

**United Way of Greater Houston**

Financial Statements  
and Independent Auditors' Report  
for the years ended March 31, 2025 and 2024

# United Way of Greater Houston

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## **Independent Auditors' Report**

To the Board of Trustees of  
United Way of Greater Houston:

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

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

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

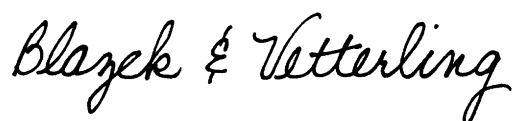
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way'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'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 Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025 on our consideration of United Way'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'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's internal control over financial reporting and compliance.



September 24, 2025

# United Way of Greater Houston

## Statements of Financial Position as of March 31, 2025 and 2024

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	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents <i>(Notes 3 and 6)</i>	\$ 8,504,026	\$ 13,233,885
Accounts receivables	35,421	20,809
Government contributions receivable <i>(Note 4)</i>	1,113,386	953,052
Contributions receivable, net <i>(Note 4)</i>	26,433,798	24,841,963
Prepaid expenses and other assets	952,719	809,047
Land and buildings held for sale	3,070,492	
Investments <i>(Notes 5 and 6)</i>	34,101,640	22,605,971
Right-of-use assets – operating leases <i>(Note 7)</i>	1,254,827	1,962,057
Property and equipment, net <i>(Note 8)</i>	<u>24,064,095</u>	<u>27,926,961</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 99,530,404</u></b>	<b><u>\$ 92,353,745</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 574,294	\$ 330,866
Accrued payroll expenses	1,386,617	1,301,601
Amounts committed to community program services <i>(Note 11)</i>	30,318,000	33,109,147
Amounts donor-designated for other campaigns	1,042,316	1,370,923
Refundable advance	135,000	
Operating lease liabilities <i>(Note 7)</i>	<u>1,275,244</u>	<u>1,987,476</u>
Total liabilities	<u>34,731,471</u>	<u>38,100,013</u>
Net assets:		
Without donor restrictions <i>(Note 9)</i>	50,306,532	44,873,700
With donor restrictions <i>(Note 10)</i>	<u>14,492,401</u>	<u>9,380,032</u>
Total net assets	<u>64,798,933</u>	<u>54,253,732</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 99,530,404</u></b>	<b><u>\$ 92,353,745</u></b>

*See accompanying notes to financial statements.*

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## United Way of Greater Houston

Statement of Activities for the year ended March 31, 2025

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUE:</b>			
Contributions:			
Annual campaign contributions <i>(Note 11)</i>	\$ 51,066,626	\$ 4,999,433	\$ 56,066,059
Less: Donor-designated gifts to other campaigns	(576,289)		(576,289)
Less: Provision for estimated uncollectible contributions receivable on current year campaign	<u>(4,069,070)</u>		<u>(4,069,070)</u>
Total annual campaign contributions	46,421,267	4,999,433	51,420,700
Contributions from previous annual campaign	1,163,900		1,163,900
Disaster relief		9,089,554	9,089,554
<i>Building Possibilities</i> campaign		8,376,332	8,376,332
Government grants <i>(Note 12)</i>		4,554,684	4,554,684
Other contributions	493,053	2,546,742	3,039,795
Fees and program revenue:			
Government contract income	232,532		232,532
Facility usage fees	119,542		119,542
Workshop and training fees	31,900		31,900
Net investment return	1,927,674		1,927,674
Rental income	1,073,345		1,073,345
Other income	<u>265,546</u>		<u>265,546</u>
Total revenue	51,728,759	29,566,745	81,295,504
Net assets released from restrictions:			
Program expenditures	<u>24,454,376</u>	<u>(24,454,376)</u>	
Total	<u>76,183,135</u>	<u>5,112,369</u>	<u>81,295,504</u>
<b>EXPENSES:</b>			
Program services:			
Community investments in program services <i>(Note 11)</i>	31,992,957		31,992,957
United Way programs and services	17,973,585		17,973,585
Disaster response grants	8,477,204		8,477,204
In-kind community support	<u>1,073,345</u>		<u>1,073,345</u>
Total program services	59,517,091		59,517,091
Management and general	4,491,166		4,491,166
Fundraising	<u>6,742,046</u>		<u>6,742,046</u>
Total expenses	<u>70,750,303</u>		<u>70,750,303</u>
CHANGES IN NET ASSETS	5,432,832	5,112,369	10,545,201
Net assets, beginning of year	<u>44,873,700</u>	<u>9,380,032</u>	<u>54,253,732</u>
Net assets, end of year	<u>\$ 50,306,532</u>	<u>\$ 14,492,401</u>	<u>\$ 64,798,933</u>

