at original cost at purchase plus accrued interest. See Note 17 for certificates of deposit renewed with new maturity dates subsequent to year-end.

A detail of certificates of deposits by maturity date is as follows:

<i>June 30,</i>		2023
International Bank of Commerce		
September 9, 2023	2.65%	\$ 99,780
September 2, 2023	2.65%	100,000
June 22, 2023	1.40%	46,346
Kleberg Bank		
September 20, 2023	3.37%	245,000
Charter Bank		
May 16, 2024	2.75%	246,718
Security Service Federal Credit Union		
January 21, 2024	4.65%	245,000
Total		\$ 982,844

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 4: CERTIFICATES OF DEPOSIT (Continued)

<i>June 30,</i>		2022
International Bank of Commerce		
December 2, 2022	0.25%	\$ 99,780
December 22, 2022	0.25%	100,000
September 9, 2022	0.25%	46,346
Kleberg Bank		
July 20, 2022	0.15%	245,000
Charter Bank		
May 16, 2023	0.50%	245,490
Security Service Federal Credit Union		
June 21, 2023	0.70%	245,000
Total		\$ 981,616

Note 5: PLEDGES AND ACCOUNTS RECEIVABLE

Pledges receivable consist of the following:

<i>June 30,</i>	2023	2022
Campaign pledges receivable		
Designated	\$ 658,050	\$ 793,815
Undesignated	1,605,184	1,545,048
Total campaign pledges receivable	2,263,234	2,338,863
Less allowance for uncollectable pledges	(122,636)	(253,733)
Total net campaign pledges receivable	\$ 2,140,598	\$ 2,085,130

As of June 30, 2023 and 2022, pledge write-offs totaled \$295,430 and \$192,697, respectively. All pledges receivable are expected to be collected within one year. Uncollectable campaign pledges totaled \$272,369 and \$392,892 for the years ended June 30, 2023 and 2022, respectively. Accounts receivables for the years ended June 30, 2023 and 2022 consisted solely of government grants in the amount of \$217,174 and \$367,803, respectively, and therefore are considered fully collectible.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment at June 30, 2023 and 2022 is as follows:

<i>June 30,</i>	Estimated Useful Lives (in years)	2023	2022
Non depreciable assets			
Land		\$ 87,045	\$ 87,045
Total non depreciable assets		87,045	87,045
Depreciable assets			
Building	39	2,729,682	2,729,682
Office equipment	3-5	21,586	21,586
Computer equipment	2-5	71,168	71,168
Furniture and fixtures	10	12,000	12,000
Total depreciable assets		2,834,436	2,834,436
Less accumulated depreciation		(539,878)	(468,686)
Total net depreciable assets		2,294,558	2,365,750
Total property and equipment, net		\$ 2,381,603	\$ 2,452,795

Depreciation expense for the years ended June 30, 2023 and 2022 was \$71,192 and \$71,192, respectively.

Note 7: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2023	2022
Specific Purpose:		
United Way campaign promises	\$ 2,678,177	\$ 2,895,779
HEB VITA grant	-	9,099
Total net assets with donor restrictions		\$ 2,678,177
		\$ 2,904,878

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 7: NET ASSETS (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

<i>For the years ended June 30,</i>	2023	2022
Specific Purpose:		
United Way campaign promises	\$ 2,205,823	\$ 2,001,542
Community resiliency fund	411,730	745,718
Operation SOS	90,354	68,278
Christmas appeal	82,633	80,069
United Way Golf Classic	45,971	30,182
Administrative fees on designations	149,979	119,996
HEB VITA grant	5,180	3,270
Total net assets released from restriction	\$ 2,991,670	\$ 3,049,055

As of June 30, 2023 and 2022, the Organization had net assets without donor restrictions of \$3,928,172 and \$3,498,620, respectively.

Note 8: REVENUE

The Organization recognizes revenue over time for its administrative fee on designated contributions and non-financial contributions. The Organization recognizes revenue at a point in time for special event revenue. As of June 30, 2023, there is \$143,700 of performance obligations to be satisfied, all of which is expected to be recognized in revenue as of the year ended June 30, 2024.

As of June 30, 2022, there was \$123,438 of performance obligations to be satisfied, all of which was recognized in revenue as of the year ended June 30, 2023. These performance obligations are based on special event revenues, relating to the 2023 and 2022 Golf Classic, which is held in October, that was not recognized as of June 30, 2023 and 2022, respectively. The Organization recognizes revenue based on the output method for performance obligations to be utilized over time.

