

**COOKE COUNTY UNITED WAY, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022**

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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# Rod L. Abbott, CPA PLLC

## Certified Public Accountant

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Cooke County United Way, Inc.  
Gainesville, Texas

#### Opinion

I have audited the accompanying financial statements of Cooke County United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Cooke County United Way, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

I conducted my audit 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 my report. I am required to be independent of Cooke County United Way, Inc. 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.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooke County United Way, Inc.'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Cooke County United Way, Inc.'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 Cooke County United Way, Inc.'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.



Tom Bean, Texas  
October 17, 2023

**COOKE COUNTY UNITED WAY, INC.  
STATEMENT OF FINANCIAL POSITION  
AT DECEMBER 31, 2022**

	<u>2022</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 460,601
Investments	787,344
Pledges receivable, net of allowance for uncollectible pledges	269,773
Prepaid expenses	4,274
<b>Total Current Assets</b>	<u>1,521,992</u>
<b>Non-Current Assets</b>	
Building and equipment, net of accumulated depreciation	93,020
<b>Total Non-Current Liabilities</b>	<u>93,020</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,615,012</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 215
Payroll taxes payable	1,466
<b>Total Current Liabilities</b>	<u>1,681</u>
<b>Net Assets</b>	
Without Donor Restrictions	1,295,603
With Donor Restrictions	317,728
<b>Total Net Assets</b>	<u>1,613,331</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,615,012</u></u>

See accompanying notes and independent auditor's report.

**COOKE COUNTY UNITED WAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTALS 2022</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Campaign Results:			
Contributions Recognized	\$ 34,111	\$ 389,376	\$ 423,487
Less Uncollectible Pledges	-	(71,648)	(71,648)
Net Campaign Revenue	<u>34,111</u>	<u>317,728</u>	<u>351,839</u>
Other Contributions	80,000	-	80,000
Investment Income (net of direct costs of \$6,125)	21,722	-	21,722
Special Events (net of direct costs of \$18,396)	50,416	-	50,416
Unrealized Gain (Loss) on Investments	(133,486)	-	(133,486)
Miscellaneous Income	1,165	-	1,165
Net Assets Released from Time Restrictions	<u>360,999</u>	<u>(360,999)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>414,927</u>	<u>(43,271)</u>	<u>371,656</u>
<b>EXPENSES</b>			
Program Services			
Agency Payments	340,000	-	340,000
Other Program Services	<u>51,763</u>	<u>-</u>	<u>51,763</u>
Total Program Services	391,763	-	391,763
Supporting Services			
Management and General	27,417	-	27,417
Fundraising	<u>47,969</u>	<u>-</u>	<u>47,969</u>
Total Supporting Services	75,386	-	75,386
<b>TOTAL EXPENSES</b>	<u>467,149</u>	<u>-</u>	<u>467,149</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(52,222)	(43,271)	(95,493)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,347,825</u>	<u>360,999</u>	<u>1,708,824</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,295,603</u>	<u>\$ 317,728</u>	<u>\$ 1,613,331</u>

See accompanying notes and independent auditor's report.

**COOKE COUNTY UNITED WAY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Support Services</u>		<u>TOTALS 2022</u>
		<u>Management and General</u>	<u>Fundraising</u>	
<b>EXPENSES:</b>				
<b>Personnel Costs</b>				
Salaries	\$ 33,301	\$ 11,100	\$ 29,601	\$ 74,002
Payroll Taxes	2,548	849	2,264	5,661
<b>Total Personnel Costs</b>	<u>35,849</u>	<u>11,949</u>	<u>31,865</u>	<u>79,663</u>
<b>Other Expenses</b>				
Distributions to Agencies	340,000	-	-	340,000
Software and Technology	575	3,435	5,642	9,652
State & National United Way Dues	5,292	814	2,036	8,142
Utilities	4,323	664	1,663	6,650
Insurance	-	4,954	-	4,954
Professional Fees	-	4,250	-	4,250
Office Equipment	1,883	290	724	2,897
Postage and Shipping	-	44	1,912	1,956
Advertising and Promotion	-	-	1,456	1,456
Other Expenses	-	319	888	1,207
Telephone	780	120	300	1,200
Dues and Other Fees	408	63	157	628
Supplies	-	107	305	412
Sub-Total	<u>353,261</u>	<u>15,060</u>	<u>15,083</u>	<u>383,404</u>
Depreciation	<u>2,653</u>	<u>408</u>	<u>1,021</u>	<u>4,082</u>
<b>Total Functional Expenses</b>	<u>\$ 391,763</u>	<u>\$ 27,417</u>	<u>\$ 47,969</u>	<u>\$ 467,149</u>

See accompanying notes and independent auditor's report.