*See accompanying notes to financial statements.*

## United Way of Greater Houston

Statement of Activities for the year ended March 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Annual campaign contributions <i>(Note 11)</i>	\$ 47,296,913	\$ 6,392,232	\$ 53,689,145
Less: Donor-designated gifts to other campaigns	(516,027)		(516,027)
Less: Provision for estimated uncollectible contributions receivable on current year campaign	<u>(4,040,985)</u>		<u>(4,040,985)</u>
Total annual campaign contributions	42,739,901	6,392,232	49,132,133
Contributions from previous annual campaign	1,467,574		1,467,574
<i>Building Possibilities</i> campaign		4,072,716	4,072,716
Government grants <i>(Note 12)</i>		3,522,752	3,522,752
Other contributions	169,389	4,770,082	4,939,471
Fees and program revenue:			
Government contract income	225,540		225,540
Facility usage fees	126,027		126,027
Workshop and training fees	36,097		36,097
Net investment return	3,425,259		3,425,259
Rental income	1,222,944		1,222,944
Other income	<u>266,910</u>		<u>266,910</u>
Total revenue	49,679,641	18,757,782	68,437,423
Net assets released from restrictions:			
Program expenditures	<u>15,958,244</u>	<u>(15,958,244)</u>	
Total	<u>65,637,885</u>	<u>2,799,538</u>	<u>68,437,423</u>
EXPENSES:			
Program services:			
Community investments in program services <i>(Note 11)</i>	34,118,294		34,118,294
United Way programs and services	16,443,878		16,443,878
In-kind community support	<u>1,222,944</u>		<u>1,222,944</u>
Total program services	51,785,116		51,785,116
Management and general	4,342,156		4,342,156
Fundraising	<u>6,360,271</u>		<u>6,360,271</u>
Total expenses	<u>62,487,543</u>		<u>62,487,543</u>
CHANGES IN NET ASSETS	3,150,342	2,799,538	5,949,880
Net assets, beginning of year	<u>41,723,358</u>	<u>6,580,494</u>	<u>48,303,852</u>
Net assets, end of year	<u>\$ 44,873,700</u>	<u>\$ 9,380,032</u>	<u>\$ 54,253,732</u>

*See accompanying notes to financial statements.*

# United Way of Greater Houston

## Statements of Functional Expenses for the years ended March 31, 2025 and 2024

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<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2025 TOTAL</u>
Community investments (grants for program services)	\$ 33,066,302			\$ 33,066,302
Salaries and related expenses	11,537,354	\$ 2,990,355	\$ 4,396,017	18,923,726
Disaster response grants	8,477,204			8,477,204
Occupancy	2,370,658	197,480	279,699	2,847,837
Professional and contract services	1,175,236	778,413	507,042	2,460,691
Printing and supplies	901,970	98,572	400,048	1,400,590
Depreciation	776,737	208,488	280,643	1,265,868
Conferences and meetings	229,728	37,172	587,229	854,129
Dues to national organizations	382,381	118,025	144,028	644,434
Professional development and travel	171,373	38,064	45,393	254,830
Advertising	74,227		74,227	148,454
Other	353,921	24,597	27,720	406,238
Total expenses	<u>\$ 59,517,091</u>	<u>\$ 4,491,166</u>	<u>\$ 6,742,046</u>	<u>\$ 70,750,303</u>

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2024 TOTAL</u>
Community investments (grants for program services)	\$ 35,341,238			\$ 35,341,238
Salaries and related expenses	10,583,664	\$ 3,046,770	\$ 4,062,647	17,693,081
Occupancy	1,873,730	177,120	245,116	2,295,966
Professional and contract services	1,247,699	612,737	663,923	2,524,359
Printing and supplies	775,930	74,123	357,049	1,207,102
Depreciation	722,555	193,945	261,066	1,177,566
Conferences and meetings	94,142	27,815	525,036	646,993
Dues to national organizations	381,576	124,019	118,531	624,126
Professional development and travel	108,166	58,339	31,451	197,956
Advertising	72,986		72,986	145,972
Other	583,430	27,288	22,466	633,184
Total expenses	<u>\$ 51,785,116</u>	<u>\$ 4,342,156</u>	<u>\$ 6,360,271</u>	<u>\$ 62,487,543</u>

