

UNITED WAY OF MIDLAND, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
June 30, 2025

UNITED WAY OF MIDLAND, INC.

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February 23, 2026

**Board of Directors
United Way of Midland, Inc.
Midland, Texas**

Independent Auditor's Report

Opinion

We have audited the financial statements of United Way of Midland, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, changes in net assets, and their 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 (GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe 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 these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls 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 issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 our 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.

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.

Cordly and Company, L.L.P.

Certified Public Accountants

UNITED WAY OF MIDLAND, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	356,605
Pledges receivable, net		109,175
Current portion of quasi-endowment investments		246,923
Other assets		14,357
Total Current Assets		727,060

LONG-TERM ASSETS:

Cash restricted for investment in fixed assets - internal		422,826
Investments at fair value, net of current portion		6,393,263
Beneficial interest in assets held by others		634,577
Fixed assets, net		1,408,568
Total Long-Term Assets		8,859,234

TOTAL ASSETS	\$	9,586,294
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	14,813
Refundable advances		105,145
Designations payable		951
Due to designated organizations		710,018
Total Current Liabilities		830,927

NET ASSETS:

Without donor restrictions:		
Undesignated		23,997
Designated by the board - quasi-endowment		6,640,186
Designated by the board - assets held by others		634,577
Designated by the board - capital project		422,826
		7,721,586

With donor restrictions:		
Purpose restrictions		533,781
Perpetual in nature		500,000
		1,033,781

Net Assets		8,755,367
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TOTAL LIABILITIES AND NET ASSETS	\$	9,586,294
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The accompanying notes are an integral part of the financial statements.

UNITED WAY OF MIDLAND, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Campaign contributions	\$ 943,426	\$	\$ 943,426
Less: donor designations	(25,000)		(25,000)
Less: provision for uncollectible pledges	(15,643)		(15,643)
Campaign contributions, net	902,783	-	902,783
Initiative contributions		147,000	147,000
Capital campaign contributions		210,669	210,669
Grant income	35,000		35,000
Event income	547,625		547,625
Miscellaneous income	34,342		34,342
Interest income, banks	15,886		15,886
Net investment return	724,007		724,007
Release of restrictions	149,101	(149,101)	-
	1,505,961	208,568	1,714,529
 Total Revenues, Gains and Other Support	 2,408,744	 208,568	 2,617,312
EXPENSES:			
Program:			
Program expenses	1,420,873		1,420,873
Support services:			
General and administrative	229,487		229,487
Fundraising	560,088		560,088
Total Expenses	2,210,448	-	2,210,448
 CHANGE IN NET ASSETS	 198,296	 208,568	 406,864
 NET ASSETS AT BEGINNING OF PERIOD	 7,523,290	 825,213	 8,348,503
 NET ASSETS AT END OF PERIOD	 \$ 7,721,586	 \$ 1,033,781	 \$ 8,755,367

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

UNITED WAY OF MIDLAND, INC.
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 406,864
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized/unrealized gain on investments	(453,834)
Reinvested income	(270,173)
Provision for uncollectible pledges	15,643
Contribution of stock	(13,429)
Depreciation	25,483
Contributions restricted to fixed assets	(210,669)
(Increase) in:	
Pledges receivable	(34,264)
Other assets	(1,428)
Increase/(Decrease) in:	
Accounts payable	8,804
Refundable advances	(14,395)
Designations payable	(500)
Due to designated organizations	<u>(113,440)</u>
Net Cash Used in Operating Activities	<u>(655,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of fixed assets	(1,219,620)
Purchases of investments	(4,829,626)
Proceeds from sales and maturities of investments	5,845,484
Distribution from beneficial interest in assets held for others	<u>22,979</u>
Net Cash Used in Investing Activities	<u>(180,783)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Collections of contributions restricted to fixed assets	<u>210,669</u>
Net Cash Provided by Financing Activities	<u>210,669</u>
Net Decrease in Cash and Cash Equivalents	(625,452)
Cash and Cash Equivalents at Beginning of Period	<u>1,404,883</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 779,431</u>
Cash restricted for investment in fixed assets - internal	\$ 422,826
Cash and cash equivalents	<u>356,605</u>
	<u>\$ 779,431</u>

