UNITED WAY OF ODESSA, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2022 AND 2021

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

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AICPA Not-for-Profit Section Member

Randy Silhan, CPA, CFE
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

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, 2022 and 2021, 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Agency and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management 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, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, I:

- 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 the Organization'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 my judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

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 are presented for the purpose 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.

Randy G. Ham, CPA, CFE

Lubbock, Texas
May 8, 2023

UNITED WAY OF ODESSA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 756,196	$ 745,550
Campaign pledges, net of allowance for uncollectible pledges of $101,320 and $112,129, respectively	379,431	229,781
Prepaid expenses	-	1,374
TOTAL CURRENT ASSETS	1,135,627	976,705
INVESTMENTS		
Board designated endowment	475,119	557,412
Board designated trust account	301,581	341,705
	776,700	899,117
PROPERTY AND EQUIPMENT	40,798	48,075
TOTAL ASSETS	$ 1,953,125	$ 1,923,897
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ -	$ 136
Designations payable	2,874	9,960
Accrued expenses	5,821	5,889
Deferred campaign revenue	143,612	76,822
TOTAL CURRENT LIABILITIES	152,307	92,807
NET ASSETS		
Without donor restrictions		
Undesignated	574,860	565,384
Invested in property and equipment	40,798	48,075
Designated by board for operating reserve	175,515	175,515
Designated by board for endowment and trust account	764,213	886,630
	1,555,386	1,675,604
With donor restrictions		
Time restricted for future campaign	232,945	142,999
Perpetual in nature	12,487	12,487
	245,432	155,486
TOTAL NET ASSETS	1,800,818	1,831,090
TOTAL LIABILITIES AND NET ASSETS	$ 1,953,125	$ 1,923,897

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
CAMPAIGN SUPPORT			
2021 Campaign support	$ -	$ 1,280,749	$ 1,280,749
Less: Designations to other UW and UWO agencies	-	(144,958)	(144,958)
Net Campaign support before provision for uncollectible pledges	-	1,135,791	1,135,791
Less: Direct pledge write offs	-	-	-
Less: Provision for uncollectible pledges	-	(101,320)	(101,320)
Net Campaign support to be released from restriction next year	-	1,034,471	1,034,471
Prior campaign support, net of pledge write-offs	10,245	52,428	62,673
NET CAMPAIGN REVENUES	10,245	1,086,899	1,097,144
OTHER SUPPORT & REVENUE			
Donations & sponsorships	59,300	-	59,300
In-kind contributions - facilities, goods & services	37,515	-	37,515
Reimbursement & other income	81,145	-	81,145
Interest income	1,989	-	1,989
Investment income (loss) from PBAF Endowment and SWB Trust	(122,417)	-	(122,417)
TOTAL OTHER REVENUES & SUPPORT	57,532	-	57,532
NET ASSETS RELEASED FROM RESTRICTIONS - 2020 campaign	996,953	(996,953)	-
TOTAL SUPPORT AND REVENUES	1,064,730	89,946	1,154,676
EXPENSES			
Community grants & affiliate payments			
Community investment grants	759,200	-	759,200
Less: Designations to UWO agencies	(143,358)	-	(143,358)
Net Community investment grants	615,842	-	615,842
Venture grants	26,338	-	26,338
National & state affiliate payments	21,258	-	21,258
TOTAL GRANTS & AFFILIATE PAYMENTS	663,438	-	663,438
Program services			
Planning & Agency Relations & Community Building & Networking	63,349	-	63,349
TOTAL PROGRAM SERVICES	63,349	-	63,349
Support services			
Management and general	316,144	-	316,144
Fundraising	142,016	-	142,016
TOTAL SUPPORT SERVICES	458,161	-	458,161
TOTAL EXPENSES	1,184,948	-	1,184,948
CHANGE IN NET ASSETS	(120,218)	89,946	(30,272)
BEGINNING NET ASSETS	1,675,604	155,486	1,831,090
ENDING NET ASSETS	$ 1,555,386	$ 245,432	$ 1,800,818