*See accompanying notes to financial statements.*

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## United Way of Greater Houston

### Statements of Cash Flows for the years ended March 31, 2025 and 2024

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	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 10,545,201	\$ 5,949,880
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,265,868	1,177,566
Net realized and unrealized gain on investments	(647,229)	(2,463,102)
Amortization of right-of-use assets	707,230	693,551
Changes in operating assets and liabilities:		
Accounts receivables	(14,612)	(5,091)
Government contributions receivable	(160,334)	(460,067)
Contributions receivable	(1,591,835)	200,073
Prepaid expenses and other assets	(143,672)	(222,641)
Accounts payable	243,428	(565,334)
Accrued payroll expenses	85,016	(22,947)
Amounts committed to community program services	(2,791,147)	(206,937)
Amounts donor-designated for other campaigns	(328,607)	74,300
Refundable advance	135,000	
Operating lease liabilities	<u>(712,232)</u>	<u>(689,826)</u>
Net cash provided by operating activities	<u>6,592,075</u>	<u>3,459,425</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	8,652,164	1,115,815
Purchase of investments	(21,588,572)	(1,627,435)
Net change in money market mutual funds held as investments	2,087,968	(2,354,361)
Purchases of property and equipment	<u>(473,494)</u>	<u>(782,941)</u>
Net cash used by investing activities	<u>(11,321,934)</u>	<u>(3,648,922)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,729,859)</b>	<b>(189,497)</b>
Cash and cash equivalents, beginning of year	<u>13,233,885</u>	<u>13,423,382</u>
Cash and cash equivalents, end of year	<u>\$ 8,504,026</u>	<u>\$ 13,233,885</u>

*See accompanying notes to financial statements.*

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# United Way of Greater Houston

Notes to Financial Statements for the years ended March 31, 2025 and 2024

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## NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – United Way of Greater Houston (United Way), a Texas non-profit corporation, was created in 1922 and its mission is to work together to improve lives, build a stronger community, and create meaningful opportunities for people to prosper. United Way’s strategic vision is that we will unite people and partners to ensure our neighbors struggling to make ends meet, land on their feet, and stay there. United Way’s work and investments are focused on helping those who are struggling achieve financial stability and support them in reaching their goals.

United Way strives to lead in the social services sector to create solutions, advocate for increasing financial security and household income, connect individuals to an integrated network of support, engage donors and other stakeholders to assist in this work, and unite the community to the vision that thriving individuals and families create a strong and thriving region.

United Way’s work is focused on financial stability services, coupled with early childhood and youth development programs and health care programs. Everyone has different goals, different needs, and different strengths. Helping families not only land on their feet but stay there requires a tailored approach and support at every stop. That is why United Way’s strategy includes navigators to coach families as they create their unique pathway, a technology platform to streamline coordination and access to services, and support with the basics that allows people to focus on the future.

United Way services touched over 2 million lives in the community in 2025. United Way connects people with services through the 2-1-1 Texas/United Way HELPLINE, the Community Resource Center, and Area Centers that house nonprofit organizations in order to bring services closer to where people live. Additionally, the United Way Nonprofit Connection is a key resource for building Houston’s social service nonprofit capacity.

In 2022, United Way launched its *Second Century Vision*, the strategic plan that will guide its work and provide for a more equitable investment strategy, one that intentionally lifts Black Indigenous People of Color (BIPOC), who have been historically marginalized, and brings new and different partners into the fold as United Way steps into its second century of service. The vision for this second century of service is to unite people and partners to ensure neighbors struggling to make ends meet, land on their feet, and stay there. United Way will do this by leading, serving, influencing, and convening the nonprofit social services sector to deliver quality services to better represent, serve, and celebrate its diverse community, through its new client-centered service delivery model, the Integrated Client Journey.

United Way’s annual fundraising efforts include workplace campaigns, individual leadership giving programs, corporate giving, foundation grants and special efforts to respond to emerging issues such as disaster recovery. In 2022, United Way began a separate multi-year fundraising campaign, the *Building Possibilities* campaign, to scale and accelerate programs that improve and advance one’s journey to financial stability.

