United Way of Greater Houston

Financial Statements
and Single Audit Reports
for the year ended March 31, 2026

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, 2026 and 2025, 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, 2026 and 2025, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in the schedule of expenditures of federal awards for the year ended March 31, 2026 as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and in the schedule of expenditures of state awards for the year ended March 31, 2026 as required by the *Texas Grant Management Standards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026 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.

Blazek & Vetterling

September 29, 2026

United Way of Greater Houston

Statements of Financial Position as of March 31, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents *(Notes 3 and 6)*	$ 7,414,749	$ 8,504,026
Government contributions receivable *(Note 4)*	871,546	1,113,386
Contributions receivable, net *(Note 4)*	25,598,401	26,433,798
Prepaid expenses and other assets	727,204	988,140
Land and buildings held for sale	3,070,492	3,070,492
Investments *(Notes 5 and 6)*	45,920,599	34,101,640
Right-of-use assets – operating leases *(Note 7)*	628,176	1,254,827
Property and equipment, net *(Note 8)*	26,004,683	24,064,095
TOTAL ASSETS	$ 110,235,850	$ 99,530,404
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 453,119	$ 574,294
Accrued payroll expenses	2,138,849	1,386,617
Grants for community investments in program services *(Note 11)*	30,318,000	30,318,000
Amounts donor-designated for other campaigns	822,904	1,042,316
Refundable advance		135,000
Operating lease liabilities *(Note 7)*	619,170	1,275,244
Total liabilities	34,352,042	34,731,471
Net assets:		
Without donor restrictions *(Note 9)*	56,381,162	50,306,532
With donor restrictions *(Note 10)*	19,502,646	14,492,401
Total net assets	75,883,808	64,798,933
TOTAL LIABILITIES AND NET ASSETS	$ 110,235,850	$ 99,530,404

See accompanying notes to financial statements.

United Way of Greater Houston

Statement of Activities for the year ended March 31, 2026

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Annual campaign contributions *(Note 11)*	$ 52,592,408	$ 4,054,516	$ 56,646,924
Less: Donor-designated gifts to other campaigns	(214,373)		(214,373)
Less: Provision for estimated uncollectible contributions receivable on current year campaign	(1,549,171)		(1,549,171)
Total annual campaign contributions	50,828,864	4,054,516	54,883,380
Contributions from previous annual campaign	43,652		43,652
Disaster relief		379,000	379,000
Building Possibilities campaign		6,710,144	6,710,144
Government grants *(Note 12)*		5,686,811	5,686,811
Other contributions	340,353	3,559,681	3,900,034
Fees and program revenue:			
Government contract income	235,130		235,130
Facility usage fees	122,259		122,259
Workshop and training fees	77,222		77,222
Net investment return	4,282,747		4,282,747
Rental income	1,118,717		1,118,717
Other income	118,667		118,667
Total revenue	57,167,611	20,390,152	77,557,763
Net assets released from restrictions:			
Program expenditures	15,379,907	(15,379,907)	
Total	72,547,518	5,010,245	77,557,763
EXPENSES:			
Program services:			
Community investments in program services *(Note 11)*	32,578,575		32,578,575
United Way programs and services	20,415,126		20,415,126
In-kind community support	1,118,717		1,118,717
Disaster response grants	280,000		280,000
Total program services	54,392,418		54,392,418
Management and general	4,499,427		4,499,427
Fundraising	7,581,043		7,581,043
Total expenses	66,472,888		66,472,888
CHANGES IN NET ASSETS	6,074,630	5,010,245	11,084,875
Net assets, beginning of year	50,306,532	14,492,401	64,798,933
Net assets, end of year	$ 56,381,162	$ 19,502,646	$ 75,883,808

See accompanying notes to financial statements.

United Way of Greater Houston

Statement of Activities for the year ended March 31, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Annual campaign contributions *(Note 11)*	$ 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	(4,069,070)		(4,069,070)
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
Building Possibilities campaign		8,376,332	8,376,332
Government grants *(Note 12)*		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	265,546		265,546
Total revenue	51,728,759	29,566,745	81,295,504
Net assets released from restrictions:			
Program expenditures	24,454,376	(24,454,376)	
Total	76,183,135	5,112,369	81,295,504
EXPENSES:			
Program services:			
Community investments in program services *(Note 11)*	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	1,073,345		1,073,345
Total program services	59,517,091		59,517,091
Management and general	4,491,166		4,491,166
Fundraising	6,742,046		6,742,046
Total expenses	70,750,303		70,750,303
CHANGES IN NET ASSETS	5,432,832	5,112,369	10,545,201
Net assets, beginning of year	44,873,700	9,380,032	54,253,732
Net assets, end of year	$ 50,306,532	$ 14,492,401	$ 64,798,933

See accompanying notes to financial statements.

