UNITED WAY OF ODESSA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2019 AND 2018

Randy Silhan, CPA, CFE
Certified Public Accountant
Certified Fraud Examiner

UNITED WAY OF ODESSA, INC.
TABLE OF CONTENTS

AICPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the United Way of Odessa, Inc.:

I have audited the accompanying financial statements of the United Way of Odessa, Inc.,(the Organization), (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, 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.

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Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules beginning on page 18 are presented for purposes of additional analysis and are 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Lubbock, Texas
February 14, 2020

UNITED WAY OF ODESSA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 674,311	$ 664,523
Campaign pledges, net of allowance for uncollectible pledges of$106,590 and $91,840, respectively	649,461	666,368
Prepaid expenses	6,308	1,071
TOTAL CURRENT ASSETS	1,330,080	1,331,962
INVESTMENTS		
Board designated endowment	419,142	378,340
Board designated trust account	274,331	256,967
	693,473	635,307
PROPERTY AND EQUIPMENT	26,235	13,500
TOTAL ASSETS	$ 2,049,788	$ 1,980,769
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 17,981	$ 2,991
Designations payable	46,156	34,791
Accrued expenses	3,244	1,020
Deferred campaign revenue	39,970	48,000
TOTAL CURRENT LIABILITIES	107,351	86,802
NET ASSETS		
Without donor restrictions		
Undesignated	570,557	403,277
Invested in property and equipment	26,235	13,500
Designated by board for operating reserve	175,515	175,515
Designated by board for endowment and trust account	680,986	622,820
	1,453,293	1,215,112
With donor restrictions		
Time restricted for future campaign	476,657	666,368
Perpetual in nature	12,487	12,487
	489,144	678,855
TOTAL NET ASSETS	1,942,437	1,893,967
TOTAL LIABILITIES AND NET ASSETS	$ 2,049,788	$ 1,980,769

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ODESSA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
CAMPAIGN SUPPORT			
2018 Campaign support	$ -	$ 1,728,936	$ 1,728,936
Less: Designations to other UW and UWO agencies	-	(227,689)	(227,689)
Net Campaign support before provision for uncollectible pledges	-	1,501,247	1,501,247
Less: Provision for uncollectible pledges	-	(106,590)	(106,590)
Net Campaign support to be released from restriction in 2019-20	-	1,394,657	1,394,657
Prior campaign support, net of pledge write-offs	(37,537)	-	(37,537)
NET CAMPAIGN REVENUES	(37,537)	1,394,657	1,357,120
OTHER REVENUES & SUPPORT			
Donations & sponsorships	67,180	-	67,180
Reimbursement & other income	3,503	-	3,503
Special event income	8,375	-	8,375
In-kind contributions - facilities, goods & services	43,458	-	43,458
Special designations received for disaster relief	-	96,511	96,511
Special designations paid out for disaster relief	-	(96,511)	(96,511)
Interest income	1,716	-	1,716
Investment income (loss) from PBAF Endowment and SWB Trust	30,087	-	30,087
TOTAL OTHER REVENUES & SUPPORT	154,319	-	154,319
NET ASSETS RELEASED FROM RESTRICTIONS - 2017 campaign	1,584,368	(1,584,368)	-
TOTAL SUPPORT AND REVENUES	1,701,150	(189,711)	1,511,439
EXPENSES			
Community grants & affiliate payments			
Community investment grants	1,070,000	-	1,070,000
Less: Designations to UWO agencies	(181,533)	-	(181,533)
Net Community investment grants	888,467	-	888,467
Venture grants	42,940	-	42,940
National & state affiliate payments	23,635	-	23,635
TOTAL GRANTS & AFFILIATE PAYMENTS	955,042	-	955,042
Program services			
Planning & Agency Relations & Community Building & Networking	70,146	-	70,146
TOTAL PROGRAM SERVICES	70,146	-	70,146
Support services			
Management and general	274,829	-	274,829
Fundraising	162,952	-	162,952
TOTAL SUPPORT SERVICES	437,781	-	437,781
TOTAL EXPENSES	1,462,969	-	1,462,969
CHANGE IN NET ASSETS	238,181	(189,711)	48,470
BEGINNING NET ASSETS	1,215,112	678,855	1,893,967
ENDING NET ASSETS	$ 1,453,293	$ 489,144	$ 1,942,437