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
CAMPAIGN SUPPORT			
2020 Campaign support	$ -	$ 1,118,022	$ 1,118,022
Less: Designations to other UW and UWO agencies	-	(134,052)	(134,052)
Net Campaign support before provision for uncollectible pledges	-	983,970	983,970
Less: Provision for uncollectible pledges	-	(112,129)	(112,129)
Net Campaign support to be released from restriction next year	-	871,841	871,841
Prior campaign support, net of pledge write-offs	(116,685)	-	(116,685)
NET CAMPAIGN REVENUES	(116,685)	871,841	755,156
OTHER SUPPORT & REVENUE			
Donations & sponsorships	54,800	-	54,800
In-kind contributions - facilities, goods & services	42,591	-	42,591
PPP Loan forgiveness	110,131	-	110,131
Reimbursement & other income	2,022	-	2,022
Interest income	2,414	-	2,414
Investment income (loss) from PBAF Endowment and SWB Trust	189,556	-	189,556
TOTAL OTHER REVENUES & SUPPORT	401,514	-	401,514
NET ASSETS RELEASED FROM RESTRICTIONS - 2019 campaign	1,180,699	(1,180,699)	-
TOTAL SUPPORT AND REVENUES	1,465,528	(308,858)	1,156,670
EXPENSES			
Community grants & affiliate payments			
Community investment grants	1,017,101	-	1,017,101
Less: Designations to UWO agencies	(134,052)	-	(134,052)
Net Community investment grants	883,049	-	883,049
COVID 19 relief grants and related expenses	19,750	-	19,750
National & state affiliate payments	32,218	-	32,218
TOTAL GRANTS & AFFILIATE PAYMENTS	935,017	-	935,017
Program services			
Planning & Agency Relations & Community Building & Networking	57,269	-	57,269
TOTAL PROGRAM SERVICES	57,269	-	57,269
Support services			
Management and general	255,029	-	255,029
Fundraising	134,663	-	134,663
TOTAL SUPPORT SERVICES	389,692	-	389,692
TOTAL EXPENSES	1,381,978	-	1,381,978
CHANGE IN NET ASSETS	83,550	(308,858)	(225,308)
BEGINNING NET ASSETS	1,592,054	$ 464,344	2,056,398
ENDING NET ASSETS	$ 1,675,604	$ 155,486	$ 1,831,090

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, 2022

	PROGRAM SERVICES	SUPPORT SERVICES			
	Planning & Agency Relations & Community Building & Networking	Management & General	Fund Raising	Total Support Services	Total
Salaries	$ 38,130	$ 178,918	$ 76,260	$ 255,178	$ 293,308
Payroll Taxes	2,986	14,013	5,973	19,986	22,972
Employee Benefits	4,113	19,299	8,226	27,524	31,637
Occupancy	3,743	17,566	7,487	25,053	28,796
Campaign Costs	-	-	20,172	20,172	20,172
Marketing & Recognition costs	5,872	-	8,807	8,807	14,679
Other Compensation	-	10,000	-	10,000	10,000
Professional Fees	-	38,813	-	38,813	38,813
Office Expenses	500	2,346	1,000	3,346	3,846
Equipment Rental & Services	505	2,368	1,009	3,377	3,882
Repairs & Maintenance	3,753	17,611	7,506	25,117	28,870
Telephone & Internet	525	2,466	1,051	3,517	4,042
Community Impact	959	-	-	-	959
Insurance	878	4,119	1,756	5,874	6,752
Credit Card Processing Fees	-	2,129	-	2,129	2,129
Mileage Reimbursements	65	305	130	435	500
Postage	176	825	352	1,176	1,352
Dues & Subscriptions	172	808	344	1,152	1,324
Conferences	26	122	52	174	200
TOTAL BEFORE DEPRECIATION	62,403	311,705	140,124	451,830	514,233
Depreciation	946	4,439	1,892	6,331	7,277
TOTAL EXPENSES	$ 63,349	$ 316,144	$ 142,016	$ 458,161	$ 521,510