Disaggregated Revenue

Approximately 38% and 30% of revenues were recognized at a point in time consisting of special event revenue for the years ended June 30, 2023 and 2022, respectively. The remaining 62% and 70% was recognized over time and consisted of administrative fees and other sources.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 8: REVENUE (Continued)

A summary of disaggregated revenue is as follows:

<i>For the years ended June 30,</i>	2023	2022
Contracts with customers		
Recognized over time	\$ 226,170	\$ 209,594
Recognized at a point in time	135,981	90,854
Total revenues	362,151	300,448
Revenue not subject to ASC 606		
Federal, state and private grant revenues	1,713,948	1,728,617
Interest income	34,474	6,780
Rent income	24,000	20,000
Campaign support, net (Note 9)	2,739,196	3,121,281
Total revenues and other support	\$ 4,873,769	\$ 5,177,126

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>For the years ended June 30,</i>	2023	2022
Contract assets - no beginning or ending balances		
Contract liabilities		
Performance obligation liability, beginning of year	\$ 123,438	\$ -
Performance obligation liability, end of year	\$ 143,700	\$ 123,438

Note 9: CAMPAIGN SUPPORT

Amounts raised

The Organization conducts an annual campaign to raise funds to be distributed to participating agencies in the subsequent fiscal year. Total contributions consist of cash and pledges from the United Way General Campaign less an allowance for uncollectible amounts. Amounts that are donor designated are also deducted from total campaign support since these amounts are accounted for as custodial accounts, or liabilities.

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 9: CAMPAIGN SUPPORT (Continued)

Donor Designated Contributions

The Organization is the agent responsible for distributing pledges that are designated by donors to specific affiliated agencies. In accordance with Statement of Financial Accounting Standards (SFAS) No. 136, campaign support that is donor-designated is reported as a liability since the pledge is to donor-specific agencies rather than revenue.

Community Investment Grants

Community investment grant allocations to participating agencies are budgeted on a fiscal year basis and monthly payments are made to participating agencies. For the year ended June 30, 2023, the amount allocated is \$1,128,894 that will be distributed monthly to participating agencies beginning July 1, 2023. For the year ended June 30, 2022, the amount allocated was \$930,804, which was distributed monthly to participating agencies beginning July 1, 2022 and was fully distributed as of June 30, 2023.

The board of directors deem agency allocations as intentions to fund programs of area agencies contingent on collection of campaign promises to give and on agency performance. Designated agencies should not construe these allocations as pledges receivable or promises to give by the Organization.

Note 10: CONTRIBUTIONS IN-KIND

All donated services and goods were utilized by the Organization's program and supporting services. Contributed goods for education program services contain donor imposed restrictions for use in Operation Supply Our Students. Contributed goods for fundraising supporting services contain donor imposed restrictions for use in the annual golf tournament. There were no donor-imposed restrictions associated with contributed services.

The components of donated services and goods contributed to the Organization consists of the following for the year ended June 30, 2023:

<i>For the year ended December 31, 2023</i>	Donated Services	Donated Goods	Total
Program services			
Education	\$ -	\$ 31,640	\$ 31,640
Supporting services			
Management and general	22,120	43	22,163
Fundraising	-	3,000	3,000
Total contributed services and goods	\$ 22,120	\$ 34,683	\$ 56,803

United Way of the Coastal Bend, Inc.
Notes to the Financial Statements

Note 10: CONTRIBUTIONS IN-KIND (Continued)

The components of donated services and goods contributed to the Organization consists of the following for the year ended June 30, 2022:

<i>For the year ended December 31, 2022</i>	Donated Services	Donated Goods	Total
Program services			
Education	\$ -	\$ 6,737	\$ 6,737
Financial stability	-	34,766	34,766
Supporting services			
Management and general	37,209	1,654	38,863
Fundraising	-	1,825	1,825
Total contributed services and goods	\$ 37,209	\$ 44,982	\$ 82,191

In accordance with the guidance of United Way Worldwide, which recommends that all United Way's record an allocation of airtime based upon the calculation of a multiplication factor of total annual dues provided to members by United Way Worldwide, the Organization estimated the fair value of the NFL media donated services in the amount of \$22,120 and \$29,709 for the years ended 2023 and 2022, respectively.

