

UNITED WAY OF EASTERN NEW MEXICO

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021



UNITED WAY OF NEW MEXICO
Board of Directors
As of December 31, 2021

Kaye Green President

Paul Nelson Vice President/President-Elect

Mindy Watson Treasurer

Selene Chavez..... Treasurer-Elect

Sara Wiest..... Secretary

Sara Williams Campaign Chair

Tyler Lucas Campaign Chair Elect

Jeff Gentry Campaign Chair Elect Elect

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Vincent Soule..... 2-1-1/VAC Chair

Misty Bertrand..... Past-President

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Sarah Hodson Director

Tammy Hunton..... Director

Monty Porter Director

Felicia Powell Director

Tera Wong-Williams Director

Erinn Burch Executive Director

**UNITED WAY OF EASTERN NEW MEXICO
AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
For the Year Ended December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
United Way of Eastern New Mexico
Clovis, New Mexico

Opinion

We have audited the accompanying financial statements of the United Way of Eastern New Mexico (UWENM) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWENM as of December 31, 2021, 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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UWENM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UWENM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Erick Robinson, CPA, PLLC
Lufkin, TX
November 15, 2022

UNITED WAY OF EASTERN NEW MEXICO
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021

	Notes	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$	297,074
Investments		246,641
Pledges receivable, net of allowance for uncollectible pledges of \$18,672 as of December 31, 2021		123,615
Prepaid expenses		7,532
Total current assets		674,862
Other non-current assets		
Property and equipment, net		2,824
TOTAL ASSETS	\$	677,686
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$	10,797
Designations payable		13,127
Deferred income - contributions for new year		195,493
Total current liabilities		219,417
Total liabilities		219,417
Net Assets:		
Net assets without donor restrictions:		
Undesignated		306,434
Net investment in property and equipment		2,824
Designated by the Board		149,011
Total unrestricted net assets		458,269
Total net assets		458,269
TOTAL LIABILITIES AND NET ASSETS	\$	677,686

UNITED WAY OF EASTERN NEW MEXICO
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

	<u>Note</u>	<u>Without Donor Restrictions</u>
Public Support, Revenue		
Campaign contributions	\$	426,380
Less: Donor designations to other organizations		(38,447)
Less: Provision for uncollectible contributions		(41,839)
Campaign contributions, net		346,094
Other revenues and support		
Program funding, grants, and other contributions		37,096
Special events revenue, net		31,486
In-kind contributions		54,374
Interest income		783
Realized and unrealized gain on investments		21,317
Total Support and Revenue		491,150
Operating Expenses		
Program services		435,604
Management and general		100,863
Fundraising		12,588
Total Expenses		549,055
Change in net assets		(57,905)
Net assets, beginning		689,249
Restatement	12	(173,075)
Net assets as restated, beginning		516,174
Net assets, ending	\$	458,269

UNITED WAY OF EASTERN NEW MEXICO
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>
Personnel expense:				
Salaries	\$ 107,227	20,105	6,702	134,034
Payroll taxes	9,715	1,822	607	12,144
Pension benefits	2,552	478	159	3,189
Total salaries and related expenses	<u>119,494</u>	<u>22,405</u>	<u>7,468</u>	<u>149,367</u>
Direct program related expenses:				
Distributions to agencies	150,590	-	-	150,590
Distributions to individuals	56,892	-	-	56,892
COVID-related distributions	5,190	-	-	5,190
Dolly Parton Learning Library	13,143	-	-	13,143
Program supplies/expenses	4,370	-	-	4,370
211 expense	2,835	-	-	2,835
Subtotal direct program related expenses	<u>233,020</u>	<u>-</u>	<u>-</u>	<u>233,020</u>
Operating and fixed costs				
Professional and accounting fees	-	44,958	-	44,958
Rent	17,200	3,225	1,075	21,500
Dues and subscriptions	-	9,807	-	9,807
Office expense	4,344	815	272	5,431
Printing	4,437	832	277	5,546
Travel	1,939	363	121	2,423
Insurance	-	6,639	-	6,639
Computer expense	10,428	1,955	652	13,035
Telephone	3,514	659	220	4,393
Bank and credit card charges	1,713	321	107	2,141
Training	2,544	477	159	3,180
Meetings and conferences	1,531	287	96	1,914
Postage and shipping	1,341	251	84	1,676
Advertising	27,533	5,162	1,721	34,416
Utilities	225	42	14	281
Awards, gifts, and events	1,451	1,451	-	2,902
Miscellaneous expenses	3,757	1,002	251	5,010
Subtotal organization and admin support	<u>81,957</u>	<u>78,246</u>	<u>5,049</u>	<u>165,252</u>
Total expenses				
before depreciation	<u>434,471</u>	<u>100,651</u>	<u>12,517</u>	<u>547,639</u>
Depreciation	1,133	212	71	1,416
Total expenses	<u>\$ 435,604</u>	<u>100,863</u>	<u>12,588</u>	<u>549,055</u>