**COOKE COUNTY UNITED WAY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (95,493)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	4,082
(Gain)/loss on redemption of investments	(21,722)
Unrealized (gain)/loss on investments	133,486
(Increase)/decrease in operating assets	
Pledges receivable	(35,061)
Prepaid expenses	(161)
Increase/(decrease) in operating liabilities	
Accounts payable	(482)
Payroll taxes payable	108
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(15,243)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of long-term investments	(4,500)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(4,500)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(19,743)</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>480,344</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 460,601</b>
Taxes paid	\$ -
Interest paid	\$ -

See accompanying notes and independent auditor's report.



**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Cooke County United Way, Inc. (the Organization) was created as a non-profit corporation in October of 1955, organized and existing under the laws of the State of Texas. The Organization's purpose is to conduct annual fund-raising campaigns to solicit contributions for distribution to United Way agencies within Cooke County, Texas. The Organization's primary source of revenues is contributions from the general public. Payments are made to the participating agencies during the subsequent year according to allocations approved by the Board of Directors of the Organization.

**Basis of Accounting**

The financial statements of the Organization are reported on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Campaign contributions are recognized as revenues in the period in which the unconditional pledge is made. Allocations to member agencies are recognized as expenses in the period such allocations are actually paid out.

**Cash and Cash Equivalents**

For purpose of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Investments**

Investments are carried at fair value, which is determined based on quoted market prices. Realized and unrealized gains and losses are reflected in the statements of activities. Gains and losses on sales transactions are recorded when realized based on the original cost of the investments sold based on the specific identification method. Investment income is composed of realized and unrealized gains and losses and earnings from investments recorded as interest and dividends, net of direct investment costs, and are reflected in the statements of activities.

**Pledges Receivable**

Pledges receivable in the accompanying statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. This valuation reflects net pledge balances at a level which, in the judgment of management, is adequate to meet the present and potential risks of uncollectibility of the pledges receivable. Management's judgment is based on a variety of factors, which include experience related to charge offs and recoveries, previous collection history and scrutiny of individual accounts. These promises to give are reflected as current receivables on the statement of financial position as all pledges receivable are due within one year. For the annual campaign, any remaining uncollectible pledge balances are written off after two years.

**Property and Equipment**

Land, building and equipment are stated at cost if purchased and at fair value at the date of donation if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (39 years for the building and 3 to 7 years for furniture and equipment). The Organization generally capitalizes all expenditures for land, buildings, and equipment in excess of \$200.

**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**Compensated Absences**

Accrued compensated absences expire at the end of each fiscal year. Therefore, there is no potential liability to accrue at fiscal year-end.

**Contributed Services and Non-Cash Gifts**

The Organization recognizes contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made." This pronouncement requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. During the year ended December 31, 2022, there were no contributed services that met the requirements for recognition in the financial statements. However, a significant number of volunteers have made substantial contributions of their time to the Organization during the fiscal year.

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are currently available net assets for operating purposes under the direction of the board.

**Net Assets with Donor Restrictions**

The Organization only has one type of donor restriction. The Organization receives campaign pledges that are for supporting operations in the subsequent year. Therefore, these net assets are time restricted until the restriction is released in the subsequent year.

**Contributions**

Contributions received are recorded as support without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increase 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.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Exemption from Income Taxes**

The Organization is a Texas not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. In addition, the Organization's tax returns are generally considered by the Internal Revenue Service to no longer be subject to examination for tax years before 2020.

**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**Functional Allocation of Expenses**

The costs of providing various fund-raising activities, various programs and supporting services have been allocated to functions based on percentages determined by management and/or actual expenses incurred in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses were primarily allocated by the following methodologies:

<u>Expense:</u>	<u>Methodology:</u>
Salaries and Payroll Taxes	Hours provided to each function
Repairs and Maintenance	Services provided to each function
Contract Services	Services provided to each function
System Supplies	Services provided to each function
Utilities	Square footage to each function
Office and Other Supplies	Square footage to each function
Insurance	Square footage to each function
Depreciation	Function for which each asset provides benefit
Other Operating Expenses	Services provided to each function

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include \$200 of cash on hand and demand deposit accounts at financial institutions. At December 31, 2022, the carrying balances of cash and cash equivalents held in commercial banks was \$460,401. The bank balances of these accounts were \$468,300. Any differences in carrying balances and bank balances represent outstanding transactions that cleared subsequent to year-end.