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, 2021

	PROGRAM SERVICES	SUPPORT SERVICES			
	Planning & Agency Relations & Community Building & Networking	Management & General	Fund Raising	Total Support Services	Total
Salaries	$ 32,491	$ 152,457	$ 64,982	$ 217,438	$ 249,929
Payroll Taxes	2,560	12,014	5,121	17,135	19,695
Employee Benefits	6,565	30,807	13,131	43,938	50,503
Occupancy	3,770	17,688	7,539	25,227	28,997
Campaign Costs	-	-	23,983	23,983	23,983
Marketing & Recognition costs	4,582	-	6,873	6,873	11,455
Professional Fees	-	8,105	-	8,105	8,105
Office Expenses	589	2,762	1,177	3,939	4,528
Equipment Rental & Services	492	2,310	985	3,295	3,787
Repairs & Maintenance	2,988	14,023	5,977	20,000	22,988
Telephone & Internet	551	2,587	1,103	3,690	4,241
Community Impact	783	-	-	-	783
Insurance	802	3,763	1,604	5,367	6,169
Credit Card Processing Fees	-	3,377	-	3,377	3,377
Postage	116	547	233	780	896
Dues & Subscriptions	117	547	233	780	897
Conferences	138	646	275	921	1,059
TOTAL BEFORE DEPRECIATION	56,545	251,632	133,215	384,847	441,392
Depreciation	724	3,397	1,448	4,845	5,569
TOTAL EXPENSES	$ 57,269	$ 255,029	$ 134,663	$ 389,692	$ 446,961

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, 2022 AND 2021

		2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$	(30,272)	$	(225,308)
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation		7,277		5,569
Net investment return - PBAF endowment and SWB Trust		122,417		(189,556)
PPP Loan forgiveness		-		(110,131)
Change in assets and liabilities:				
Decrease (increase) in pledges receivable		(149,650)		314,035
Decrease (increase) in prepaid expenses		1,374		3,851
Increase (decrease) in accounts payable and accrued expenses		(204)		(8,125)
Increase (decrease) in designations payable		(7,086)		(9,226)
Increase (decrease) in deferred revenue		66,790		4,049
NET CASH FROM OPERATING ACTIVITIES		10,646		(214,842)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of fixed assets, equipment		-		(9,824)
Board designated contributions to endowment and trust		-		(10,553)
NET CASH USED FOR INVESTING ACTIVITIES		-		(20,377)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from PPP Loan		-		53,215
NET CASH FROM FINANCING ACTIVITIES		-		53,215
NET CHANGE IN CASH & CASH EQUIVALENTS		10,646		(182,004)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		745,550		927,554
CASH & CASH EQUIVALENTS AT END OF YEAR	$	756,196	$	745,550
Supplemental noncash financing activity				
PPP Loan forgiveness	$	-	$	110,131

The accompanying notes are an integral part of these financial statements

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 2022 or 2021. 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 2022 or 2021, and none are in process through the date of this report.

Cash, Cash Equivalents, & Restricted Cash
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. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statements of cash flows as of June 30:

	2022	2021
Cash and cash equivalents without donor restrictions	$756,196	$745,550

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), 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.

Beneficial Interest in Assets Held by Community Foundation
The Organization established an endowment fund with the Permian Basin Area Foundation (PBAF). Variance power is granted to the PBAF by the Organization through a written agreement. Variance power allows the PBAF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the PBAF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. There is a termination provision whereby all the funds can be distributed to the Organization provided there is mutual consent with the PBAF. The fund is held and invested by the PBAF for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities and cash flows.

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.

The carrying values of property and equipment are reviewed 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 2022 or 2021.

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. Personal time off 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Financial Instruments, 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
In September 2020, the FASB issued an accounting standard update (ASU 2020-07), requiring entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. The new standard is effective for fiscal years beginning after June 15, 2021. The adoption of this update had no impact on the financial statements.

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, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of this but does not expect a material impact on their financial statements.

Impact of economic, social, public health matters
The following summarizes the financial impact of various social, economic, and public health matters to the Organization:

Fundraising activities: No fundraising activities were postponed or cancelled for fiscal year 2021-22 due to any public health crisis matters.