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

UNITED WAY OF MIDLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

	Supporting Services			Total Support Services	Total Functional Expenses
	Program	General and Administrative	Fundraising		
OPERATING EXPENSES:					
Salaries and wages	\$ 258,987	\$ 77,949	\$ 281,494	\$ 359,443	\$ 618,430
Employee benefits	64,873	12,556	48,131	60,687	125,560
Payroll taxes	24,502	4,742	18,179	22,921	47,423
	<u>348,362</u>	<u>95,247</u>	<u>347,804</u>	<u>443,051</u>	<u>791,413</u>
Grants	699,838			-	699,838
Initiative expenses	253,602			-	253,602
National and state dues	10,217	1,978	7,580	9,558	19,775
Event expense			126,640	126,640	126,640
Professional fees		43,105		43,105	43,105
Local travel	3,221	5,873	1,162	7,035	10,256
Insurance	12,141	2,350	9,434	11,784	23,925
Building maintenance and repairs	9,419	2,252	6,988	9,240	18,659
Postage		2,554	3,122	5,676	5,676
Telephone	3,620	701	2,686	3,387	7,007
Office supplies	2,416	468	1,793	2,261	4,677
Printing, publications and promotions	12,068	509	12,536	13,045	25,113
Dues and subscriptions	693	7,143	1,418	8,561	9,254
Equipment maintenance	38,202	44,321	17,539	61,860	100,062
Utilities	4,349	842	3,226	4,068	8,417
Bank and payroll fees		2,764	3,266	6,030	6,030
Depreciation	13,166	2,548	9,769	12,317	25,483
Conferences and local meetings	9,559	9,519	5,125	14,644	24,203
Miscellaneous and other expenses		7,313		7,313	7,313
	<u>1,072,511</u>	<u>134,240</u>	<u>212,284</u>	<u>346,524</u>	<u>1,419,035</u>
Total functional expenses	\$ <u>1,420,873</u>	\$ <u>229,487</u>	\$ <u>560,088</u>	\$ <u>789,575</u>	\$ <u>2,210,448</u>

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

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: STATEMENT OF ORGANIZATION AND PURPOSE

The United Way of Midland, Inc.'s (the Organization) mission is to build a supportive family system across all generations that connects individuals, families, and agencies to programs, services, and resources, empowering them to meet their unique needs. From birth to senior years, the United Way of Midland, Inc. cares for every chapter of your family's journey. Through each stage of your life, we are here to support you. With our PB Connect Navigation System, 2-Gen Model, and Community Initiatives, we are bridging the path to educational success, workforce development, and social, health, and well-being for families. United Way of Midland connects the dots between our community's issues and real solutions. The Organization accomplishes this by assessing the needs of the community, advocating for the selected public policies, reviewing funding applications submitted under identified areas of need, and allocating funds to approved programs.

The Organization operates as a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Fiscal Year-End

Effective January of 2024, the Organization changed its fiscal year-end from December 31 to June 30. This change was made to better align the Organization's financial reporting with its operational and strategic planning cycles.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the organization's primary objectives. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions – Net assets are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents held that are restricted by donors or the Board of Directors for long-term purposes are classified as long-term assets on the statement of financial position. At June 30, 2025, the cash and cash equivalents that were restricted for long-term purposes were related to the funds received or earmarked for the new conference and training center capital project.

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Pledges Receivable

Unconditional pledges to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges expected to be collected in future years are initially recorded at fair value using present value techniques that incorporate risk-adjusted discount rates designed to reflect the assumptions market participants would use to price the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable pledges based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Pledges are written off when deemed uncollectable. The allowance for pledges receivable was \$4,838 at June 30, 2025.

Investments and Investment Income

Investment purchases are recorded at cost or, if donated, at the fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Cash held in certain brokerage accounts is considered a short-term investment. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Market value for investments is based on market indices for those items with a readily ascertainable market value.

Beneficial Interest in Assets Transferred to the Permian Basin Area Foundation

The Organization has established funds at the Permian Basin Area Foundation with unrestricted funds and specified itself as the beneficiary of the funds. In accordance with ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the transfers are accounted for as an asset on the statements of financial position. The Organization retains variance power for these assets.