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ODESSA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
CAMPAIGN SUPPORT			
2017 Campaign support	$ -	$ 1,770,126	$ 1,770,126
Less: Designations to other UW and UWO agencies	-	(214,128)	(214,128)
Net Campaign support before provision for uncollectible pledges	-	1,555,998	1,555,998
Less: Provision for uncollectible pledges	-	(91,840)	(91,840)
Net Campaign support to be released from restriction in 2018-19	-	1,464,158	1,464,158
Prior campaign support, net of pledge write-offs	65,040	-	65,040
NET CAMPAIGN SUPPORT	65,040	1,464,158	1,529,198
OTHER REVENUES & SUPPORT			
Donations & sponsorships	55,275	-	55,275
Reimbursement & other income	16,039	-	16,039
Special event income	10,880	-	10,880
In-kind contributions - facilities, goods & services	52,057	-	52,057
Interest income	783	-	783
Investment income (loss) from PBAF Endowment and SWB Trust	40,536	-	40,536
TOTAL OTHER REVENUES & SUPPORT	175,570	-	175,570
NET ASSETS RELEASED FROM RESTRICTIONS - 2016 campaign	1,360,167	(1,360,167)	-
TOTAL SUPPORT AND REVENUES	1,600,777	103,991	1,704,768
EXPENSES			
Community grants & affiliate payments			
Community investment grants	1,025,920	-	1,025,920
Less: Designations to UWO agencies	(179,337)	-	(179,337)
Net Community investment grants	846,583	-	846,583
Venture grants	27,920	-	27,920
National & state affiliate payments	25,121	-	25,121
TOTAL GRANTS & AFFILIATE PAYMENTS	899,624	-	899,624
Program services			
Planning & Agency Relations & Community Building & Networking	69,447	-	69,447
TOTAL PROGRAM SERVICES	69,447	-	69,447
Support services			
Management and general	272,567	-	272,567
Fundraising	160,904	-	160,904
TOTAL SUPPORT SERVICES	433,471	-	433,471
TOTAL EXPENSES	1,402,542	-	1,402,542
CHANGE IN NET ASSETS	198,235	103,991	302,226
BEGINNING NET ASSETS	1,016,877	574,864	1,591,741
ENDING NET ASSETS	$ 1,215,112	$ 678,855	$ 1,893,967

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ODESSA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES	SUPPORT SERVICES			
	Planning & Agency Relations & Community Building & Networking	Management & General	Fund Raising	Total Support Services	Total
Salaries	$ 36,122	$ 169,495	$ 72,243	$ 241,738	$ 277,860
Payroll Taxes	2,812	13,192	5,623	18,815	21,627
Employee Benefits	7,249	34,014	14,498	48,512	55,761
Occupancy	3,679	17,264	7,359	24,623	28,302
Campaign Costs	-	-	30,983	30,983	30,983
Marketing & Recognition costs	13,022	-	19,532	19,532	32,554
Professional Fees	-	7,900	-	7,900	7,900
Office Expenses	526	2,470	1,053	3,523	4,049
Equipment Rental & Services	393	1,846	787	2,633	3,026
Repairs & Maintenance	2,268	10,641	4,536	15,177	17,445
Telephone & Internet	451	2,119	903	3,022	3,473
Community Impact	908	-	-	-	908
Insurance	585	2,744	1,170	3,914	4,499
Credit Card Processing Fees	-	3,138	-	3,138	3,138
Mileage Reimbursements	108	506	216	722	830
Postage	206	969	413	1,382	1,588
Dues & Subscriptions	406	1,907	813	2,720	3,126
Conferences	629	2,952	1,258	4,210	4,839
TOTAL BEFORE DEPRECIATION	69,364	271,157	161,387	432,544	501,908
Depreciation	782	3,672	1,565	5,237	6,019
TOTAL EXPENSES	$ 70,146	$ 274,829	$ 162,952	$ 437,781	$ 507,927

