United Way of Greater Houston

Financial Statements
and Single Audit Reports
for the year ended March 31, 2024

United Way of Greater Houston

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Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

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, 2024 and 2023, 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, 2024 and 2023, 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 (GAAS). Our audit of the financial statements as of and for the year ended March 31, 2024 was also performed in accordance with 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, 2024 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, 2024 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 12, 2024 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 12, 2024

United Way of Greater Houston

Statements of Financial Position as of March 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents *(Notes 3 and 6)*	$ 13,233,885	$ 13,423,382
Accounts receivables	101,185	43,859
Government contributions receivable *(Note 4)*	953,052	492,985
Contributions receivable, net *(Note 4)*	24,841,963	25,042,036
Prepaid expenses and other assets	728,671	558,265
Investments *(Notes 5 and 6)*	22,605,971	17,276,888
Right-of-use assets – operating leases *(Note 7)*	1,962,057	2,655,608
Property and equipment, net *(Note 8)*	27,926,961	28,321,586
TOTAL ASSETS	$ 92,353,745	$ 87,814,609
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 330,866	$ 896,200
Accrued payroll expenses	1,301,601	1,324,548
Amounts committed to community program services *(Note 11)*	33,109,147	33,316,084
Amounts donor-designated for other campaigns	1,370,923	1,296,623
Operating lease liabilities *(Note 7)*	1,987,476	2,677,302
Total liabilities	38,100,013	39,510,757
Net assets:		
Without donor restrictions *(Note 9)*	44,873,700	41,723,358
With donor restrictions *(Note 10)*	9,380,032	6,580,494
Total net assets	54,253,732	48,303,852
TOTAL LIABILITIES AND NET ASSETS	$ 92,353,745	$ 87,814,609

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 *(Note 11)*	$ 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	(4,040,985)		(4,040,985)
Total annual campaign contributions	42,739,901	6,392,232	49,132,133
Contributions from previous annual campaign	1,467,574		1,467,574
Building Possibilities campaign		4,072,716	4,072,716
Government grants *(Note 12)*		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	266,910		266,910
Total revenue	49,679,641	18,757,782	68,437,423
Net assets released from restrictions:			
Program expenditures	15,958,244	(15,958,244)	
Total	65,637,885	2,799,538	68,437,423
EXPENSES:			
Program services:			
Community investments in program services *(Note 11)*	34,118,294		34,118,294
United Way programs and services	16,443,878		16,443,878
In-kind community support	1,222,944		1,222,944
Total program services	51,785,116		51,785,116
Management and general	4,342,156		4,342,156
Fundraising	6,360,271		6,360,271
Total expenses	62,487,543		62,487,543
CHANGES IN NET ASSETS	3,150,342	2,799,538	5,949,880
Net assets, beginning of year	41,723,358	6,580,494	48,303,852
Net assets, end of year	$ 44,873,700	$ 9,380,032	$ 54,253,732

See accompanying notes to financial statements.

United Way of Greater Houston

Statement of Activities for the year ended March 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Annual campaign contributions *(Note 11)*	$ 49,998,447	$ 3,102,421	$ 53,100,868
Less: Donor-designated gifts to other campaigns	(672,443)		(672,443)
Less: Provision for estimated uncollectible contributions receivable on current year campaign	(3,876,778)		(3,876,778)
Total annual campaign contributions	45,449,226	3,102,421	48,551,647
Contributions from previous annual campaign	76,670		76,670
Building Possibilities campaign		5,726,225	5,726,225
Government grants *(Note 12)*		2,967,568	2,967,568
Other contributions	155,959	3,964,626	4,120,585
Fees and program revenue:			
Government contract income	204,800		204,800
Facility usage fees	118,047		118,047
Workshop and training fees	43,502		43,502
Net investment return	(1,480,191)		(1,480,191)
Rental income	1,182,274		1,182,274
Other income	253,745		253,745
Total revenue	46,004,032	15,760,840	61,764,872
Net assets released from restrictions:			
Disaster response expenditures	1,062,255	(1,062,255)	
Program expenditures	12,602,241	(12,602,241)	
Total	59,668,528	2,096,344	61,764,872
EXPENSES:			
Program services:			
Community investments in program services *(Note 11)*	34,260,574		34,260,574
United Way programs and services	15,752,306		15,752,306
In-kind community support	1,182,274		1,182,274
Disaster response	1,025,908		1,025,908
Total program services	52,221,062		52,221,062
Management and general	4,632,986		4,632,986
Fundraising	6,186,775		6,186,775
Total expenses	63,040,823		63,040,823
CHANGES IN NET ASSETS	(3,372,295)	2,096,344	(1,275,951)
Net assets, beginning of year	45,095,653	4,484,150	49,579,803
Net assets, end of year	$ 41,723,358	$ 6,580,494	$ 48,303,852