Significant change in pledges and grants: Our 2021 campaign garnered approximately $1.275 million, while as of month ended December 2022, our 2022 campaign has garnered $743,968.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impact of economic, social, public health matters (continued)
Change in demand for services: In fiscal year 2021-22, the Organization funded 19 partner agencies totaling $759,200. Social services assistance impact totaled 82,504 instances. In fiscal year 2022-23, due to nonapplication of a few partner agencies and a significantly reduced campaign revenue, UWO funded 16 partner agencies totaling $778,364. Social services assistance totaled 70,465 for this period.

Staff layoffs: In an effort to reduce overhead in the fiscal year 2022-23 budget, the office manager position (previously the administrative assistant), was filled mid-year on a part-time basis.

2022 expected budget impact: We anticipate the 2022 campaign proceeds to be significantly reduced from the 2021 campaign. We anticipate the fiscal year 2023-24 campaign may continue to feel the effects of post pandemic conditions, inflation concerns, therefore the funding will continue to be reduced affecting partner agencies.

Subsequent Events
Management has evaluated subsequent events through May 8, 2023, 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 following:

Cash and cash equivalents without donor restrictions	$ 756,196
Endowment funds available for distribution	14,725
	$770,191

Endowment funds consists of funds designated by the board as endowments. These funds are managed under an endowment agreement with the Permian Basin Area Foundation (PBAF). 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 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. The policy calls for appropriating an annual distribution of 4% 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. No funds were available for distribution as of fiscal year end.

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. Including the original funds of $25,000, board designated and contributions without restrictions to the endowment total $295,412 since inception.

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. Donor-restricted contributions to the endowment total $12,487 since inception. It is the board's intent to maintain the endowment in perpetuity.

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.

NOTE 3: ENDOWMENT INVESTMENTS (Continued)

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 4% of the fund's average market value as determined by the agreement. 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 2022 or 2021. Funds available for distribution totaled $14,725 as of June 30, 2022 and 2021.

Endowment net asset composition is as follows:

June 30, 2022	With Donor Restrictions	Without Donor Restrictions	Total
Beneficial interest held by foundation			
Permian Basin Area Foundation	$ 12,487	$ 462,632	$ 475,119
June 30, 2021			
Beneficial interest held by foundation			
Permian Basin Area Foundation	$ 12,487	$ 544,925	$ 557,412

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

	2022	2021
Endowment investments beginning of year	$ 557,412	$ 417,775
Investment return:		
Interest & dividends	11,552	10,215
Realized gains(losses)	23,741	42,457
Unrealized gains(losses)	(108,255)	86,893
Management fees	(9,331)	(7,942)
Total investment return	(82,293)	131,623
Contributions	-	8,014
Endowment investments end of year	$ 475,119	$ 557,412

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.

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, exchange traded 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.

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 4: FAIR VALUE MEASUREMENTS (Continued)

The fair value assets measured on a recurring basis are as follows as of:

June 30, 2022	Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual funds	$ 131,880	$ 131,880	$ -	$ -
Exchange traded funds	160,963	160,963	-	-
Treasury money market	8,738	8,738	-	-
Endowment investments	475,119	-	-	475,119
	$ 776,700	$ 301,581	$ -	$ 475,119

June 30, 2021	Fair Value	(Level 1)	(Level 2)	(Level 3)
Mutual funds	$ 138,928	$ 138,928	$ -	$ -
Exchange traded funds	193,046	193,046	-	-
Treasury money market	9,731	9,731	-	-
Endowment investments	557,412	-	-	557,412
	$ 899,117	$ 341,705	$ -	$ 557,412

NOTE 5: PROPERTY AND EQUIPMENT

The following is a summary of changes in fixed assets:

	Beginning	Additions	(Dispositions)	Ending
Furniture & Equipment	$ 90,876	$ -	$ -	$ 90,876
Leasehold Improvements	58,320	-	-	58,320
Total Cost	149,196	-	-	149,196
Accumulated Depreciation	(101,121)	(7,277)	-	(108,398)
Net Fixed Assets	$ 48,075	$ (7,277)	$ -	$ 40,798

Depreciation expense totaled $7,277 in 2021 and $5,569 in 2021.