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ODESSA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES	SUPPORT SERVICES			
	Planning & Agency Relations & Community Building & Networking	Management & General	Fund Raising	Total Support Services	Total
Salaries	$ 36,083	$ 169,314	$ 72,167	$ 241,481	$ 277,564
Payroll Taxes	2,811	13,189	5,622	18,811	21,622
Employee Benefits	6,726	31,561	13,452	45,013	51,739
Occupancy	3,787	17,768	7,573	25,341	29,128
Campaign Costs	-	-	31,255	31,255	31,255
Marketing & Recognition costs	12,024	-	18,035	18,035	30,059
Meetings	-	100	-	100	100
Professional Fees	-	7,500	-	7,500	7,500
Office Expenses	570	2,676	1,141	3,817	4,387
Equipment Rental & Services	400	1,875	799	2,674	3,074
Repairs & Maintenance	2,677	12,562	5,355	17,917	20,594
Telephone & Internet	525	2,465	1,051	3,516	4,041
Community Impact	1,616	-	-	-	1,616
Insurance	422	1,980	844	2,824	3,246
Credit Card Processing Fees	-	3,106	-	3,106	3,106
Mileage Reimbursements	70	331	141	472	542
Postage	327	1,532	653	2,185	2,512
Dues & Subscriptions	260	1,218	519	1,737	1,997
Conferences	590	2,769	1,180	3,949	4,539
TOTAL BEFORE DEPRECIATION	68,888	269,946	159,787	429,733	498,621
Depreciation	559	2,621	1,117	3,738	4,297
TOTAL EXPENSES	$ 69,447	$ 272,567	$ 160,904	$ 433,471	$ 502,918

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ODESSA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 48,470	$ 302,226
Adjustments to reconcile excess (deficiency) of support and revenues over expenses to net cash provided by operating activities:		
Depreciation	6,019	4,297
Net investment income - PBAF endowment and SWB Trust	(30,087)	(40,536)
Donated fixed assets	-	1,100
Change in assets and liabilities:		
Decrease (increase) in pledges receivable	16,907	(103,991)
Decrease (increase) in prepaid expenses	(5,237)	(1,071)
Increase (decrease) in accounts payable and accrued expenses	17,214	(10,664)
Increase (decrease) in designations payable	11,365	(16,477)
Increase (decrease) in deferred revenue	(8,030)	42,500
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	56,621	177,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets, equipment	(18,753)	(4,388)
Reinvested dividends from endowment and trust	-	(2,082)
Board designated contributions to endowment and trust	(28,080)	(254,063)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(46,833)	(260,533)
NET CHANGE IN CASH & CASH EQUIVALENTS	9,788	(83,149)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	664,523	747,672
CASH & CASH EQUIVALENTS AT END OF YEAR	$ 674,311	$ 664,523

The accompanying notes are an integral part of these financial statements

UNITED WAY OF ODESSA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
United Way of Odessa, Inc. (the Organization) is a nonprofit corporation that develops and distributes resources to address human service needs. The Organization raises money from individuals and organizations through a workplace fund drive conducted primarily by volunteers. These funds make possible services that are provided by both the Organization and by other area nonprofit organizations. Substantially all funds are derived from contributions of residents and businesses in the Odessa area.

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting consistent with generally accepted accounting principles applicable to voluntary health and welfare organizations in the United States of America.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates. The most significant estimate is the allowance for uncollectible pledges.

Income Tax Status
The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. Furthermore, the Organization is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section 170(b)(1)(A)(vi) and 509(a)(1). The Organization had no unrelated business income in 2019 or 2018. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after filing. No IRS examinations took place in 2019 or 2018, and none are in process through the date of this report.

Cash & Cash Equivalents
For purposes of the statement of cash flows, the Organization considers demand deposit accounts, certain money market accounts, and certificates of deposit and short-term investments with initial maturities of three months or less to be cash equivalents.

Campaign Pledges & Allowance for Uncollectible Pledges
Campaigns commence each year beginning in early fall and are officially closed at the end of the fiscal year subsequent to the original collection period. An unconditional promise to give (pledge) is recognized as revenue at the time of the pledge, net of an allowance for uncollectible amounts. Pledges are recorded at fair value based on the present value of expected future cash flows. A provision for uncollectible pledges is based upon historical campaign collection experience and the length of time the pledge has been outstanding. Specifically, the allowance is based on the collection results of the previous three years campaigns. Pledges are expected to be collected within one year of the balance sheet date and uncollected pledges are written off after the campaign is officially closed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments
In accordance with *FASB ASC 958,* investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. investments consist of a beneficial interest in assets held in an endowment fund by the Permian Basin Area Foundation (PBAF) as described in Note 2; and mutual funds, exchange traded funds, and a treasury money market account held in a bank trust account. Net investment income (loss) consists of realized and unrealized gains and losses, interest, dividends, net of fees. Purchases and sales are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment
Property and equipment, improvements, replacements and additions of $500 or more are capitalized while routine replacements, maintenance and repairs are charged to expense. Donated property and equipment are recorded at fair value on the date of donation. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets which range from 5 to 10 years for furniture and equipment, software, and leasehold improvements.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in 2019 or 2018.