See accompanying notes to financial statements.

United Way of Greater Houston

Statements of Functional Expenses for the years ended March 31, 2024 and 2023

EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL
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
Professional and contract services	1,247,699	612,737	663,923	2,524,359
Occupancy	1,873,730	177,120	245,116	2,295,966
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	$ 51,785,116	$ 4,342,156	$ 6,360,271	$ 62,487,543

EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2023 TOTAL
Community investments (grants for program services)	$ 35,442,848			$ 35,442,848
Disaster response grants	1,025,908			1,025,908
Salaries and related expenses	8,524,820	$ 3,087,332	$ 3,834,764	15,446,916
Professional and contract services	1,754,212	716,345	726,251	3,196,808
Occupancy	1,956,869	226,954	274,225	2,458,048
Printing and supplies	581,126	84,622	389,983	1,055,731
Depreciation	830,853	223,015	300,196	1,354,064
Conferences and meetings	123,720	39,452	286,496	449,668
Dues to national organizations	401,257	149,948	139,423	690,628
Professional development and travel	42,102	46,308	22,578	110,988
Advertising	194,195		194,195	388,390
Direct assistance	1,306,827			1,306,827
Other	36,325	59,010	18,664	113,999
Total expenses	$ 52,221,062	$ 4,632,986	$ 6,186,775	$ 63,040,823

See accompanying notes to financial statements.

United Way of Greater Houston

Statements of Cash Flows for the years ended March 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 5,949,880	$ (1,275,951)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,177,566	1,354,064
Net realized and unrealized (gain) loss on investments	(2,463,102)	1,963,661
Amortization of right-of-use asset	693,551	694,466
Changes in operating assets and liabilities:		
Accounts receivables	(57,326)	(15,257)
Government contributions receivable	(460,067)	
Prepaid expenses and other assets	(170,406)	(184,350)
Contributions receivable	200,073	2,492,555
Accounts payable	(565,334)	372,776
Accrued payroll expenses	(22,947)	26,400
Amounts committed to community program services	(206,937)	(4,619,149)
Amounts donor-designated for other campaigns	74,300	394,642
Operating lease liabilities	(689,826)	(672,772)
Net cash provided by operating activities	3,459,425	531,085
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	1,115,815	3,842,338
Purchase of investments	(1,627,435)	(402,917)
Net change in certificates of deposit and money market mutual funds held as investments	(2,354,361)	66,273
Purchases of property and equipment	(782,941)	(689,398)
Net cash provided (used) by investing activities	(3,648,922)	2,816,296
NET CHANGE IN CASH AND CASH EQUIVALENTS	(189,497)	3,347,381
Cash and cash equivalents, beginning of year	13,423,382	10,076,001
Cash and cash equivalents, end of year	$ 13,233,885	$ 13,423,382

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 over 1.2 million lives in the community in 2024. 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 April 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 April 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 reflects 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 accounts receivable 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.

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.

Lease elections – 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.

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 services. Operating lease right-of-use assets are amortized so the lease costs remain constant over the lease term.

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, 2024, 2023, and 2022, accounts receivable for government contract income were $20,809, $15,718, and $14,118, respectively. United Way has no contract assets or liabilities at March 31, 2024, 2023, or 2022.

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, 2024, 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 have been made to the prior year financial statements to conform with the current presentation.