NOTE 6: PAYCHECK PROTECTION PROGRAM LOAN

In 2021 and 2020, the Organization received two separate loans under the Paycheck Protection Program ("PPP"). Established as part of the CARES Act, the PPP provides for loans to qualifying businesses and organizations in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Organization used loan proceeds for purposes consistent with the program. The SBA officially notified the Organization by letters dated October 9, 2020 and June 14, 2021 that the principal and accrued interest of both loans were forgiven in full. Accordingly, the Organization recognized loan forgiveness income in the statement of activities totaling $110,131 for the fiscal year ended 2021.

NOTE 7: 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:

	2022	2021
Operating reserves	$125,515	$125,515
Capital projects	20,000	20,000
Emergency relief	30,000	30,000
PBAF Endowment	462,632	544,925
SWB Trust	301,581	341,705
	$939,728	$1,062,145

NOTE 8: 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 9: 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 $14,693 in 2022 and $21,181 in 2021.

NOTE 10: 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 $15,767 in 2022 and $27,740 in 2021.

NOTE 11: OPERATING LEASE

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:

2023	$896

Rental expense under this lease totaled $1,536 in 2022.

NOTE 12: 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 13: COMMITMENTS & CONTINGENCIES

In May 2022, the board of directors approved the community impact funding allocation of $769,340 to be distributed during the next fiscal year to 16 member agencies beginning July 2022. The distribution of funds is contingent upon sufficient collection of campaign pledges.

In July 2021, the Organization was named as a party in an employment dispute whereby a claim was filed against the Organization and legal counsel was engaged. Mediation ensued, and the matter was turned over to insurance and settled in November 2021. The cost of the settlement totaled $70,000, which is comprised of compensation of $42,000 to the former employee and $28,000 of legal fees; all of which was reimbursed by the Organization's insurance provider. Out-of-pocket legal costs associated with this matter totaled $2,778.

SUPPLEMENTARY INFORMATION

UNITED WAY OF ODESSA, INC.
SCHEDULES OF COMMUNITY INVESTMENT GRANTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Boys & Girls Club of Odessa, Inc.	$ 93,428	$ 111,000
Bynum School	9,178	10,000
Campfire USA West Texas Council	7,553	15,000
CASA of the Permian Basin	41,678	53,000
Catholic Charities	49,052	48,000
Centers for Children and their Families	59,553	77,558
Communities in Schools	-	40,000
Crisis Center of West Texas	36,677	59,746
Family Crisis Center of Big Bend	-	20,000
Family Promise of Odessa	13,052	14,000
Girl Scouts of the Desert Southwest	1,053	25,000
Harmony Home	78,543	87,000
Meals on Wheels of Odessa	51,052	78,797
Mission Center Adult Day Services	10,053	16,000
Odessa Christmas in Action	41,053	64,000
Odessa Day Nursery	43,644	45,000
Odessa Family YMCA	69,053	99,000
Odessa LINKS	36,052	25,000
Permian Basin Mission Center	45,421	26,000
Safe Place of the Permian Basin, Inc.	-	9,000
Sharing Hands A Respite Experience	31,053	39,000
The Salvation Army	42,052	55,000
Total	$ 759,200	$ 1,017,101

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, 2022 AND 2021

		2022
Gross Operating Revenue & Support *	$	1,490,153
Management & General Expenses	$	301,504
Fundraising Expense		123,438
Payments to Affiliates		21,258
Total Operating Expenses	$	446,201
Net Operating Income	$	1,043,952
Operating Expense Ratio		29.94%

		2021
Gross Operating Revenue & Support *	$	1,175,260
Management & General Expenses	$	240,389
Fundraising Expense		111,268
Payments to Affiliates		32,218
Total Operating Expenses	$	383,875
Net Operating Income	$	791,385
Operating Expense Ratio		32.66%

* Excludes investment income(loss)
Note: Figures exclude in-kind transactions for donated services, facilities, and supplies