Compensated Absences
Pursuant to FASB 710-10-25, the Organization has accrued a liability for employee's compensation for future absences based on their personnel policy. Accrued vacation is payable upon separation at the regular rate at the time of separation. The liability is recognized in the accrued expenses balance of the statements of financial position.

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, operating reserves, net assets for an operating reserve, a board designated endowment, and a board designated trust account.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction expires, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Support and Revenue Recognition
Contributions are recognized when cash, securities or other assets, an unconditional promise to give (pledges), or notification of a beneficial interest is received Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recognized when earned.

Earnings on donor contributions to the endowment are generally available for distribution and recognized as net assets without donor restrictions. Donor restricted earnings are classified as net assets with donor restrictions based on the nature of the restriction. Upon release of any such restrictions, earnings would then be reclassified as net assets without donor restrictions. Contributions designated to specific agencies or other United Ways are treated as agency transactions and transferred to the designee as stipulated by the donor. Such contributions are reported in the statement of activities.

Donated Facilities, Materials and Services
The Organization's facilities located in Odessa, Texas are leased from the City of Odessa for no monetary value, renewable annually. Management has estimated the fair value of these facilities to be $24,000 per year. Contributed goods and services are recognized at fair market value at the time of donation. Volunteers contribute significant amounts of time to the annual fundraising campaign, allocation process, administrative oversight, and other programs; however the financial statements do not reflect the value of these contributed services as they do not meet the recognition criteria in accordance with accounting principles generally accepted in the United States of America. In-kind contributions reflect donated facilities, materials and services and have been allocated among program services and support services expenses in the accompanying financial statements.

Functional Allocation of Expenses
The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated using an appropriate allocation measure such as square footage occupied by program and time utilization.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit and Market Risk

Credit risk: The Organization's cash balances in financial institutions at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Market risk: The Organization has a substantial amount of board-designated endowment assets invested in various types of marketable debt and equity securities in professionally managed mutual funds. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial statements. The Organization's endowment investments are managed by the Permian Basin Area Foundation and the Southwest Bank Trust Department, whose performances are reviewed by the finance committee and board of directors on a no less than quarterly basis.

Recent Accounting Guidance

Adopted in 2019:
In August 2016, the FASB issued an accounting standard update (ASU 2016-14) that will result in significant changes to the presentation of financial statements of not-for-profit entities. The main provisions are as follows: (1) eliminate requirement to present separately amounts for temporarily restricted net assets and permanently restricted net assets, (2) eliminate requirement to present separately the transactions and other changes in each of those classes of net assets, (3) eliminate requirement to present cash flows provided by operating activities using the indirect method of reporting, (4) present two net asset classes rather than the current three by reporting net assets with donor restrictions and without donor restrictions, (5) provide enhanced disclosures for: board designations and donor-imposed restrictions, liquidity, quantitative information on the availability of an NFP to meet cash needs within one year of balance sheet date, and (6) voluntary health and welfare organizations will no longer be required to provide a statement of functional expenses; rather, they can provide such information about expenses on the face of the statement of activities, as a separate statement, or in notes to financial statements. This Update has been adopted and applied to all periods presented.

In August 2018, the FASB issued accounting standard update (ASU 2016-14), which removes and modifies several disclosure requirements on fair value measurements Topic 820. The following disclosure requirements were removed from Topic 820: 1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. 2) the policy for timing of transfers between levels. 3) the valuation processes for Level 3 fair value measurements. 4) for nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. As permitted, the Organization elected to early adopt this update and has implemented for 2019 and applied to all periods presented.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Guidance (continued)

Future updates
In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers," which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date," which deferred the effective date for one year. Accordingly, this ASU will be effective for the fiscal year beginning after December 15, 2018.