Revenue and Revenue Recognition

Unconditional contributions are recognized when pledged or received, as applicable, and are available for unrestricted use unless specifically restricted by the donor. The Organization reports nongovernmental contributions and grants of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. Conditional promises to give (i.e., a donor stipulation that includes a barrier that must be overcome and a right of release from obligation) are recognized when the conditions upon which they depend are substantially met. The Organization does not recognize conditional promises; it recognizes only unconditional contributions when they become estimable and quantifiable. Event income must be bifurcated between ASC 606 and 605; however, the Organization has determined that any revenue within the scope of ASC 606 would be considered immaterial, as substantially all of it is not an exchange transaction because commensurate value is not being reciprocated between the two parties. There are no other potential contracts with customers as defined in ASC 606, *Revenue Recognition*.

Fixed Assets

Fixed assets are recorded at cost as determined by either cost at acquisition or fair market value at the date of gift, less accumulated depreciation. Depreciation is provided using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, ranging from 5 to 39 years. Capital purchases are typically capitalized for all costs greater than \$500. All other items are expensed as repair and maintenance.

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Refundable Advances

Refundable advances are funds received by the Organization with an obligation to return the funds if certain conditions are not met. Refundable advances at June 30, 2025 are composed of funds received for events that had not yet occurred. These amounts will be recognized as revenue in the period the events are held. Refundable advances were \$119,540 at July 1, 2024.

Due to Designated Organizations

Amounts due to designated organizations include amounts allocated by the Organization to fund partner agencies in education, social, health, and well-being, and self-sufficiency that have not been paid as of the statement of financial position date.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Salaries and related payroll expenses are recorded based on the actual segregation of personnel by program or supporting services benefited. Distribution of all other expenses is based on actual usage or management's estimates of usage applicable to the various programs and supporting services benefited. All salary, overhead, and miscellaneous costs attributable to fund-raising efforts are recorded as operating expenses in the period incurred.

Indirect expenses have been allocated to the various functions based on estimates made by the Organization's management. Depreciation expense has been allocated based on estimates of usage.

Federal Income Taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3).

Management evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements and, therefore, no adjustments have been included in the financial statements for the year ended June 30, 2025. With a few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for three years prior to the most recent tax filing.

Donated Services

A substantial number of volunteers contribute significant time to the Organization's programs and fundraising campaigns. The value of this contributed time does not meet the criteria for recognition as contributed service revenue/expense and, accordingly, is not reflected in the accompanying financial statements.

Endowment and Quasi-Endowment Investment and Spending Policies

The Organization has adopted investment and spending policies for endowed and quasi-endowed assets that attempt to preserve the corpus. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The spending policy allows the Board of Directors to distribute a percentage of a rolling three-year average of endowed and quasi-endowed assets annually. For the year ended June 30, 2025, the Board of Directors adopted a 4% rate.

Distributions totaling \$1,017,833 were taken during the year ended June 30, 2025. These distributions included \$500,000 that the Organization's Board of Directors had approved, in excess of the spending policy, for the new conference and training center capital project. Also included in the distributions were dollars the Board had approved in the previous fiscal year to offset a funding shortfall in the previous

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

campaign, which funds the Organization's grants; these distributions totaled \$255,000. All distributions made during the year ended June 30, 2025, were from quasi-endowed funds.

Subsequent Events

The Organization has evaluated subsequent events through February 23, 2026, the date the financial statements were issued or available to be issued.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

The Organization did not adopt any recent accounting pronouncements during the current audit period.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Organization's present or future financial statements.

NOTE 3: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the June 30, 2025 statement of financial position date, comprise the following:

Financial assets:		
Cash and cash equivalents	\$	356,605
Pledges receivable, net		109,175
Current portion of quasi-endowment investments		<u>246,923</u>
Total financial assets		712,703
 Add:		
Available to spend for assets held at Permian Basin Area Foundation		<u>22,172</u>
 Financial assets available within one year to meet cash needs for general expenditures	\$	<u><u>734,875</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The beneficial interest in assets held by the Permian Basin Area Foundation is not included in the financial assets above; only the amount approved for distribution in the following year is included. Only with the mutual consent of both the Organization and the Permian Basin Area Foundation would the entire interest be available for general expenditure.