Federal income tax status – United Way is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (the Code) and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash equivalents include highly liquid financial instruments with original maturities of three months or less.

Account receivables reflect the consideration to which United Way expects to be entitled in exchange for services provided taking into consideration historical collection trends and consideration of current and future economic trends. An allowance for credit losses is established when there has been an adverse change in the organization's ability to pay. Accounts are written off after collection efforts have been exhausted and an account is deemed uncollectible.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor-by-donor analysis of balances.

Land and buildings held for sale is reported at the lower of cost or fair value less cost to sale.

Investments are reported at fair value except that investments in non-negotiable certificates of deposit are reported at face value plus accrued interest. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Right-of-use assets – operating leases are recognized at the present value of the lease payments at inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining lease and placing the asset into service. Operating lease right-of-use assets are amortized so the lease costs remain constant over the lease term.

The United Way made the following accounting policy elections for reporting leases:

- *Short-term leases* – United Way has elected to not apply the new guidance to leases with terms of 12 months or less. Instead, these leases are recognized as expense on a straight-line basis over the lease term.
- *Discount rates* – United Way elected to use a risk-free rate for a period comparable with that of the lease term as the discount rate, if the implicit rate of a lease is not readily available.
- *Portfolio approach* – United Way elected to use the portfolio approach for leases with similar characteristics with the expectation that the application of the portfolio model will not differ materially from the application to the individual leases in that portfolio.
- *Lease and non-lease components* – United Way elected the practical expedient to choose whether to separate non-lease components from lease components by class of underlying assets or account for them as a single lease component. United Way elected not to separate lease and non-lease components.

Property and equipment are reported at cost if purchased or at fair value at the date of gift if donated. Depreciation is calculated using the straight-line method over estimated useful lives of 2 to 40 years. United Way capitalizes additions and improvements that have a tangible future economic life and a cost of more than \$2,500.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions and government grants are subject to one or more barriers that must be overcome before United Way is entitled to receive or retain funding. Conditional contributions and government grants are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Donated materials, use of facilities and services – Donated materials, use of facilities, and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Fees and program revenue are derived primarily from 2-1-1 HELPLINE fees, facility usage fees, and workshop and training programs. Revenue is recognized when the services are provided in an amount that reflects the consideration that United Way expects to be entitled to in exchange for those services. The nature of these services does not give rise to contract costs, refunds, warranties or other related obligations.

*2-1-1 HELPLINE fees* – United Way has agreements with organizations to provide 2-1-1 Texas information and referral services. Revenue is recognized over time as performance obligations are met using the input method based on the labor hours expended and third-party costs incurred. Payment is due upon submission of reimbursement to the organizations.

*Facility usage fees* – United Way offers space for private events, conferences and meetings. Reservation deposits for future private events and programs are due upon execution of a contract with the remaining balance due prior to the event. Deposits are applicable to future fees but may be refunded at the discretion of United Way if a contract is cancelled. Revenue is recognized at a point in time when the meeting occurs or the service is provided.

*Workshop and training fees* – United Way offers workshops and training classes through its financial stability, childcare and other programs. Revenue from workshops and training classes is recognized at a point in time when the workshop or class occurs, and the performance obligation is met.

At March 31, 2025, 2024, and 2023, accounts receivable were \$35,421, \$20,809, and \$15,718, respectively. United Way has no contract assets or liabilities at March 31, 2025, 2024, or 2023.

Community investments in program services include grants made that are recognized at estimated fair value when United Way approves an unconditional commitment to a recipient. Conditional grants are recognized in the same manner when the conditions are met by the recipient. Unconditional commitments made by United Way but not yet paid are reflected in the statement of financial position as

amounts committed to community program services. At March 31, 2025, these commitments are due to be paid within one year.