In February 2016, the FASB issued an accounting standard update (ASU 2016-02), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate and equipment. The ASU will require organizations that lease assets—referred to as "lessees"—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.

In June 2018, The FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the organization is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Where the organization is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019 and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted.

The Organization is currently evaluating the impact of the adoption of the future updates to its financial statements. The adoption of these updates is not expected to have a material impact on the Organization's financial statements.

Subsequent Events
Management has evaluated subsequent events through February 14, 2020, the date which the financial statements were available to be issued. No significant events have occurred that would require disclosure in the notes or recognition in the financial statements.

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the follow

Cash and cash equivalents without donor restrictions	$ 674,311
Endowment spending rate available for distribution	14,725
	$ 689,036

Endowment funds designated by the board as endowments. These funds are managed by the Permian Basin Area Foundation (PBAF) through an endowment agreement as described in Note 3. The board designated trust account consists of funds designated by the board as reserves with the intent of long-term savings similar to a quasi-endowment. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment with the PBAF is subject to an annual spending rate as established in their agreement, with the PBAF as described in Note 3. The policy calls for appropriating an annual distribution of 5% of the fund's average market value as determined by the agreement. Although the Organization does not intend to spend from the board designated trust account, these amounts could be made available if necessary.

As part of the liquidity management plan, cash in excess of daily requirements may be invested in short-term investments, CDs, and money market funds. At their discretion, the Board may contribute a portion of any operating surplus, or unspent venture grants to their board designated endowment or trust account.

NOTE 3: ENDOWMENT INVESTMENTS

In August 2002, the board of directors established an endowment fund to provide resources for the long-term support of its mission. Initial funds of $25,000 were invested with the Permian Basin Area Foundation (PBAF) that administers and invests these funds in accordance with an agreement between the parties involved. The Board designated an additional $25,000 into the fund in 2005; $20,688 in September 2009; $2,240 in December 2010; and $3,629 in October 2012. In 2015, the Board designated a total of $58,369, $50,000 of which was received as a donor bequest without restrictions. In 2016, contributions to the endowment totaled $120,513, of which $111,794 was from a donor bequest without restrictions designated by the board to the endowment, $7,475 of additional board designated contributions, and $1,244 was donor-restricted funds. Contributions designated by the board in totaled $22,080 in 2019 and $4,063 in 2018.

Since the endowment was established by the board of directors, it is classified as board-designated net assets without donor restrictions. The endowment does permit donor-restricted contributions. Investment earnings available for distribution are recorded as net assets without donor restrictions. Endowment contributions from donors are as net assets with donor restrictions. No restrictions have been placed on earnings or losses from the endowment; therefore, earnings are reported as net assets without donor restrictions. The endowment received donor-restricted contributions of $9,602 in 2013, $1,493 in 2014, $148 in 2015, and $1,244 in 2016. It is the board's intent to maintain the endowment in perpetuity.

NOTE 3: ENDOWMENT INVESTMENTS (Continued)

The board of directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original donor's gift as of the gift date of any donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate either board-designated or donor-restricted endowment funds: (1) The duration and preservation of the fund (2) The purposes of the Organization and the endowment fund (3) General economic conditions (4) The possible effect of inflation and deflation (5) The expected total return from income and the appreciation of investments (6) Other resources of the Organization (7) The investment policies of the organization. The Organization's investment philosophy is to invest funds prudently to maximize income while assuring the safety of the principal.

Any declines in the fair value of the assets of the either board-designated or donor-restricted endowment funds would be classified as net assets without donor restrictions in compliance with generally accepted accounting principles.

The endowment agreement with the PBAF establishes a beneficial interest in assets held by the PBAF whereby they receive, accept, administer, invest, and distribute assets of the fund for the benefit of the Organization. The PBAF is a community foundation that facilitates the creation of permanent charitable funds, in partnership with many donors. The PBAF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Assets in the permanent funds of Permian Basin Area Foundation are invested with long-term objectives of corpus protection and value growth employing proven professional investment managers and diligent performance monitoring. The Foundation's investment strategy embraces a defined asset allocation model and disciplined re-balancing to maintain actual values within the allocation policy. The diversified portfolio includes positions in large cap, mid-cap, small cap, and international equities, equities, as well as fixed income securities. The investment committee of the PBAF governs policy and monitors investment management and performance relative to standard benchmarks and peer group comparisons. As established in their agreement, the PBAF has a policy for appropriating an annual distribution of 5% of the fund's average market value as determined by the agreement. Funds appreciated by 4.6% and 11%, respectively, during the fiscal years ending 2019 and 2018. Investment results were consistent with other nonprofit organizations that PBAF manages, as well as other private sector companies that invested in similar securities.