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:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 13,233,885	$ 13,423,382
Accounts receivables	101,185	43,859
Government contributions receivable	953,052	492,985
Contributions receivable, net	24,841,963	25,042,036
Investments	22,605,971	17,276,888
Total financial assets	61,736,056	56,279,150
Less financial assets not available for general expenditure:		
Board-designated operating reserve	(10,685,833)	(10,776,667)
Board-designated disaster response reserve	(500,000)	(500,000)
Board-designated capital maintenance reserve	(313,013)	(313,013)
Amounts donor-designated for other campaigns	(1,370,923)	(1,296,623)
Restricted by donors for program initiatives and other	(3,844,360)	(2,240,079)
Total financial assets available for general expenditure	$ 45,021,927	$ 41,152,768

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 8. 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.

In 2023, United Way launched a new fundraising campaign, 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:

	2024	2023
Money market mutual funds	$ 12,820,788	$ 13,366,953
Demand deposits	413,097	56,429
Total cash and cash equivalents	$ 13,233,885	$ 13,423,382

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:

	2024	2023
Annual campaigns	$ 25,344,305	$ 25,759,443
Building Possibilities campaign	4,551,983	3,875,505
Government grants	953,052	492,985
Total contributions receivable	30,849,340	30,127,933
Allowance for uncollectible contributions receivable	(4,710,685)	(4,273,438)
Discount to net present value at 3.45%-4.91%	(343,640)	(319,474)
Contributions receivable, net	$ 25,795,015	$ 25,535,021

Contributions receivable at March 31, 2024 are expected to be collected as follows:

2025	$ 29,628,382
2026	761,667
2027	245,000
2028	135,000
2029	100,000
Total contributions receivable	$ 30,870,049

At March 31, 2024, United Way has approximately $1,800,000 in conditional contributions from four donors. These commitments are conditioned upon meeting certain goal and will be recognized as contribution revenue when the conditions are met.

United Way received conditional cost-reimbursable contributions of approximately $3.4 million that have not been recognized at March 31, 2024 because qualifying expenditures have not yet been incurred.

NOTE 5 – INVESTMENTS

Investments consist of the following:

	2024	2023
Equity mutual funds	$ 15,352,889	$ 13,257,269
Fixed income mutual funds	4,845,908	3,966,807
Money market mutual funds	2,102,817	
Non-negotiable certificates of deposit	304,357	52,812
Total investments	$ 22,605,971	$ 17,276,888

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, 2024 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
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	2,102,817			2,102,817
Total	22,301,614			22,301,614
Money market mutual funds held as cash equivalents	12,820,788			12,820,788
Total assets measured at fair value	$ 35,122,402	$ 0	$ 0	$ 35,122,402

Assets measured at fair value at March 31, 2023 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Equity mutual funds:				
Large-cap	$ 7,444,612			$ 7,444,612
International	4,380,576			4,380,576
Real estate	833,601			833,601
Small-cap	598,480			598,480
Fixed-income mutual funds:				
Short and intermediate bond	2,535,653			2,535,653
International aggregate index	1,431,154			1,431,154
Total	17,224,076			17,224,076
Money market mutual funds held as cash equivalents	13,366,953			13,366,953
Total assets measured at fair value	$ 30,591,029	$ 0	$ 0	$ 30,591,029

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:

	2024	2023
Operating lease cost – rent expense	$ 743,438	$ 743,438
Sublease income	(326,358)	(318,619)
Short-term lease costs	107,297	121,511
Total lease costs	$ 524,377	$ 546,330

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

	2024	2023
Operating cash flows from operating lease	$739,704	$730,977

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, 2024 were:

2025	$ 748,430
2026	738,133
2027	132,400
2028	95,777
Thereafter	383,109
Total minimum lease payments	2,097,849
Less effects of discounting	(110,373)
Total lease liabilities recognized	$ 1,987,476

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%. As of March 31, 2023, the weighted-average remaining lease term for the operating leases is 5.1 years. The weighted-average discount rate associated with the operating lease as of March 31, 2023 is 2.16%.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2024	2023
Land	$ 6,840,220	$ 6,840,220
Buildings and improvements	31,568,861	31,302,504
Furniture, fixtures, and equipment	10,328,175	9,811,592
Vehicles	35,434	35,434
Total property and equipment, at cost	48,772,690	47,989,750
Accumulated depreciation	(20,845,729)	(19,668,164)
Property and equipment, net	$ 27,926,961	$ 28,321,586