Advertising costs are expensed as incurred.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and facility management costs are allocated based on square footage. Information technology costs are allocated based on the number of computer units utilized by each department. Advertising costs are allocated based on management estimates of costs utilized by each department.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications of other receivables in fiscal year 2024 have been made to conform with the current presentation as prepaid expenses and other assets.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of March 31 comprise the following:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 8,504,026	\$ 13,233,885
Accounts receivables	35,421	20,809
Government contributions receivable	1,113,386	953,052
Contributions receivable, net	26,433,798	24,841,963
Investments	<u>34,101,640</u>	<u>22,605,971</u>
Total financial assets	70,188,271	61,655,680
Less financial assets not available for general expenditure:		
Board-designated operating reserve	(10,683,000)	(10,685,833)
Board-designated disaster response reserve	(350,000)	(500,000)
Board-designated capital maintenance reserve	(313,013)	(313,013)
Amounts donor-designated for other campaigns	(1,042,316)	(1,370,923)
Restricted by donors for program initiatives and other	<u>(11,263,992)</u>	<u>(3,844,360)</u>
Total financial assets available for general expenditure	<u>\$ 46,535,950</u>	<u>\$ 44,941,551</u>

As part of its liquidity management, United Way has a policy to manage its cash and investments to be available as its general expenditures, liabilities, and other obligations become due. In addition, United Way's Board of Trustees (the Board) has designated assets for other purposes, as described in Note 9. These board-designated funds are invested in liquid investments, and while they are not intended to be spent for purposes other than those identified, these funds could be made available for current operations at the Board's discretion.

United Way's cash flows have seasonal variations during the year attributable to campaign activities. These activities tend to generate significant cash flow during the last two quarters of United Way's fiscal year. United Way's spending pattern tends to be consistent throughout the fiscal year. To manage liquidity, United Way optimizes usage of short-term investments included in its total investment portfolio. All investments can be accessed on an immediate basis.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its investment in programs which create the opportunity for every individual and family to thrive, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The United Way launched the *Building Possibilities* campaign, to scale and accelerate programs that improve and advance one's journey to financial stability.

### NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2025</u>	<u>2024</u>
Money market mutual funds	\$ 8,311,880	\$ 12,820,788
Demand deposits	<u>192,146</u>	<u>413,097</u>
Total cash and cash equivalents	<u>\$ 8,504,026</u>	<u>\$ 13,233,885</u>

United Way maintains an overnight sweep of excess cash in a money market mutual fund that trades on the public market and is not federally insured.

### NOTE 4 – CONTRIBUTIONS RECEIVABLE AND GOVERNMENT CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	<u>2025</u>	<u>2024</u>
Annual campaigns	\$ 27,151,939	\$ 25,332,305
<i>Building Possibilities</i> campaign	3,797,440	4,563,983
Government grants	<u>1,113,386</u>	<u>953,052</u>
Total contributions receivable	32,062,765	30,849,340
Allowance for uncollectible contributions receivable	(4,241,727)	(4,710,685)
Discount to net present value at 3.45%-4.91%	<u>(273,854)</u>	<u>(343,640)</u>
Contributions receivable, net	<u>\$ 27,547,184</u>	<u>\$ 25,795,015</u>

Contributions receivable at March 31, 2025 are expected to be collected as follows:

2026	\$ 30,822,323
2027	736,442
2028	309,000
2029	175,000
2030	<u>20,000</u>
Total contributions receivable	<u>\$ 32,062,765</u>

At March 31, 2025, United Way has approximately \$2.8 million in conditional contributions from five donors. These commitments are conditioned upon meeting certain programmatic goals, or raising matching funds and will be recognized as contribution revenue when the conditions are met.

United Way received conditional cost-reimbursable federal and state contributions of approximately \$7.6 million that have not been recognized at March 31, 2025 because qualifying expenditures have not yet been incurred.

#### NOTE 5 – INVESTMENTS

Investments consist of the following:

	<u>2025</u>	<u>2024</u>
Equity mutual funds	\$ 16,340,861	\$ 15,352,889
Fixed-income mutual funds	17,441,573	4,845,908
Money market mutual funds		2,102,817
Non-negotiable certificates of deposit	<u>319,206</u>	<u>304,357</u>
Total investments	<u>\$ 34,101,640</u>	<u>\$ 22,605,971</u>

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

#### NOTE 6 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at March 31, 2025 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Equity mutual funds:				
Large-cap	\$ 9,214,283			\$ 9,214,283
International	5,298,702			5,298,702
Real estate	1,094,253			1,094,253
Small-cap	733,623			733,623
Fixed-income mutual funds:				
Short and intermediate bond	15,629,839			15,629,839
International aggregate index	<u>1,811,734</u>			<u>1,811,734</u>
Total	33,782,434			33,782,434
Money market mutual funds held as cash equivalents	<u>8,311,880</u>			<u>8,311,880</u>
Total assets measured at fair value	<u>\$ 42,094,314</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,094,314</u>