United Way of Greater Houston

Statements of Functional Expenses for the years ended March 31, 2026 and 2025

EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2026 TOTAL
Community investments (grants for program services)	$ 33,697,292			$ 33,697,292
Salaries and related expenses	13,246,325	$ 3,059,093	$ 5,060,696	21,366,114
Professional and contract services	1,791,320	682,980	518,283	2,992,583
Occupancy	2,285,638	194,676	279,868	2,760,182
Printing and supplies	909,851	75,294	410,542	1,395,687
Depreciation	847,340	227,440	306,153	1,380,933
Conferences and meetings	195,755	63,940	632,153	891,848
Dues to national organizations	367,561	122,500	205,805	695,866
Professional development and travel	370,040	23,265	54,742	448,047
Disaster response grants	280,000			280,000
Advertising	92,314		92,314	184,628
Other	308,982	50,239	20,487	379,708
Total expenses	$ 54,392,418	$ 4,499,427	$ 7,581,043	$ 66,472,888

EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2025 TOTAL
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
Professional and contract services	1,175,236	778,413	507,042	2,460,691
Occupancy	2,370,658	197,480	279,699	2,847,837
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
Disaster response grants	8,477,204			8,477,204
Advertising	74,227		74,227	148,454
Other	353,921	24,597	27,720	406,238
Total expenses	$ 59,517,091	$ 4,491,166	$ 6,742,046	$ 70,750,303

See accompanying notes to financial statements.

United Way of Greater Houston

Statements of Cash Flows for the years ended March 31, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 11,084,875	$ 10,545,201
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,380,933	1,265,868
Net realized and unrealized gain on investments	(2,627,472)	(647,229)
Amortization of right-of-use assets	626,651	707,230
Changes in operating assets and liabilities:		
Accounts receivable	(332)	(14,612)
Government contributions receivable	241,840	(160,334)
Contributions receivable	835,397	(1,591,835)
Prepaid expenses and other assets	261,268	(143,672)
Accounts payable	(121,175)	243,428
Accrued payroll expenses	752,232	85,016
Amounts committed to community program services		(2,791,147)
Amounts donor-designated for other campaigns	(219,412)	(328,607)
Refundable advance	(135,000)	135,000
Operating lease liabilities	(656,074)	(712,232)
Net cash provided by operating activities	11,423,731	6,592,075
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	18,023,970	8,652,164
Purchase of investments	(27,215,458)	(21,588,572)
Net change in money market mutual funds held as investments		2,087,968
Purchases of property and equipment	(3,321,520)	(473,494)
Net cash used by investing activities	(12,513,008)	(11,321,934)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,089,277)	(4,729,859)
Cash and cash equivalents, beginning of year	8,504,026	13,233,885
Cash and cash equivalents, end of year	$ 7,414,749	$ 8,504,026

See accompanying notes to financial statements.

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 nearly 2 million lives in the community in 2026. 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 reaches Asset Limited Income Constrained Employed (ALICE) individuals in our community, 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. Additionally, United Way's *Building Possibilities* campaign, raised funds 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.

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 are 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.

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 rate* – 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 not to separate non-lease components from lease components by class of underlying assets or account for them together rather than separately.

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 and government grants 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 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, 2026, 2025, and 2024, accounts receivable were $35,753, $35,421, and $20,809, respectively. United Way has no contract assets or liabilities at March 31, 2026, 2025, or 2024.

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, 2026, 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.