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2024	2023
Undesignated	$ 32,814,477	$ 28,924,648
Designated by the Board:		
Operating reserve	10,685,833	10,776,667
Community impact and response	560,377	1,209,030
Disaster response	500,000	500,000
Capital maintenance	313,013	313,013
Total net assets without donor restrictions	$ 44,873,700	$ 41,723,358

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:

	2024	2023
Subject to expenditure for specified purpose:		
Building Possibilities campaign	$ 3,881,750	$ 3,395,793
Financial Stability/United Way THRIVE	2,168,529	175,366
Education	1,399,749	1,630,474
Montgomery County	489,249	482,538
Evaluation Capacity Building	434,609	
Sponsorships to support future events	339,394	265,945
Disaster response	234,837	133,763
Emerging Leaders Institute	211,209	200,000
Community Leadership Council	197,630	
Utility assistance		252,336
Other	23,076	44,279
Total net assets with donor restrictions	$ 9,380,032	$ 6,580,494

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 2024 and 2023 commitments to programs and agencies are based on the results of the fall and winter 2023 and 2022 campaigns, and are reflected as community investment expense in the statement of activities for the years ended March 31, 2024 and 2023, respectively. Amounts received in 2024 for donor-designated gifts to other campaigns total approximately $516,000. Amounts received in 2023 for donor-designated gifts to other campaigns total approximately $672,000.

Contributions designated by donors to be paid to specific United Way Agencies (Agencies) of approximately $2.8 million are included in unrestricted revenue and community investment expense at March 31, 2024 and 2023. 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:

	2024	2023
Federal government grants:		
U. S. Department of Health and Human Services	$ 932,957	$ 935,311
U. S. Department of Treasury	811,655	
U. S. Department of Agriculture	514,782	632,508
Total federal government grants	2,259,394	1,567,819
State government grants – Texas Health and Human Services Commission	1,263,358	1,399,749
Total government grants	$ 3,522,752	$ 2,967,568

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 2024 and 2023, United Way elected to match 100% of the first 6% participant's compensation and to contribute 3% of each participant's compensation as an additional discretionary contribution.

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. In 2023, United Way's contribution was approximately $904,000, which included a matching contribution of $612,000 and a discretionary contribution of $292,000.

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, 2024 and 2023 were approximately $1,552,000 and $1,372,000 respectively.

NOTE 14 – SUBSEQUENT EVENTS

In May and July 2024, the Houston area was hit by two natural disasters which impacted millions of people in our community. In response to these disasters, the Greater Houston Disaster Alliance led by Greater Houston Community Foundation and United Way of Greater Houston in partnership with leadership in the City of Houston and Harris County established the Severe Weather and Derecho Recovery Fund and the Houston Beryl Recovery Fund (the funds). Through August 2024, the funds have raised a total of $8.5 million and have distributed $7.5 million into our community to help those impacted by these disasters.

Management has evaluated subsequent events through September 12, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other 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, 2024

	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 – 08/31/24	10.561	HHS000979200018	$1,040,890	$ 313,280
	United Way of Greater Houston – Fort Worth				
#2	09/01/21 – 08/31/24	10.561	HHS000979200019	$428,263	129,834
	United Way of Greater Houston – Coastal Bend				
#3	09/01/21 – 08/31/24	10.561	HHS000979200017	$224,504	71,668
	Total U. S. Department of Agriculture				514,782
	U. S. DEPARTMENT OF TREASURY				
	Passed through BakerRipley:				
	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds				
#4	02/01/23 – 01/31/25	21.027		$3,642,354	811,655
	Total U. S. Department of Treasury				811,655
	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 – 08/31/24	93.558	HHS000979200018	$24,647	6,015
	United Way of Greater Houston – Fort Worth				
#6	09/01/21 – 08/31/24	93.558	HHS000979200019	$10,001	2,386
	United Way of Greater Houston – Coastal Bend				
#7	09/01/21 – 08/31/24	93.558	HHS000979200017	$5,201	1,389
	Subtotal				9,790
	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 – 08/31/24	93.575	HHS000979200018	$370,169	122,292
	United Way of Greater Houston – Fort Worth				
#9	09/01/21 – 08/31/24	93.575	HHS000979200019	$133,283	40,192
	United Way of Greater Houston – Coastal Bend				
#10	09/01/21 – 08/31/24	93.575	HHS000979200017	$30,198	9,315
	Subtotal				171,799