SEE INDEPENDENT AUDITORS' REPORT
The accompanying notes are an integral part of these financial statements.

UNITED WAY OF EASTERN NEW MEXICO
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2021

	2021
Cash Flows From Operating Activities:	
Cash received from:	
Campaign contributions	\$ 381,034
Program funding, grants, and other contributions	37,096
Special events	37,032
Interest income	783
Total cash received from operations	455,945
Less used for:	
Employees and benefits	(143,603)
Distributions and community programs	(233,020)
Vendors	(146,038)
Total cash used for operations	(522,661)
Net cash provided/(used) by operating activities	(66,716)
Cash Flows From Investing Activities:	
Purchase of investments	2,852
Proceeds from the sale and maturities of investments	(1,649)
Cash used to purchase property and equipment	(547)
Net cash provided/(used) by investing activities	656
Cash Flows From Financing Activities:	
Net cash provided/(used) by financing activities	-
Net increase/(decrease) in cash balance	(66,060)
Beginning cash balance	363,134
Ending cash balance	\$ 297,074
Reconciliation of Change in Net Assets To Cash Provided by Operating Activities	
Change in net assets	\$ (57,905)
Adjustments for:	
Depreciation expense	1,416
Realized and unrealized (gains)/losses on investments	(21,317)
Change in provision for uncollectible pledges	(2,454)
Changes in operating assets and liabilities	
(Increase)/Decrease in grants and pledges receivable	14,976
(Increase)/Decrease in prepaid expenses	549
(Decrease)/increase in payables	(3,422)
(Decrease)/increase in accrued liabilities	5,764
(Decrease)/increase in designations payable	(26,741)
(Decrease)/increase in deferred revenue	22,418
Net cash provided by operating activities	\$ (66,716)

SEE INDEPENDENT AUDITORS' REPORT

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF EASTERN NEW MEXICO
NOTES TO AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

The United Way of Eastern New Mexico, Inc. (UWENM), a nonprofit corporation, is a voluntary health and welfare organization which solicits and receives contributions to United Way's mission to include grants to local agencies within Curry and Roosevelt Counties, and other donor opted agencies, United Way internal programs, services and activities. An annual pledge campaign is conducted in the fall of each year to raise financial support for United Way of Eastern New Mexico's operations in the subsequent year.

On March 31, 1971 Curry County United Fund, Inc. Incorporated. A Certificate of Amendment was filed on September 4, 1973 changing the name to Curry County United Way, Inc. On April 25, 2005 Curry County United Way and Roosevelt County United Way joined, and additional certificate of amendment was filed to change the name to United Way of Eastern New Mexico, Inc. During the year ended December 31, 2020, the organization took over the operations of the Quay County United Way.

As part of our commitment to community excellence and measurable impact, our work is guided by United Way Worldwide's Standards of Excellence. These standards are designated to enhance the effectiveness of the approximately 1,800 United Way affiliates in 41 countries through shared best practices and benchmark. UWENM is governed by its own volunteer Board of Directors and pays annual dues to United Way Worldwide based upon campaign results. Annual dues to United Way Worldwide totaled \$- for the year ended December 31, 2021.