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:

	2026	2025
Financial assets:		
Cash and cash equivalents	$ 7,414,749	$ 8,504,026
Accounts receivable	35,753	35,421
Government contributions receivable	871,546	1,113,386
Contributions receivable, net	25,598,401	26,433,798
Investments	45,920,599	34,101,640
Total financial assets	79,841,048	70,188,271
Less financial assets not available for general expenditure:		
Board-designated operating reserve	(12,183,000)	(10,683,000)
Board-designated disaster response reserve	(850,000)	(350,000)
Board-designated capital maintenance reserve	(1,000,000)	(313,013)
Amounts donor designated for other campaigns	(822,904)	(1,042,316)
Restricted by donors for program initiatives and other	(12,507,601)	(11,263,992)
Total financial assets available for general expenditure	$ 52,477,543	$ 46,535,950

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.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2026	2025
Money market mutual funds	$ 7,219,038	$ 8,311,880
Demand deposits	195,711	192,146
Total cash and cash equivalents	$ 7,414,749	$ 8,504,026

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:

	2026	2025
Annual campaigns	$ 27,562,723	$ 27,151,939
Building Possibilities campaign	3,591,653	3,601,286
Government grants	871,546	1,113,386
Disaster grants	646,154	196,154
Total contributions receivable	32,672,076	32,062,765
Allowance for uncollectible contributions receivable	(6,051,375)	(4,241,727)
Discount to net present value at 3.5%-4.7%	(150,754)	(273,854)
Contributions receivable, net	$ 26,469,947	$ 27,547,184

Contributions receivable at March 31, 2026 are expected to be collected as follows:

2027	$ 32,002,076
2028	395,000
2029	255,000
2030	20,000
Total contributions receivable	$ 32,672,076

At March 31, 2026, United Way has approximately $1.2 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 $4.6 million that have not been recognized at March 31, 2026 because qualifying expenditures have not yet been incurred.

NOTE 5 – INVESTMENTS

Investments consist of the following:

	2026	2025
Equity mutual funds	$ 19,097,479	$ 16,340,861
Fixed-income mutual funds	26,503,914	17,441,573
Non-negotiable certificates of deposit	319,206	319,206
Total investments	$ 45,920,599	$ 34,101,640

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, 2026 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Equity mutual funds:				
Large-cap	$ 10,341,404			$ 10,341,404
International	6,769,110			6,769,110
Real estate	1,114,407			1,114,407
Small-cap	872,558			872,558
Fixed-income mutual funds:				
Short and intermediate bond	17,608,050			17,608,050
Corporate bond	6,885,798			6,885,798
International aggregate index	2,010,066			2,010,066
Total investments measured at fair value	45,601,393			45,601,393
Money market mutual funds held as cash equivalents	7,219,038			7,219,038
Total assets measured at fair value	$ 52,820,431	$ 0	$ 0	$ 52,820,431

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
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	1,811,734			1,811,734
Total investments measured at fair value	33,782,434			33,782,434
Money market mutual funds held as cash equivalents	8,311,880			8,311,880
Total assets measured at fair value	$ 42,094,314	$ 0	$ 0	$ 42,094,314

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 the Bay Area 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:

	2026	2025
Operating lease cost – rent expense	$ 741,842	$ 743,438
Sublease income	(277,514)	(331,867)
Short-term lease costs	108,408	126,663
Total lease costs	$ 572,736	$ 538,234

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

	2026	2025
Operating cash flows from operating lease	$749,853	$748,430

Future payments due under operating leases as of March 31, 2026 are as follows:

2027	$ 151,030
2028	114,407
2029	114,407
2030	114,407
Thereafter	194,660
Total minimum lease payments	688,911
Less effects of discounting	(69,741)
Total lease liabilities recognized	$ 619,170

As of March 31, 2026, the weighted-average remaining lease term for the operating leases is 5.5 years. The weighted-average discount rate associated with the operating leases as of March 31, 2026 is 2.59%. 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 leases as of March 31, 2025 is 2.35%.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2026	2025
Land	$ 4,515,520	$ 4,515,520
Buildings and improvements	30,609,388	30,485,273
Furniture, fixtures, and equipment	11,365,152	10,715,534
Vehicles	35,434	35,434
Construction in progress	2,572,788	25,000
Total property and equipment, at cost	49,098,282	45,776,761
Accumulated depreciation	(23,093,599)	(21,712,666)
Property and equipment, net	$ 26,004,683	$ 24,064,095

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2026	2025
Undesignated	$ 40,908,944	$ 37,834,314
Designated by the Board:		
Operating reserve	12,183,000	10,683,000
Capital maintenance	1,000,000	313,013
Community impact and response	849,390	536,377
Disaster response	850,000	350,000
Montgomery County	589,828	589,828
Total net assets without donor restrictions	$ 56,381,162	$ 50,306,532

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.
- *Montgomery County* – This reserve is to provide program services in Montgomery County and must be approved by the Board.