Assets measured at fair value at March 31, 2024 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Equity mutual funds:				
Large-cap	\$ 8,553,304			\$ 8,553,304
International	5,056,318			5,056,318
Real estate	1,003,877			1,003,877
Small-cap	739,390			739,390
Fixed-income mutual funds:				
Short and intermediate bond	3,094,379			3,094,379
International aggregate index	1,751,529			1,751,529
Money market mutual funds	<u>2,102,817</u>			<u>2,102,817</u>
Total	22,301,614			22,301,614
Money market mutual funds held as cash equivalents	<u>12,820,788</u>			<u>12,820,788</u>
Total assets measured at fair value	<u>\$ 35,122,402</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,122,402</u>

Mutual funds are valued at the published net asset value of shares held. This valuation method may produce a fair value that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while United Way believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

#### **NOTE 7 – RIGHT-OF-USE ASSETS AND LEASES**

United Way leases certain office space and equipment at community centers located in Fort Bend and Waller Counties, as well as office equipment used in its operations that are classified as operating leases. Payments due under these lease contracts are fixed.

Lease costs associated with operating leases are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost – rent expense	\$ 743,438	\$ 743,438
Sublease income	(331,867)	(326,358)
Short-term lease costs	<u>126,663</u>	<u>107,297</u>
Total lease costs	<u>\$ 538,234</u>	<u>\$ 524,377</u>

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating lease	\$748,430	\$739,704

Reconciliation of the undiscounted cash flows related to operating leases to the discounted amount reported in the statement of financial position as of March 31, 2025 were:

2026	\$ 738,133
2027	132,400
2028	95,777
2029	95,777
Thereafter	<u>287,333</u>
Total minimum lease payments	1,349,420
Less effects of discounting	<u>(74,176)</u>
Total lease liabilities recognized	<u>\$ 1,275,244</u>

As of March 31, 2025, the weighted-average remaining lease term for the operating leases is 3.9 years. The weighted-average discount rate associated with the operating lease as of March 31, 2025 is 2.35%. As of March 31, 2024, the weighted-average remaining lease term for the operating leases is 4.4 years. The weighted-average discount rate associated with the operating lease as of March 31, 2024 is 2.22%.

## NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 4,515,520	\$ 6,840,220
Buildings and improvements	30,485,273	31,568,861
Furniture, fixtures, and equipment	10,715,534	10,328,175
Vehicles	35,434	35,434
Construction in progress	<u>25,000</u>	<u>          </u>
Total property and equipment, at cost	45,776,761	48,772,690
Accumulated depreciation	<u>(21,712,666)</u>	<u>(20,845,729)</u>
Property and equipment, net	<u>\$ 24,064,095</u>	<u>\$ 27,926,961</u>

**NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions are comprised of the following:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 38,424,142	\$ 32,814,477
Designated by the Board:		
Operating reserve	10,683,000	10,685,833
Community impact and response	536,377	560,377
Disaster response	350,000	500,000
Capital maintenance	<u>313,013</u>	<u>313,013</u>
Total net assets without donor restrictions	<u>\$ 50,306,532</u>	<u>\$ 44,873,700</u>

The Board has designated net assets without donor restrictions as follows:

- *Operating reserve* – This reserve is to provide for operations and community investments in the event of an unforeseen event or severe economic downturn. The reserve is to be approximately three months of operating expenses and two months of community investments in program services and is adjusted annually.
- *Community impact and response* – This reserve is for the discretion of the Community Impact Committee to use for immediate response to emerging needs and extend presence throughout United Way’s four county service area.
- *Disaster response* – This reserve is to enable United Way to respond quickly to the community in the aftermath of a disaster before any fundraising efforts commence.
- *Capital maintenance* – This reserve is for planned and unanticipated building construction, repairs and maintenance, and for purchases of capital equipment. Additions to the reserve are approved by the Board in conjunction with the annual operating budget.