United Way of Eastern New Mexico, Inc. administers the following programs:

Vital Community Grants

United Way ENM donations impact our communities by providing Community Grant Funds to non-profit agencies that improve education, income and health in Roosevelt, Curry and Quay Counties. UWENM is the largest grant making organization in the three counties, raising, and investing over half a million dollars into the local programs and economy each year. Any 501 (c)(3) non-profit that serves residents of Curry, Roosevelt, or Quay Counties with programs that impact education, income, or health may apply for a grant. Because UWENM funding decisions are made by community volunteers, those decisions best reflect the needs, issues, and values of our community. The Board of Directors feels that this is the best way to ensure the UW stays true to the values of the donors.

211 Info-Helpline

211 provides expert, caring help. The specialists at 211 listens, identify underlying problems, and connect people in need with resources and services in their community that improve their lives. Callers to this helpline are looking for non-emergency referrals to the health and human service organizations in Curry and Roosevelt counties as well as to regional and national organizations. 211 provides unmatched, critical services. Every day, clients contact helpline to access free and confidential crisis and emergency counselling, disaster assistance, food, health care and insurance assistance, stable housing and utilities payment assistance, employment services, veteran, childcare, and family services. In 2021, UWENM 211 Helpline answered over 2,333 calls.

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Volunteer Action Center

VAC was created in November 2015 with a grant from Cummins Foundation. Volunteer Action Center creates change with two key assets: the website – www.VolunteerENM.org and the Volunteer Center Coordinator. By coaching local not-for-profit organizations and encouraging local volunteer to get the most out of the website, UWENM is energizing the local community to address more needs and provide more vital services. Since that time, over 1,700 volunteers have utilized this web portal and contributed over 6,000 volunteer hours to the local community projects at 75 agencies.

Dolly Parton Imagination Library Affiliate

In January 2020, United Way of Eastern New Mexico became an affiliate for the Dolly Parton Imagination Library for Roosevelt and De Baca Counties. Partnering with the DPIL allows UWENM to expand literacy, encourage brain development of our littlest residents, and support family bonding over a love of reading – all important steppingstones to school readiness and #YouthSUCCESS for life. By December 31, 2021 over 500 children in Roosevelt and De Baca Counties received free books.

Covid 19 Relief Fund

In April 2020, the UWENM Board of Directors allowed for the creation of a Covid19 Relief Fund to gather donations, gifts, and grants to help local residents overcome the challenges brought on by the pandemic. For the year ended December 31, 2021, a total of \$5,190 was disbursed to help households with rent and utilities and to agencies to help them continue to serve their clients under the restrictions and health.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of UWENM have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred.

2. Basis of Presentation

UWENM is required to report information regarding its financial position and activities based on the existence or absence of restrictions imposed by donors or grantors. 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 grantor restrictions including, if applicable, net assets that have been designated by the Board of Directors for a particular purpose or project. The net assets without donor restrictions represent the investment in assets without donor restrictions and the investment in property and equipment, less accumulated depreciation and amortization.

UNITED WAY OF EASTERN NEW MEXICO
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For the Year Ended December 31, 2021

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions expire by passage of time or can be fulfilled and removed by actions of the organizations pursuant to those stipulations. 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 that are not restricted by the donor are recorded as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restriction, depending on the nature or the restriction.

3. Fair Value of Measurements

Fair Value Measurements – UWENM has adopted ASC 820-10 which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, UWENM uses various methods including market, income, and cost approaches. Based on these approaches, UWENM often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. UWENM utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques UWENM is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3

UNITED WAY OF EASTERN NEW MEXICO
NOTES TO AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Cash and cash equivalents, money market accounts, receivables, accounts payable and accrued expenses – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Certificates-of-deposit – Valued at face value plus accrued earnings, which approximate fair value.

Investments in debt and equity securities – The fair value of investments in securities or mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2021 are as follows:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	97,630	-	97,630
Exchange traded and mutual funds	149,011	-	-	149,011
	<u>\$ 149,011</u>	<u>97,630</u>	<u>-</u>	<u>246,641</u>

4. Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

5. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets 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.

6. Prepaid Expenses

Prepaid expenses represent those expenses paid for during the year but not recognized until future periods.

7. Property and Equipment

UWENM capitalizes all expenditures in excess of \$500 for property and equipment at cost.