The board of directors does not budget earnings from the endowment assets as part in their operating budget annually. Any purchases to be made from earnings are approved by the board. No specific expenditures from endowment investments earnings have been projected for the next fiscal year. No distributions were taken in 2019 or 2018. Funds available for distribution totaled $14,725 as of June 30, 2019 and 2018.

NOTE 3: ENDOWMENT INVESTMENTS (Continued)

Endowment net asset composition as of June 30, 2019:

Board designated	Cost	Fair Value
Permian Basin Area Foundation	$ 366,832	$ 406,655
Donor restricted (perpetuity)		
Permian Basin Area Foundation	12,487	12,487
Total	$ 379,319	$ 419,142

Endowment net asset composition as of June 30, 2018:

Board designated	Cost	Fair Value
Permian Basin Area Foundation	$ 310,845	$ 365,853
Donor restricted (perpetuity)		
Permian Basin Area Foundation	12,487	12,487
Total	$ 323,332	$ 378,340

Changes in endowment net assets for the year ended June 30:

	2019	2018
Endowment investments beginning of year	$ 378,340	$ 340,825
Investment return:		
Interest & dividends	8,490	7,606
Realized gains(losses)	33,091	17,445
Unrealized gains(losses)	(15,744)	14,815
Management fees	(7,115)	(6,414)
Total investment return	18,722	33,452
Contributions	22,080	4,063
Endowment investments end of year	$ 419,142	$ 378,340

NOTE 4: FAIR VALUE MEASUREMENTS

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. . Mutual funds and treasury money market funds are valued at quoted market prices, which represent the NAV of shares held at year end, which are traded in an active market.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2019 and 2018:

June 30, 2019	Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual funds	$ 104,273	$ 104,273	$ -	$ -
Exchange traded funds	159,176	159,176		
Treasury money market	10,882	10,882	-	-
Endowment investments	419,142	-	-	419,142
	$693,473	$274,331	-	$419,142

June 30, 2018	Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual funds	$ 110,332	$ 110,332	$ -	$ -
Exchange traded funds	138,161	138,161		
Treasury money market	8,474	8,474	-	-
Endowment investments	378,340	-	-	378,340
	$635,307	$256,967	-	$378,340

As previously stated, the beneficial interest in assets held in the endowment by the Permian Basin Area Foundation are invested in a diversified portfolio of marketable equity and fixed income securities such as mutual funds. A substantial portion of the underlying assets at the PBAF are measured at fair value using level 1 and 2 inputs, the most common being the shares of mutual funds that are valued at the net asset value of shares held by the fund at year-end. The Organization's ownership in such investments is represented by an undivided interest in the portfolios managed by the PBAF. Since the Organization's interest itself is not a publicly traded investment, it is valued as a level 3 input as defined by FASB ASC 820. No changes were made to the availability of observable market data to assess the appropriate classification of investments.

NOTE 5: PROPERTY AND EQUIPMENT

The following is a summary of changes in fixed assets:

	Beginning	Additions	(Dispositions)	Ending
Furniture & Equipment	$ 79,879	$ 7,666	$ -	$ 87,545
Leasehold Improvements	25,731	11,088	-	36,819
Total Cost	105,610	18,754	-	124,364
Accumulated Depreciation	(92,110)	(6,019)	-	(98,129)
Net Fixed Assets	$ 13,500	$ 12,735	$ -	$ 26,235

Depreciation expense totaled $6,019 in 2019 and $4,297 in 2018.