Use of board-designated reserves must be approved by the Board.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
<i>Building Possibilities</i> campaign	\$ 9,085,897	\$ 3,881,750
Financial Stability/United Way THRIVE	1,738,899	2,168,529
Disaster response	903,815	234,837
Sponsorships to support future events	682,065	339,394
Evaluation Capacity Building	673,523	434,609
Education	631,451	1,399,749
Montgomery County	473,728	489,249
Emerging Leaders Institute	273,106	211,209
Community Leadership Council	17,661	197,630
Other	<u>12,256</u>	<u>23,076</u>
Total net assets with donor restrictions	<u>\$ 14,492,401</u>	<u>\$ 9,380,032</u>

## NOTE 11 – ANNUAL CAMPAIGN

The annual fundraising campaign is conducted to raise support to invest in community program services and strategic initiatives. Each year by the end of March, United Way reports to the public the total estimated annual campaign funds raised. Actual results may differ from estimated amounts publicly reported due to timing differences on multi-year pledges and receipts for future campaigns, among other things. The fiscal year 2025 and 2024 commitments to programs and agencies are based on the results of the fall and winter 2024 and 2023 campaigns, and are reflected as community investment expense in the statement of activities for the years ended March 31, 2025 and 2024, respectively. Amounts received in 2025 and 2024 for donor-designated gifts to other campaigns total approximately \$576,000 and \$516,000, respectively.

Contributions designated by donors to be paid to specific United Way Agencies (Agencies) of approximately \$2.5 million are included in unrestricted revenue and community investment expense at March 31, 2025 and 2024. United Way maintains a policy of “first dollars in” with respect to designation to Agencies. If total designations to an Agency are less than the total committed investment, the Agency receives only the approved commitment. If total designations exceed the commitment, the Agency receives the greater amount. Any amount designated by donors to Agencies in excess of the approved commitments is excluded from United Way’s revenue and expenses.

## NOTE 12 – GOVERNMENT GRANTS

Government grants recognized are as follows:

	<u>2025</u>	<u>2024</u>
Federal government grants:		
U. S. Department of Health and Human Services	\$ 1,265,156	\$ 932,957
U. S. Department of Treasury	1,645,855	811,655
U. S. Department of Agriculture	<u>450,769</u>	<u>514,782</u>
Total federal government grants	<u>3,361,780</u>	<u>2,259,394</u>
State government grants – Texas Health and Human Services Commission	<u>1,192,904</u>	<u>1,263,358</u>
Total government grants	<u>\$ 4,554,684</u>	<u>\$ 3,522,752</u>

Grants from federal and state government funding sources require fulfillment of certain conditions as set forth in the related contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by United Way with the terms of the contracts. Management believes such disallowances, if any, would not be material to United Way’s financial position or changes in net assets.

## NOTE 13 – EMPLOYEE BENEFIT PLANS

**401(k) savings and investment plan** – United Way adopted a savings and investment plan (the Plan) in accordance with §401(k) of the Code, effective January 1, 1998. Each qualified employee of United Way is eligible to participate in the Plan on the first day of the month following the completion of at least one hour of service. Participants may contribute, with certain limitations, a percentage of their compensation,

as defined in the Plan, on a tax-deferred basis. Participants are immediately vested in their tax-deferred contributions plus actual earnings thereon. United Way may, at its sole discretion, make a contribution not to exceed 100% of the first 6% of compensation contributed by the participants. In addition, United Way may, at its sole discretion, elect to make additional discretionary contributions. Participants become 50% vested in United Way's contributions after two years of service and fully vested after three years of service. During 2025 and 2024, United Way elected to match 100% of the first 6% of each participant's compensation and to contribute 3% of each participant's compensation as an additional discretionary contribution.

In 2025, United Way's contribution was approximately \$1 million, which included a matching contribution of \$741,000 and a discretionary contribution of \$299,000. In 2024, United Way's contribution was approximately \$969,000, which included a matching contribution of \$743,000 and a discretionary contribution of \$226,000.

**Health plan** – United Way obtains health and welfare benefits for employees as a single employer, in accordance with §501(c)(9) of the Code. United Way provides group health, life, short-term and long-term disability, and dental insurance programs for employees working in excess of 30 hours per week. Costs are shared by the employer and employee depending upon the benefits selected by the employee. Welfare benefit plan contributions expensed by United Way for the years ended March 31, 2025 and 2024 were approximately \$1,838,000 and \$1,552,000, respectively.

#### **NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 24, 2025, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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