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:

	2026	2025
Subject to expenditure for specified purpose:		
Building Possibilities campaign	$ 13,569,329	$ 9,085,897
Disaster response	1,599,922	903,815
Financial Stability/United Way THRIVE	1,279,499	1,738,899
Evaluation Capacity Building	806,737	673,523
Sponsorships to support future events	700,653	682,065
Education	574,148	631,451
Emerging Leaders Institute	406,894	273,106
Montgomery County	294,204	473,728
Other	271,260	29,917
Total net assets with donor restrictions	$ 19,502,646	$ 14,492,401

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 years 2026 and 2025, commitments to programs and agencies are based on the results of the fall and winter 2025 and 2024 campaigns, and are reflected as community investment expense in the statement of activities for the years ended March 31, 2026 and 2025, respectively. Amounts received in 2026 and 2025 for donor-designated gifts to other campaigns total approximately $214,000 and $576,000, respectively.

Contributions designated by donors to be paid to specific United Way Partner Agencies (Agencies) of approximately $2.3 million are included in unrestricted revenue and community investment expense at March 31, 2026 and 2025. 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:

	2026	2025
Federal government grants:		
U. S. Department of Health and Human Services	$ 2,201,000	$ 1,265,156
U. S. Department of Treasury	1,799,293	1,645,855
U. S. Department of Agriculture	462,513	450,769
Total federal government grants	4,462,806	3,361,780
State government grants – Texas Health and Human Services Commission	1,224,005	1,192,904
Total government grants	$ 5,686,811	$ 4,554,684

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 2026 and 2025, 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 2026, United Way's contribution was approximately $1.3 million, which included a matching contribution of $850,000 and a discretionary contribution of $468,000. 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.

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, 2026 and 2025 were approximately $2,319,000 and $1,838,000, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2026, 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.

United Way of Greater Houston

Schedule of Expenditures of Federal Awards for the year ended March 31, 2026

	Grantor Pass-through Grantor Program Title & Period	Assistance Listing Number	Grantor Number	Award Amount	Federal Expenditures
	U. S. DEPARTMENT OF AGRICULTURE				
	Passed through Texas Health and Human Services Commission:				
	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)				
	United Way of Greater Houston – Gulf Coast				
#1	09/01/21 – 09/30/26	10.561	HHS000979200018	$1,591,764	$ 274,573
	United Way of Greater Houston – Fort Worth				
#2	09/01/21 – 09/30/26	10.561	HHS000979200019	$672,427	124,994
	United Way of Greater Houston – Coastal Bend				
#3	09/01/21 – 09/30/26	10.561	HHS000979200017	$357,818	62,946
	Total U. S. Department of Agriculture				462,513
	U. S. DEPARTMENT OF TREASURY				
	Passed through BakerRipley:				
	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds				
#4	02/01/23 – 12/31/26	21.027		$7,559,363	1,799,293
	Total U. S. Department of Treasury				1,799,293
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through Texas Health and Human Services Commission:				
	Temporary Assistance for Needy Families				
	United Way of Greater Houston – Gulf Coast				
#5	09/01/21 – 09/30/26	93.558	HHS000979200018	$31,107	3,220
	United Way of Greater Houston – Fort Worth				
#6	09/01/21 – 09/30/26	93.558	HHS000979200019	$12,863	1,465
	United Way of Greater Houston – Coastal Bend				
#7	09/01/21 – 09/30/26	93.558	HHS000979200017	$6,765	738
	Subtotal				5,423
	Passed through Texas Health and Human Services Commission:				
	Child Care and Development Block Grant (CCDF Cluster)				
	United Way of Greater Houston – Gulf Coast				
#8	09/01/21 – 09/30/26	93.575	HHS000979200018	$616,949	128,720
	United Way of Greater Houston – Fort Worth				
#9	09/01/21 – 09/30/26	93.575	HHS000979200019	$222,139	32,564
	United Way of Greater Houston – Coastal Bend				
#10	09/01/21 – 09/30/26	93.575	HHS000979200017	$50,330	10,066