UNITED WAY OF EASTERN NEW MEXICO
NOTES TO AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

Contributed property and equipment is recorded at fair value at the date of donation. Routine repairs and maintenance are expensed as incurred.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Type	Years
Equipment	3 - 15
Leasehold improvements	5

8. Impairment of Long-Lived Assets

UWENM accounts for long-lived assets in accordance with the provisions of FASB ASC 360-10 and subsections. FASB ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of December 31, 2021.

9. Contributions and Pledges Receivable

Contributions, including gifts, grants, bequests, pledges and other unconditional promises to give, without restrictions or stipulations are recorded as support (revenue) in the period received. Contributions that are time restricted by the donor are reported as increases in unrestricted net assets if the time restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions of assets other than cash are recorded at their fair market value. UWENM reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, UWENM reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. UWENM reclassifies restricted net assets to net assets without donor restrictions at that time.

In addition to receiving cash contributions, UWENM receives in-kind contributions from various donors. It is the policy of UWENM to record the estimated fair market value of certain in-kind contributions as both revenue and expense for the programs or activities benefited. Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and

UNITED WAY OF EASTERN NEW MEXICO
NOTES TO AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

typically need to be purchased if not provided by donation. During the year ended December 31, 2021, the value of contributed services and materials recognized in the accompanying statements of activities was \$54,374.

Pledges receivable and related revenue are recorded at the amounts pledged by donors and recognized in the period that the pledge is received. UWENM provides an allowance for uncollectible pledges, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Pledges receivable are ordinarily due in accordance with the pledge commitment made by the donor. Accounts are considered delinquent and subsequently written off based on individual credit evaluation and specific circumstances of the donor.

10. Campaign Year

UWENM's campaign year traverses three calendar years. The 2021 campaign, which is the bulk of activity for the 2021 fiscal year, began in October 2019 and will not be completely processed through the financial statements until 2022. The results are multiple campaign years are presented in the financial statements during any given year.

11. Donor Designations

Certain contributions/pledges received in fundraising campaigns are designated by individuals for specific agencies or for United Way organizations in Curry and Roosevelt Counties. To promote philanthropy, Board policy allows donors to designate to any qualified 501(c) (3) organization in the United States. Annual campaign gifts in which the Organization agrees to transfer the gift to another beneficiary as designated by the donor and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide Membership Requirements, these designations are presented as part of gross campaign results and gross agency distributions on the statement of activities but are then deducted to arrive at the Organization's actual revenue and expense under US GAAP.

12. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

13. Income Taxes

UWENM qualifies as a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been included in the financial statements. However, any unrelated business income may be subject to taxation. Currently, UWENM has no obligation for any unrelated business income tax. The organization is still required to file an annual Form 990 information return to the Internal Revenue Service. UWENM is generally no longer subject to examination by federal and state taxing

UNITED WAY OF EASTERN NEW MEXICO
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For the Year Ended December 31, 2021

authorities for years prior to 2018. For the year ended December 31, 2021, no interest or penalties were recorded or included in the financial statements.

UWENM has adopted the provisions of FASB ASC 740-10. Under ASC 740-10, an organization must recognize the tax benefit/liability associated with any uncertain tax positions taken by the organization when it is more likely than not the position will be sustained by review of the taxing authority. An analysis performed by management during the year ended December 31, 2021 of UWENM's tax positions revealed no positions that met the requirements for disclosure as identified by ASC 740-10.

14. Functional Reporting of Expenses

For the year ended December 31, 2021, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3 – CASH AND EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31:

<u>Type</u>	<u>2021</u>
Cash - Without Donor Restrictions	
Cash in banks	\$ 296,814
Petty Cash	260
Subtotal cash - without donor restrictions	<u>297,074</u>
Total cash and cash equivalents	<u>\$ 297,074</u>

UWENM maintains its cash balances in multiple financial institutions located in New Mexico. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. As of December 31, 2021, UWENM's book-basis cash balances did not exceed available FDIC insurance, however the bank balance did periodically exceed this threshold during the year. UWENM maintains its cash balances with high quality financial institutions which the organization believes limits any custodial credit risk to an acceptable level.