NOTE 6: BOARD DESIGNATED RESTRICTIONS

The Board of Directors of the Organization has elected to designate portions of the net assets without donor restrictions balances of net assets to achieve specific goals in accordance with policies they have adopted. These designations are as follows for the fiscal years ended June 30:

	2019	2018
Operating reserves	$125,515	$125,515
Capital projects	20,000	20,000
Emergency relief	30,000	30,000
PBAF Endowment	406,655	365,853
SWB Trust	274,331	256,967
	$856,501	$798,335

NOTE 7: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of campaign pledges, net of allowance for uncollectible pledges that are to be collected during the subsequent fiscal year. These campaign collections are used to determine the amounts of community investment awards that will be distributed in the following year.

NOTE 8: RETIREMENT PLAN

The Organization offers participation in a simplified employee pension (SEP) plan to those employees who meet eligibility requirements. Employees who are at least 21 years old and have completed at least one year of employment are considered eligible. The Organization contributes 10% of eligible employees' salaries. Employer contributions totaled $24,729 in 2019 and $20,517 in 2018.

NOTE 9: HEALTH CARE COVERAGE

Employees of the Organization were covered by a qualified health insurance plan that is in compliance with the Affordable Care Act. Employees, at their option, may authorize payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurers. Employer costs for employee medical health insurance totaled $28,937 in 2019 and $29,109 in 2018.

NOTE 10: OPERATING LEASE COMMITMENT

In February 2019, the Organization entered into a 48-month non-cancelable operating lease for a copier machine. Future minimum lease payments under this lease are as follows for the fiscal years ending June 30:

2020	$ 1,536
2021	1,536
2022	1,536
2023	896
	$ 5,504

Rental expense under this lease totaled $935 in 2019.

NOTE 11: RELATED PARTY TRANSACTIONS

The Organization pays annual dues to the United Way national and state affiliates as part of membership requirements. The Organization periodically conducts business with volunteers, board members, and related parties. Management asserts that these transactions were consummated on an arm's length basis whereby no preferential treatment has been given to the vendors associated with the Organization.

NOTE 12: COMMITMENTS & CONTENGENCIES

In May 2019, the board of directors approved the 2019-20 community investment awards to be distributed to member agencies beginning July 2019 totaling $1,094,000 for community investments awards. The distribution of funds is contingent upon sufficient collection of campaign pledges.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ODESSA, INC.
SCHEDULES OF COMMUNITY INVESTMENT GRANTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Agency Name		Awarded & disbursed for the year ended 6/30/19		Awarded & disbursed for the year ended 6/30/18
American Red Cross serving the Permian Basin Area	$	10,000	$	9,170
Boys & Girls Club of Odessa, Inc.		103,020		98,000
Campfire USA West Texas Council		20,000		20,000
CASA of the Permian Basin		50,500		47,950
Catholic Charities		43,000		46,500
Centers for Children and their Families		97,500		97,000
Communities in Schools		55,000		55,000
Crisis Center of West Texas		89,230		80,000
Family Promise of Odessa		12,000		9,000
Girl Scouts of the Desert Southwest		37,000		35,000
Harmony Home		81,750		74,000
Meals on Wheels of Odessa		80,000		77,000
Midland/Odessa Area AIDS Support		-		10,000
Mission Center Adult Day Services		18,000		15,000
Odessa Christmas in Action		72,000		70,000
Odessa Day Nursery		40,500		33,000
Odessa Family YMCA		86,000		81,000
Odessa LINKS		32,000		30,000
Permian Basin Mission Center		34,500		31,000
Safe Place of the Permian Basin, Inc.		10,500		15,300
Sharing Hands A Respite Experience		35,500		30,000
The Salvation Army		62,000		62,000
Total	$	1,070,000	$	1,025,920

Note: Amounts on this schedule are before donor designations.

UNITED WAY OF ODESSA, INC.
SCHEDULES OF OPERATING EXPENSE RATIO
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

		2019
Gross Revenues & Support *	$	1,807,163
Management & General Expenses	$	260,189
Fundraising Expense		139,037
Payments to Affiliates		23,635
Total Operating Expenses	$	422,861
Net Operating Income	$	1,384,302
Operating Expense Ratio		23.40%

		2018
Gross Revenues & Support *	$	1,965,881
Management & General Expenses	$	257,893
Fundraising Expense		130,723
Payments to Affiliates		25,121
Total Operating Expenses	$	413,737
Net Operating Income	$	1,552,144
Operating Expense Ratio		21.05%

* Before Uncollectible Pledges
Note: Figures exclude in-kind transactions for donated services, facilities, and supplies