(continued)

United Way of Greater Houston

Schedule of Expenditures of Federal Awards for the year ended March 31, 2026 *(continued)*

	Grantor Pass-through Grantor Program Title & Period	Assistance Listing Number	Grantor Number	Award Amount	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES *(continued)*					
Passed through Houston-Galveston Area Council:					
	Child Care and Development Block Grant (CCDF Cluster)				
#11	07/04/24 – 09/30/26	93.575	None	$1,761,754	1,250,644
	Subtotal				1,421,994
Passed through Texas Health and Human Services Commission:					
	Children's Health Insurance Program				
	United Way of Greater Houston – Gulf Coast				
#12	09/01/21 – 09/30/26	93.767	HHS000979200018	$162,350	13,844
	United Way of Greater Houston – Fort Worth				
#13	09/01/21 – 09/30/26	93.767	HHS000979200019	$66,756	6,302
	United Way of Greater Houston – Coastal Bend				
#14	09/01/21 – 09/30/26	93.767	HHS000979200017	$34,991	3,174
	Subtotal				23,320
Passed through Texas Health and Human Services Commission:					
	Grants to States for Medicaid (Medicaid Cluster)				
	United Way of Greater Houston – Gulf Coast				
#15	09/01/21 – 09/30/26	93.778	HHS000979200018	$2,136,771	445,601
	United Way of Greater Houston – Fort Worth				
#16	09/01/21 – 09/30/26	93.778	HHS000979200019	$912,533	202,623
	United Way of Greater Houston – Coastal Bend				
#17	09/01/21 – 09/30/26	93.778	HHS000979200017	$488,467	102,039
	Subtotal				750,263
Total U. S. Department of Health and Human Services					2,201,000
TOTAL FEDERAL AWARDS					$ 4,462,806

See accompanying note to schedules of expenditures of federal and state awards.

United Way of Greater Houston

Schedule of Expenditures of State Awards for the year ended March 31, 2026

	Grantor Pass-through Grantor Program Title & Period	Contract Number	Award Amount	State Expenditures
	TEXAS HEALTH AND HUMAN SERVICES COMMISSION			
	Grants to States for Medicaid (Medicaid Cluster)			
	United Way of Greater Houston – Gulf Coast			
#S1	09/01/21 – 08/31/26	HHS000979200018	$2,136,771	$ 445,099
	United Way of Greater Houston – Fort Worth			
#S2	09/01/21 – 08/31/26	HHS000979200019	$912,533	202,622
	United Way of Greater Houston – Coastal Bend			
#S3	09/01/21 – 08/31/26	HHS000979200017	$488,467	102,039
	Subtotal			749,760
	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	United Way of Greater Houston – Gulf Coast			
#S4	09/01/21 – 08/31/26	HHS000979200018	$1,591,764	274,573
	United Way of Greater Houston – Fort Worth			
#S5	09/01/21 – 08/31/26	HHS000979200019	$672,427	124,994
	United Way of Greater Houston – Coastal Bend			
#S6	09/01/21 – 08/31/26	HHS000979200017	$357,818	62,946
	Subtotal			462,513
	Temporary Assistance for Needy Families			
	United Way of Greater Houston – Gulf Coast			
#S7	09/01/21 – 08/31/26	HHS000979200018	$97,050	2,649
	United Way of Greater Houston – Fort Worth			
#S8	09/01/21 – 08/31/26	HHS000979200019	$39,181	1,206
	United Way of Greater Houston – Coastal Bend			
#S9	09/01/21 – 08/31/26	HHS000979200017	$20,319	607
	Subtotal			4,462
	Children's Health Insurance Program			
	United Way of Greater Houston – Gulf Coast			
#S10	09/01/21 – 08/31/26	HHS000979200018	$55,150	4,315
	United Way of Greater Houston – Fort Worth			
#S11	09/01/21 – 08/31/26	HHS000979200019	$26,626	1,965
	United Way of Greater Houston – Coastal Bend			
#S12	09/01/21 – 08/31/26	HHS000979200017	$11,844	990
	Subtotal			7,270
	Total Texas Health and Human Services Commission			1,224,005
	TOTAL STATE AWARDS			$ 1,224,005

See accompanying note to schedules of expenditures of federal and state awards.