NOTE 4 – INVESTMENTS

Investments consist of the following:

<u>Description</u>	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 47	47
Exchange traded funds	13,598	13,598
Mutual funds	135,366	135,366
Certificates of deposit	97,630	97,630
	<u>\$ 246,641</u>	<u>246,641</u>

UNITED WAY OF EASTERN NEW MEXICO
NOTES TO AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

The certificates of deposit were comprised of the following:

	<u>Maturity date</u>	<u>Term</u>	<u>Rate</u>	<u>Fair Value</u>
Certificate of deposit	10/10/2022	12 months	0.50%	\$ 81,486
Certificate of deposit	6/27/2022	12 months	0.50%	16,144
				<u>\$ 97,630</u>

Investment activity for the year ended December 31, 2021 was as follows:

	<u>2021</u>
Interest, dividends, and earnings	\$ 446
Realized gain/(losses)	2,226
Unrealized gain/(losses)	19,091
	<u>21,763</u>
Less investment management and custodial fees	(1,649)
Net investment income	<u>\$ 20,114</u>

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect account balances.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2021 consisted of the following:

	<u>2021</u>
Pledges receivable	\$ 142,287
Less: allowance for uncollectible pledges	(18,672)
Pledges receivable, net	123,615
Grants receivable	-
Total receivables	<u>\$ 123,615</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

<u>Type</u>	<u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>2021</u>
Deprecible property & equipment				
Equipment	\$ 12,841	547	-	13,388
Leashold improvements	3,858	-	-	3,858
Subtotal depreciable property & equipment	16,699	547	-	17,246
Less: Accumulated depreciation	(13,006)	(1,416)	-	(14,422)
Total depreciable property & equipment, net	<u>\$ 3,693</u>	<u>(869)</u>	<u>-</u>	<u>2,824</u>

Depreciation expense for the year was \$1,416.

NOTE 7 – BOARD DESIGNATED ENDOWMENT

ASC 958, Not-for-Profit Entities, requires certain net asset classification changes for institutional

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endowment funds under Uniform Prudent Management of Institutional Funds Act (UPMIFA). The State of New Mexico enacted UPMIFA effective for periods beginning after July 1, 2009.

UWENM may hold donor restricted endowment funds where the gift instrument clearly stipulates that UWENM is not to spend the principal or some other portion of the gift, in which case such gift instrument will supersede UWENM's ability to spend the whole fund. ASC 958 requires the classification of a portion of a donor restricted endowment fund of perpetual duration to be classified as permanently restricted.

UWENM's endowment consists of funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of December 31, 2021, is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 149,011	-	149,011
Total funds	<u>\$ 149,011</u>	<u>-</u>	<u>149,011</u>

Changes in endowment net assets for the year ended December 31, 2021, is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ 129,343	-	129,343
Investment income:			
Investment income, net	(1,649)	-	(1,649)
Realized and unrealized gain on investments	21,317	-	21,317
Endowment net assets at end of year	<u>149,011</u>	<u>-</u>	<u>149,011</u>

Interpretation of Relevant Law

The Board of Directors of UWENM has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, UWENM classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, UWENM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of UWENM and the donor-restricted endowment fund.
- General economic conditions.

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- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation (depreciation) of investments.
- Other resources of UWENM.
- The investment policies of UWENM.

Return Objectives and Risk Parameters

UWENM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of certain investment benchmark indices while assuming a moderate level of investment risk. UWENM expects its endowment funds, over time, to provide an average rate of return while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for UWENM. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (1) stabilize agency funding during periods of below normal annual campaigns; (ii) fund special grants; (iii) ensure long-term growth; (iv) enhance our ability to meet changing community needs in both the short and long-term; and (v) support the administrative expenses of UWENM as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

UWENM's Board of Directors has approved a spending policy whereby income available for distribution on a calendar-year basis is defined as up to 5% of a three-year rolling average of United Way General and Quasi-Endowment Fund market value, as long as the distribution will not invade the corpus of the Fund. In the case of a new fund, income available for distribution is defined as up to 5% of market value in year one; up to 5% of the two-year average market value in year two, as long as the distribution will not invade the corpus of the Fund. Any investment income that is not distributed in a particular calendar year will be reinvested in the corpus of the fund. Within these parameters, the amount of the disbursement shall be determined annually by the UWENM Board of Directors, who may also elect to take no distribution in any given year. Endowment Fund principal, unless otherwise directed by the donor, shall not be disbursed except for emergency situations. In order to make a principal disbursement, a majority vote by the UWENM Board of Directors will be required.