No additional donated services were recognized in the year ended 2023. For the year ended 2022, an additional \$7,500 in donated advertisement services was valued at the estimated fair value based on current advertising rates for similar services. All remaining donated goods are valued at the wholesale prices that would be received for selling similar products.

Note 11: CONCENTRATIONS

Financial instruments that subject the Organization to concentrations of credit risk include cash and cash equivalents and accounts receivable. The Organization manages the risk on cash and cash equivalents by maintaining all deposits in high credit quality financial institutions. Balances may at times exceed the Federal Deposit Insurance Corporation's limit. The Organization has not experienced any losses from maintaining cash accounts in excess of the federally insured limits. Management believes that it is not exposed to any significant credit risk on cash and cash equivalents. The Organization maintains cash with financial institutions in excess of the FDIC limits by \$475,967 and \$153,917 at June 30, 2023 and 2022, respectively.

The Organization also manages its temporary cash investments with investment managers in investment accounts. These cash balances are covered by the Securities Investor Protection Corporation (SIPC), up to a limit of \$250,000. As of June 30, 2023 and 2022, cash balances in excess of SIPC coverage protection amounted to approximately \$890,393 and \$999,000, respectively. The Organization has not experienced any losses from maintaining cash accounts in excess of these insured limits and management believes that it is not exposed to any significant credit risk on cash and cash equivalent balances in these accounts.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 11: CONCENTRATIONS (Continued)

As of June 30, 2023, two entities accounted for 49% of total receivables. As of June 30, 2022, two entities accounted for 47% of total receivables. For the year ended June 30, 2023, two donor organizations accounted for 37% of total revenues and support and one grantor organization accounted for 33% of total revenues and support. For the year ended June 30, 2022, two donor organizations accounted for 45% of total revenues and support and one grantor organization accounted for 31% of total revenues and support.

As of June 30, 2023 and 2022, one vendor accounted for 13% of total payables.

Note 12: RELATED PARTIES

During the years ended June 30, 2023 and 2022, the Organization's Treasurer was also the President and CEO of Goodwill Industries of South Texas (a nonprofit organization). Goodwill Industries of South Texas is a recipient of an annual Community Investment Fund Grant provided by United Way of the Coastal Bend, Inc. In addition, Goodwill Industries of South Texas receives donor designations, payments for shredding services and reimbursements from United Way of the Coastal Bend, Inc. as a subcontractor on the Organization's Volunteer Income Tax Assistance (VITA) grant. During the year ended June 30, 2023, the Organization received donations from Goodwill Industries of South Texas in the amount of \$1,300. During the years ended June 30, 2023 and 2022, the Organization paid \$103,630 and \$103,819 to Goodwill Industries of South Texas, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the President of Kleberg Bank. During the year ended June 30, 2023, the Organization maintained a main operation account, money market fund, 401(k) account and a brokerage account at Kleberg Bank. During the year ended June 30, 2022, the Organization maintained an operation account and money market fund. During the years ended June 30, 2023 and 2022, the Organization received revenue in the amounts of \$51,084 and 18,583, respectively. During the year ended June 30, 2023, the Organization paid bank fees to Kleberg Bank in the amount of \$1,625. During the year ended June 30, 2022, the Organization purchased school supplies in the amount of \$1,636. During the years ended June 30, 2023 and 2022, the Organization had receivables totaling \$10,099 and \$8,768, respectively.

During the year ended June 30, 2023, the Organization's Board Member was also the Market President of Frost Bank. The Organization maintained a main operation account, money market fund, 401(k) account and a brokerage account at Frost Bank. During the year ended June 30, 2022, the Organization received revenue in the amount of \$63,168, paid bank fees to Frost Bank in the amount of \$4,710 and had receivables totaling \$28,898, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the President and COO of AEP Texas. During the years ended June 30, 2023 and 2022, the Organization received donations from AEP Texas in the amount of \$92,540 and \$165,750, respectively. As of June 30, 2023 and 2022, the Organization had receivables totaling \$57,410 and \$111,487, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the former Fire Chief of the City of Corpus Christi. During the years ended June 30, 2023 and 2022, the Organization received donations from the City of Corpus Christi in the amount of \$162,470 and \$141,454, respectively. During the years ended June 30, 2023 and 2022, the Organization paid utilities expense to the City of Corpus Christi in the amount of \$2,058 and \$1,539, respectively. As of June 30, 2023 and 2022, the Organization had receivables totaling \$78,329 and \$82,714, respectively.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 12: RELATED PARTIES (Continued)