United Way of Greater Houston

Note to Schedules of Expenditures of Federal and State Awards for the year ended March 31, 2026

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The schedules of expenditures of federal and state awards are prepared on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Grant Management Standards*. Federal and state expenditures include allowable costs funded by federal and state grants. Allowable costs are subject to the cost principles of the Uniform Guidance and the *Texas Grant Management Standards*, and include costs that are recognized as expenses in United Way's financial statements in conformity with generally accepted accounting principles. United Way has elected to use the 10% de minimus cost rate for indirect costs. United Way does not have any subrecipients.

Because the schedules present only a selected portion of the operations of United Way, they are not intended to and do not present the financial position, changes in net assets, or cash flows of United Way.

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 Trustees of
United Way of Greater Houston:

We have audited, 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, the financial statements of United Way of Greater Houston (United Way), which comprise the statement of financial position as of March 31, 2026 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way'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's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blazek & Vetterling

September 29, 2026

Independent Auditors' Report on Compliance for Each Major Federal and Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the *Texas Grant Management Standards*

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

Report on Compliance for Each Major Federal and Major State Program

Opinion on Each Major Federal and Major State Program

We have audited United Way of Greater Houston's (United Way) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and in the *Texas Grant Management Standards* that could have a direct and material effect on each of United Way's major federal and major state programs for the year ended March 31, 2026. United Way's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended March 31, 2026.

Basis for Opinion on Each Major Federal and Major State 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) and in the *Texas Grant Management Standards*. Our responsibilities under those standards, the Uniform Guidance and the *Texas Grant Management Standards* 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 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 and major state program. Our audit does not provide a legal determination of United Way'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's federal and state 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'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*, the Uniform Guidance and the *Texas Grant Management Standards* 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's compliance with the requirements of each major federal and major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the *Texas Grant Management Standards*, 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'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'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 and the *Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of United Way'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 or state 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 or state 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 or state 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 and the *Texas Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Blazek & Vetterling

September 29, 2026

United Way of Greater Houston

Schedule of Findings and Questioned Costs for the year ended March 31, 2026

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted? ☐ yes ☒ no

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a) and the *Texas Grant Management Standards*? ☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.575	Child Care and Development Block Grant (CCDF Cluster)
93.778	Grants to States for Medicaid (Medicaid Cluster)

Contract Number(s)	Name of State Program or Cluster
HHS000979200018	Grants to States for Medicaid/State Administrative Matching Grants
HHS000979200019	for the Supplemental Nutrition Assistance Program/Temporary
HHS000979200017	Assistance for Needy Families/Children's Health Insurance Program

Dollar threshold used to distinguish between Type A and Type B federal and state programs: $1,000,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal and State Award Findings and Questioned Costs

There were no findings for federal awards required to be reported in accordance with 2 CFR §200.516(a) and no findings for state awards required to be reported in accordance with the *Texas Grant Management Standards*.

UNITED WAY
Greater Houston

United Way Center for Philanthropy, Leadership and Volunteerism

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Summary Schedule of Prior Audit Findings

The following audit finding for the year ended March 31, 2025, is required to be reported in accordance with 2 CFR §200.511.

Finding #2025-001 – Significant Deficiency and Other Noncompliance

Applicable federal program:

U. S. Department of Treasury
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Assistance Listing #21.027
Passed through BakerRipley
Contract period: 02/01/23 – 12/31/26
Contract number: None

Condition and context: In a sample of 35 payroll transactions, 14 transactions for three employees did not have time and effort documentation to support the allocation of salary costs charged to the major program. For these employees who work less than 100% on the program, the employees track their activities on their calendars. However, salaries were allocated based on a fixed percentage that did not vary from period to period.

Recommendation: Strengthen controls to require comparison of actual time and effort percentages by activity to the percentage of salaries and wages allocated to federal programs.

Management's response: United Way has implemented a reconciliation process for billed time to ensure salary allocations reflect actual time and effort for fiscal year 2025-2026. This includes a review of calendar-based activity tracking and comparison against fixed allocation percentages. To strengthen long-term compliance, United Way plans to deploy an electronic timekeeping system that enables dynamic tracking of employee effort across government grant programs. This system will support audit readiness and improve internal control over payroll allocations.

Management's 2026 follow-up response: Action plan has been completed.