(continued)

United Way of Greater Houston

Schedule of Expenditures of Federal Awards for the year ended March 31, 2024 *(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 Texas Health and Human Services Commission:				
Children's Health Insurance Program				
United Way of Greater Houston – Gulf Coast				
#11 09/01/21 – 08/31/24	93.767	HHS000979200018	$134,576	31,248
United Way of Greater Houston – Fort Worth				
#12 09/01/21 – 08/31/24	93.767	HHS000979200019	$54,446	12,245
United Way of Greater Houston – Coastal Bend				
#13 09/01/21 – 08/31/24	93.767	HHS000979200017	$28,269	7,235
Subtotal				50,728
Passed through Texas Health and Human Services Commission:				
Medical Assistance Program (Medicaid Cluster)				
United Way of Greater Houston – Gulf Coast				
#14 09/01/21 – 08/31/24	93.778	HHS000979200018	$1,243,769	424,358
United Way of Greater Houston – Fort Worth				
#15 09/01/21 – 08/31/24	93.778	HHS000979200019	$516,727	179,670
United Way of Greater Houston – Coastal Bend				
#16 09/01/21 – 08/31/24	93.778	HHS000979200017	$272,355	96,612
Subtotal				700,640
Total U. S. Department of Health and Human Services				932,957
TOTAL FEDERAL AWARDS				$ 2,259,394

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, 2024

Grantor Pass-through Grantor Program Title & Period		Contract Number	Award Amount	State Expenditures
TEXAS HEALTH AND HUMAN SERVICES COMMISSION				
	Medical Assistance Program			
	United Way of Greater Houston – Gulf Coast			
#S1	09/01/21 – 08/31/23	HHS000979200018	$1,243,769	$ 425,471
	United Way of Greater Houston – Fort Worth			
#S2	09/01/21 – 08/31/23	HHS000979200019	$516,727	179,681
	United Way of Greater Houston – Coastal Bend			
#S3	09/01/21 – 08/31/23	HHS000979200017	$272,355	96,612
	Subtotal			701,764
	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	United Way of Greater Houston – Gulf Coast			
#S4	09/01/21 – 08/31/23	HHS000979200018	$1,040,890	313,287
	United Way of Greater Houston – Fort Worth			
#S5	09/01/21 – 08/31/23	HHS000979200019	$428,263	129,837
	United Way of Greater Houston – Coastal Bend			
#S6	09/01/21 – 08/31/23	HHS000979200017	$224,504	71,668
	Subtotal			514,792
	Temporary Assistance for Needy Families			
	United Way of Greater Houston – Gulf Coast			
#S7	09/01/21 – 08/31/23	HHS000979200018	$91,736	18,400
	United Way of Greater Houston – Fort Worth			
#S8	09/01/21 – 08/31/23	HHS000979200019	$36,825	6,924
	United Way of Greater Houston – Coastal Bend			
#S9	09/01/21 – 08/31/23	HHS000979200017	$19,033	4,295
	Subtotal			29,619
	Children's Health Insurance Program			
	United Way of Greater Houston – Gulf Coast			
#S10	09/01/21 – 08/31/23	HHS000979200018	$46,488	10,595
	United Way of Greater Houston – Fort Worth			
#S11	09/01/21 – 08/31/23	HHS000979200019	$18,788	4,132
	United Way of Greater Houston – Coastal Bend			
#S12	09/01/21 – 08/31/23	HHS000979200017	$9,748	2,456
	Subtotal			17,183
Total Texas Health and Human Services Commission				1,263,358
TOTAL STATE AWARDS				$ 1,263,358

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, 2024

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 with some grants. 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.

Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

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, 2024 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 12, 2024.

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*.

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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 12, 2024

Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

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, 2024. 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, 2024.

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.

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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 and 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 and 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 and 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 12, 2024

United Way of Greater Houston

Schedule of Findings and Questioned Costs for the year ended March 31, 2024

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
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.575	Child Care and Development Block Grant (CCDF Cluster)

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

Dollar threshold used to distinguish between Type A and Type B federal and state programs: $750,000

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 §505(d) of the *Texas Grant Management Standards*.