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the General Manager of a local HEB chain store. During the years ended June 30, 2023 and 2022, the Organization received donations from HEB in the amount of \$235,524 and \$237,702, respectively. In addition, during the years ended June 30, 2023 and 2022, the Organization purchased gift cards for distribution totaling \$28,273 and \$29,839. As of June 30, 2023 and 2022, the Organization had receivables totaling \$146,480 and \$78,476, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the CFO and now CEO of the Port of Corpus Christi. During the years ended June 30, 2023 and 2022, the Organization received donations from the Port of Corpus Christi in the amount of \$80,000 and \$62,903, respectively. As of June 30, 2023 and 2022, the Organization had receivables totaling \$43,225 and \$40,694, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the Plant Manager of Chemours. During the years ended June 30, 2023 and 2022, the Organization received donations from Chemours in the amounts of \$87,157 and \$57,431, respectively. In addition, during the years ended June 30, 2023 and 2022, the Organization paid designations from the United Way of Delaware to the Chemours campaign in the amount of \$14,322 and \$17,574, respectively. As of June 30, 2023 and 2022, the Organization had receivables totaling \$34,530 and \$52,055, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the Vice President and General Manager of Valero Corpus Christi Refineries. During the years ended June 30, 2023 and 2022, the Organization received donations from Valero Corpus Christi Refineries in the amounts of \$1,247,243 and \$1,642,590, respectively. As of June 30, 2023 and 2022, the Organization had receivables totaling \$375,046 and \$931,346, respectively.

During the years ended June 30, 2023 and 2022, the Organization's Board Member was also the Vice President and General Manager of Valero Three Rivers Refinery. During the years ended June 30, 2023 and 2022, the Organization received donations from Valero Three Rivers Refinery in the amounts of \$591,926 and \$26,992, respectively. As of June 30, 2023, the Organization had a receivable totaling \$558,000.

Note 13: CONTINGENCIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. The Organization expects such amounts, if any, to be immaterial.

Note 14: LEASE COMMITMENTS

The Organization leases office copiers. One lease is on a month to month basis. The other lease was set to expire in December 2023 and was replaced with a new lease agreement in August 2023 (see Note 17). For the year ended June 30, 2023, rent expense under these operating leases was approximately \$7,081. For the year ended June 30, 2022, rent expense under these operating leases was approximately \$6,925. Future minimum lease payments under the operating lease that has a remaining term in excess of one year is \$1,625.

United Way of the Coastal Bend, Inc. Notes to the Financial Statements

Note 15: PAYMENTS TO AFFILIATES

In accordance with affiliation agreements with the state and national organizations, dues payments to these organizations were based on a percentage of the Organization's total pledges received or campaign goal for the prior year. Amounts expensed for dues to the United Way of America and the United Way of Texas totaled \$106,718 and \$111,723 for the fiscal years ended June 30, 2023 and 2022, respectively.

Note 16: DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan covering substantially all full-time employees at least 21 years of age with one year of active service. Retirement expense is based upon a percentage of eligible payroll. During both 2023 and 2022, the percentage was 6% of eligible payroll. The annual percentage is determined by the Board of Directors. Retirement expense amounted to \$91,822 and \$88,346 for the years ended June 30, 2023 and 2022, respectively.

Note 17: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2023 through October 16, 2023, the date the Organization's financial statements were available to the issued. The following items occurred:

Effective September 13, 2023, the three certificates of deposit held at the International Bank of Commerce were consolidated into one certificate of deposit with a maturity date of March 9, 2024 and an interest rate of 3.3% (Note 4).

Effective August 2023, a new office copier lease commenced for a term of 63 months.



**SINGLE AUDIT REPORTS AND REQUIRED SUPPLEMENTAL
SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS**





Carr, Riggs & Ingram, LLC
500 North Shoreline Boulevard
Suite 701
Corpus Christi, TX 78401

361.882.3132
361.882.3199 (fax)
CRlcpa.com

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 the Coastal Bend, Inc.
Corpus Christi, 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 the Coastal Bend, Inc.'s (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of the Coastal Bend, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of the Coastal Bend, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of the Coastal Bend, Inc.'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of the Coastal Bend, 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 financial statements. 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 an 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.

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
October 16, 2023



Carr, Riggs & Ingram, LLC
500 North Shoreline Boulevard
Suite 701
Corpus Christi, TX 78401

361.882.3132
361.882.3199 (fax)
CRIcpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
United Way of the Coastal Bend, Inc.
Corpus Christi, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of the Coastal Bend, 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 the Coastal Bend, Inc's major federal programs for the year ended 2023. United Way of the Coastal Bend, Inc's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Coastal Bend, 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 2023.