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NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial Assets	
Cash and cash equivalents	\$ 297,074
Certificates of deposit	97,630
Investments in Edward Jones	149,011
Pledges receivable, net	123,615
Prepaid expenses	<u>7,532</u>
Total financial assets	674,862
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>674,862</u>

UWENM manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to meet operational needs as well as grant obligations. As part of the liquidity plan, UWENM is continuously evaluating the amount of cash on hand and expected to be collected within 180 days, against current financial obligations. In addition, UWENM also operates in accordance with a board approved budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 9 – EMPLOYEE BENEFIT PLAN

408(P)- United Way participates in a 408(P), simple plan IRA through Edward Jones. The employees can contribute any percentage as long as the total dollar amount does not go over the legal IRS amount. United Way will match up to 3% of the volunteered employee annual salary. New employees can enroll during the standard enrollment period, which is in December. Employer contributions of \$3,189 were made to the plan for the period ending December 31, 2021.

Compensated absences - Full time employees accrue 1.44 hours of vacation time per pay period. They can carry over 37.5 hours to the next year. Anything beyond that will be forfeited. Upon termination the employee will be paid any unused vacation time.

Sick Leave - Full time employees accrue 2.88 hours of sick leave per pay period. Upon termination the employee will forfeit any unused sick leave.

NOTE 10 – RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors are employed by organizations that have provided banking, legal, and other services for UWENM. The fees received or paid for these services were based on customary and reasonable rates for such services.

UWENM has outsourced pledge processing services to UPIC Solutions. The fees paid for these services for the years ended December 31, 2021 was \$37,655.

UWENM pays annual dues to United Way Worldwide, the leadership and support organization for the network of nearly 1,800 community based United Ways across more than 40 countries and territories worldwide. Those dues are used to help underwrite television advertising, defray the costs of marketing and campaign materials used locally, and support training of United Way staff. Dues expense for the year ended December 31, 2021 was \$8,572.

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NOTE 11 – LEASE COMMITMENTS

UWENM leases its primary corporate offices under a month-to-month operating lease agreement, which calls for monthly rent payments of \$650. This lease also includes donated space for UWENM’s Volunteer Opportunity Center. The amount of in-kind rent recognized related to this portion of the lease is \$375 per month.

UWENM leases office space in Portales, New Mexico under a month-to-month in-kind lease agreement. The lease does not call for any payments to be made. The amount of in-kind rent recognized related to this lease is \$650 per month.

Rent expense, including the in-kind portion totaled \$21,500 for the year ended December 31, 2021.

Additionally, UWENM also leases office equipment under an operating lease agreement. The agreement expires in April 2021 and calls for monthly payments of \$95. Lease payments totaled \$1,140 for the year ended December 31, 2021

The minimum future lease payments follow:

<u>Year</u>	<u>Cash</u>	<u>In-kind</u>	<u>Total</u>
2021	\$ 8,180	12,300	20,480
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
	<u>\$ 8,180</u>	<u>12,300</u>	<u>20,480</u>

NOTE 12 – ADJUSTMENT OF BEGINNING NET ASSETS

During the year ended December 31, 2021, UWENM changed how it reported revenues related to charitable campaign contributions received prior to the year of award/issuance of the related grants. Historically, those amounts were recorded as revenue in the year in which they were received. In the year ended December 31, 2021, the UWENM began deferring those amounts to the future year to better match the outgoing cashflows related to the charitable campaign. As a result, beginning net assets have been reduced by \$173,075 to a restated beginning balance of \$516,174, which is the amount of revenue that would have been deferred in the prior year had the organization been reporting under the current method.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. UWENM recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. UWENM’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued. The organization has evaluated subsequent

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events through November 10, 2022, which is the date the financial statements were available to be issued.