During the audit period, the Organization has concentrated its credit risk for cash by maintaining deposits in banks located within the local geographic region. The Federal Deposit Insurance Corporation (FDIC) insures the balances at each financial institution up to \$250,000. At December 31, 2022, \$466,500 of the bank balances were FDIC insured, and \$1,800 was uninsured. The Organization believes the financial institutions to be high quality, which limits the risk of loss of uninsured balances.

**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amount not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 460,601
Pledges Receivable (net)	269,773
Investments	787,344
Prepaid Expenses	<u>4,274</u>
Total Financial Assets:	1,521,992
Less Amounts Not Available to be Used in One Year:	
Net Assets with Donor Restrictions	317,728
Less Net Assets with Time Restrictions to be Met in Less than a Year	<u>(317,728)</u>
	-
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ 1,521,992</u></u>

**NOTE 4 – INVESTMENTS**

All investments are stated at fair value at year-end. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Investment values and cumulative unrealized gain or (loss) at December 31, 2022, are summarized as follows:

<u>Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Citibank Money Funds	\$ 112,161	\$ 112,161	\$ -
Certificates of Deposit	106,369	106,369	-
Equities	10,672	20,431	9,759
Mutual Funds and E.T.F.s	504,211	548,383	44,172
	<u>621,252</u>	<u>675,183</u>	<u>53,931</u>
<u>Totals</u>	<u><u>\$ 733,413</u></u>	<u><u>\$ 787,344</u></u>	<u><u>\$ 53,931</u></u>

**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 4 – INVESTMENTS - CONTINUED**

**Investment Philosophy**

It is the responsibility of the Board of Directors, working in conjunction with the Investment Advisor, to monitor asset allocation and to make adjustments as necessary, to ensure an ongoing asset allocation consistent with the Organization’s investment policies.

Changes in investment assets as of December 31, 2022 are as follows:

	<u>Without Donor Restrictions</u>
Investments, beginning of the year	\$ 895,292
Contributions	4,500
Investment Income	27,162
Net Appreciation (Depreciation)	(133,486)
Amounts appropriated for expenditure	<u>(6,124)</u>
Investments, end of the year	<u>\$ 787,344</u>

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. All assets subject to fair value measurement have been valued using a market approach, except for Level 3 assets which are valued using the income approach.

Fair values for assets in Level 1 are calculated using quoted market prices in an active market or the price of an identical asset or liability. Fair values for assets in Level 2 are calculated using quoted market prices for similar assets in markets that are not active. Fair values for assets in Level 3 are calculated using assumptions about discounted cash flow and other present value techniques. There were no changes in the valuations techniques during the current year.

**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 5 – FAIR VALUE MEASUREMENTS - CONTINUED**

Fair value of assets measured on a recurring basis at December 31, 2022 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money Funds	\$ 112,161	\$ 112,161	\$ -	\$ -
Certificates of Deposit	106,369	-	106,369	-
Equities	20,431	20,431	-	-
Mutual Funds & E.T.F.s	548,383	548,383	-	-
Totals at December 31, 2022	<u>\$ 787,344</u>	<u>\$ 680,975</u>	<u>\$ 106,369</u>	<u>\$ -</u>

**NOTE 6 – PLEDGES RECEIVABLE**

Pledges receivable as of December 31, 2022 are as follows:

2023 Campaign	\$ 235,870
2022 Campaign	114,038
Total Pledges Receivable:	<u>349,908</u>
(Less) Allowance for Doubtful Pledges	<u>(80,135)</u>
Net Pledges Receivable:	<u>\$ 269,773</u>

The Organization uses the allowance method to determine unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. All pledges receivable are due within one year.

Credit risk for accounts receivable is concentrated as well because substantially all of the balances are receivable from individuals and businesses located within the same geographic region. Thus, changes in the economy of the Cooke County area possibly could impact the amounts actually received.

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment for the Organization at December 31, 2022 is as follows:

<i>Depreciable</i>	
Building and building improvements	\$ 120,331
Furniture and equipment	25,642
	<u>145,973</u>
Less accumulated depreciation:	<u>(52,953)</u>
Net Capital Assets	<u>\$ 93,020</u>

**COOKE COUNTY UNITED WAY, INC.**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 8 – SUBSEQUENT EVENTS**

The Organization had no material subsequent events. Subsequent events were evaluated through October 17, 2023, which is the financial statement issuance date.