Basis for Opinion on Each Major Federal Program

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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the audit of Compliance section of our report.

We are required to be independent of United Way of the Coastal Bend, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of the Coastal Bend, Inc's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Way of the Coastal Bend, Inc's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of the Coastal Bend, Inc's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of the Coastal Bend, Inc's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of the Coastal Bend, Inc 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of the Coastal Bend, Inc's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 United Way of the Coastal Bend, Inc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Carr, Riggs & Ingram, L.L.C.

Corpus Christi, Texas
October 16, 2023

United Way of the Coastal Bend, Inc. Schedule of Expenditures of Federal Awards

<u>GRANTOR</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Passed through to Subrecipients</u>	<u>Expenditures, Indirect Costs, And Refunds</u>
<u>Department of Health and Human Services</u>				
<i>Passed through the</i>				
Texas Department of Family and Protective Services				
Maternal, Infant, and Early Childhood Home Visiting Grant Program				
COVID-19 Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	24487373	\$ -	\$ 270,541
COVID-19 Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	HHS001105400019	-	1,192,427
COVID-19 Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	2022-03	-	144,771
Total U.S Department of Health and Human Services Health Resource Administration			<u>-</u>	<u>1,607,739</u>
<u>Department of the Treasury</u>				
Volunteer Income Tax Assistance Matching Grant Program	21.009	22VITA0115		7,994
Volunteer Income Tax Assistance Matching Grant Program	21.009	23VITA0248	-	50,598
Total Department of the Treasury			<u>-</u>	<u>58,592</u>
<u>US Department of Homeland Security</u>				
<i>Passed through the</i>				
United Way of America				
Emergency Food and Shelter National Board Program	97.024	828400-010	-	3,814
Total US Department of Homeland Security			<u>-</u>	<u>3,814</u>
Total Expenditures of Federal Awards			\$ -	\$ <u>1,670,145</u>

*See Independent Auditors' Report and The Accompanying Notes to Schedule of Expenditures of
Federal Awards.*

United Way of the Coastal Bend Notes to the Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the United Way of the Coastal Bend, Inc. (the Organization) under programs of the Federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: NONCASH ASSISTANCE

The Organization has not received any noncash assistance for the fiscal year ended June 30, 2023.

Note 5: LOAN AND LOAN GUARANTEES

The Organization has not received any loan or loan guarantees for the fiscal year ended June 30, 2023.

Note 6: FEDERALLY FUNDED INSURANCE

The Organization has not received any federally funded insurance for the fiscal year ended June 30, 2023.

United Way of the Coastal Bend Notes to the Schedule of Expenditures of Federal Awards

Note 7: CONTINGENCIES

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Organization does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization.

Note 8: SUBRECIPIENTS

During the year ended June 30, 2023, the Organization did not expend any funds to sub recipients.

Note 9: FEDERAL PASS-THROUGH FUNDS

The Organization was the sub-recipient of federal funds for the year ended June 30, 2023.

**United Way of the Coastal Bend
Schedule of Findings and Questioned Costs
June 30, 2023**

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

4. Identification of major programs:

Assistance Listing Numbers

93.870

Federal Program

Maternal, Infant, and Early Childhood
Home Visiting Grant Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

United Way of the Coastal Bend
Schedule of Findings and Questioned Costs
June 30, 2023

SECTION II: FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III: FEDERAL AWARD FINDINGS

None noted.

SECTION IV: SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2022-01 – Account Reconciliations not performed

Type of Finding: Material Weakness

Recommendation: Management must reconcile the accounts receivable sub ledgers to the general ledger and monitor accounts receivable for uncollectible accounts based on the age of the individual accounts and familiarity with the donor. In addition, management should calculate the historical uncollectible rate at year-end and apply it to the measurement for the allowance for doubtful accounts.

Current Status: Management performs routine reconciliations of accounts receivable sub ledgers to the general ledger and continuously monitors accounts receivable to ensure only the existence of collectible balances.

2022-02 – Special Event Revenue and Performance Obligation

Recommendation: Management must appropriately apply ASC 606 and recognize special event expenses in the period incurred rather than amortizing a portion of the expense each month.

Current Status: Management is continuously monitoring the application of ASC 606 to ensure the appropriate recognition of special event revenue.