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30, 2025:

Pledges receivable, gross	\$	114,013
Allowance for uncollectible pledges		<u>(4,838)</u>
Pledges receivable, net	\$	<u><u>109,175</u></u>

NOTE 5: INVESTMENTS

Fair values and related costs of investments are comprised of the following as of June 30, 2025:

	<u>Fair Value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 211,304	\$ 211,304
Equities and ETFs	3,527,505	2,852,866
Mutual funds	<u>2,901,377</u>	<u>2,880,920</u>
Total Investments	<u>\$ 6,640,186</u>	<u>\$ 5,945,090</u>

NOTE 6: FIXED ASSETS

Fixed assets consisted of the following as of June 30, 2025:

Land	\$	40,000
Land improvements		56,251
Building		326,528
Furniture, fixtures, and equipment		170,313
Construction in progress		<u>1,130,215</u>
Total cost		1,723,307
Less accumulated depreciation		<u>(314,739)</u>
Net book value	\$	<u><u>1,408,568</u></u>

Depreciation expense was \$25,483 for the year ended June 30, 2025.

NOTE 7: BENEFICIAL INTEREST IN ASSETS HELD BY THE PERMIAN BASIN AREA FOUNDATION

The Organization entered into a contract with the Permian Basin Area Foundation (the Area Foundation) on January 1, 1991. At the inception of this contract, the Organization transferred \$250,000 of undesignated assets to the Area Foundation and set up a board-designated endowment fund. The Area Foundation was not granted variance power. The Organization has accounted for the transfer in accordance with ASC 958-605 as it relates to a receipt organization (the Area Foundation) and specified beneficiary (the Organization) under a reciprocal transaction that does not qualify as an equity transaction. Accordingly, the initial and any subsequent transfers of assets between the organizations are accounted for as an asset by the Organization ("Beneficial interest in assets held by others") and a corresponding liability by the Area Foundation. The asset has been adjusted to its fair market value as of June 30, 2025.

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

The agency fund agreement between the Organization and the Area Foundation states that the transfers to the Area Foundation are to be known as the United Way Permanent Fund (the Fund). It is the intent of the Organization that the Fund is an endowed fund for the benefit of the United Way of Midland, Inc., and the net earnings from the Fund shall be distributable to the Organization, or as the Organization directs, for qualified charitable purposes. The Fund and all net earnings are to be held exclusively for the Organization. The Fund's assets are to be held and administered by the Area Foundation. Assets of the Fund may be invested and reinvested from time to time in any securities, obligations, or other property of any kind that the Area Foundation may deem advisable, including, but not limited to, interest-bearing accounts, certificates of deposit, and common trust funds administered by the Area Foundation.

According to the fund agreement, the amount available for distributions from the Fund will be determined annually by the Area Foundation's Board of Governors based on a percentage of the market value of the fund. In setting the distribution policy for the fund, the Board considers the total average rate of return (including appreciation and/or depreciation of assets) for the previous twelve quarters, allowance for administration and investment fees, and the long-term objective of fund growth. During the year ended June 30, 2025, the Organization withdrew \$22,979, respectively, for the benefit of the Organization in accordance with the fund agreement.

The fund agreement may only be terminated with the mutual consent of both the Organization and the Area Foundation. Should the Organization ever cease to exist or permanently cease to perform its charitable functions or purpose, then the Area Foundation may distribute all or any part of the fund to any qualified charitable organization, as defined in Section 501(c)(3) of the Internal Revenue Code.

The following is a progression of the board-designated endowment funds held at the Permian Basin Area Foundation for the year ended June 30, 2025:

Beginning balance	\$	594,822
Contributions		1,976
Investment income		16,286
Realized/unrealized gains		54,435
Investment expense		(9,963)
Distributions		<u>(22,979)</u>
Ending balance	\$	<u>634,577</u>

NOTE 8: ENDOWMENT

Net assets with donor restrictions reflect a \$500,000 contribution that is restricted in perpetuity. 100% of the income is to be used for the United Way of Midland's operations.

The Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. At June 30, 2025, there were no such donor stipulations. As a result of this interpretation, the Organization retains 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 in a manner consistent with the standard of prudence prescribed by UPMIFA.

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

The Organization considers the following factors in determining how to appropriate or accumulate donor-restricted endowment funds:

1. General economic conditions.
2. The possible effect of inflation or deflation.
3. Expected tax consequences.
4. The role that each investment or course of action plays within the overall investment portfolio.
5. Expected total return of the portfolio.
6. The other resources of the Organization.
7. The needs of the Organization and of particular investment funds to make distributions and preserve capital.
8. An asset's special relationship or special value, if any, to the Organization's charitable purposes.
9. The importance of diversification.
10. Liquidity considerations.
11. The impact of management or administration costs.
12. Risk management.

The Organization considers an endowed fund to be underwater if the fair value of the fund is less than the original value of the initial and subsequent gift amounts donated to the fund. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no underwater endowment funds at June 30, 2025.

NOTE 9: DONOR RESTRICTED NET ASSETS

Donor-restricted net assets are comprised of the following at June 30, 2025:

Purpose restrictions:

Conference and training center capital project	\$ 518,169
Community initiatives	15,612

Perpetual in nature:

Endowment	<u>500,000</u>
	<u>\$ 1,033,781</u>

Net assets released from restrictions during the year ended June 30, 2025, were related to funds spent on community initiatives.

NOTE 10: RETIREMENT PLAN

In 1992, the Organization adopted a Simplified Employee Pension Plan (SEP). Contributions of 7.5% of eligible compensation are made by the Organization to each plan participant's Individual Retirement Account. Contributions made by the Organization on behalf of the employees for the year ended June 30, 2025, were \$28,992. To be eligible to participate, employees must be 21 years of age and have completed

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

one full year of service. Participants are eligible to participate on January 1 of the year following their one-year anniversary. All participants are 100% vested.

NOTE 11: FAIR VALUE MEASUREMENTS

ASC 820-10, *Fair Value Measurements*, 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 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). 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, the Organization uses various methods, including market, income, and cost approaches. Based on these approaches, the Organization 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. The Organization 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 the Organization 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 – Quoted prices for identical assets and liabilities traded in active exchange markets.

Level 2 – Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

For the year ended June 30, 2025, the valuation techniques applied to similar assets have been consistent. There were no transfers between levels during the year. The following is a description of the valuation methodologies used for instruments measured at fair value:

Cash and cash equivalents: cash is valued at its nominal value, and money market funds are valued at NAV per share based on the fair value of their underlying assets.

Equities and ETFs: valued at the closing price reported on the active market on which the individual securities are traded. 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.

Mutual funds: valued at the net asset value of shares held at fiscal year-end at the closing price reported on the active market.

Beneficial interest in assets held by Permian Basin Area Foundation (PBAF): valued at the net asset value as a practical expedient reported by the Permian Basin Area Foundation at the reporting date. As such, these amounts are not included in the fair value hierarchy.

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Description:	June 30, 2025				
	Total	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents:					
Money market funds	\$ 211,304	\$ 211,304	\$ _____	\$ _____	\$ _____
Total cash and cash equivalents	<u>211,304</u>	<u>211,304</u>	_____	_____	_____
Equities and ETFs:					
Basic materials	17,842	17,842			
Communication	45,842	45,842			
Consumer	267,385	267,385			
Energy	53,609	53,609			
Financial	279,857	279,857			
Healthcare	90,951	90,951			
Industrial	85,161	85,161			
Intermediate core plus	568,027	568,027			
Intermediate term bond	507,660	507,660			
Large blend	610,448	610,448			
Large growth	354,627	354,627			
Large value	17,674	17,674			
Precious metals	73,710	73,710			
Real estate	33,727	33,727			
Technology	510,227	510,227			
Utilities	10,758	10,758			
Total equities and ETFS	<u>3,527,505</u>	<u>3,527,505</u>	_____	_____	_____
Mutual funds:					
Div. emerging markets	63,140	63,140			
High yield bond	74,324	74,324			
Large blend	862,032	862,032			
Large growth	91,955	91,955			
Large value	92,970	92,970			
Short-term bond	1,231,179	1,231,179			
Small blend	79,577	79,577			
Ultra short	406,200	406,200			
Total mutual funds	<u>2,901,377</u>	<u>2,901,377</u>	_____	_____	_____
Beneficial interest in assets held by PBAF	<u>634,577</u>				<u>634,577</u>
Total	<u>\$ 7,274,763</u>	<u>\$ 6,640,186</u>	\$ _____	\$ _____	<u>\$ 634,577</u>

UNITED WAY OF MIDLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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The following table presents unfunded commitments, redemption frequency, and notice period for investments that calculate fair value using the net asset value per share or its equivalent as of June 30, 2025:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Beneficial interest in assets transferred	\$ 634,577	\$ -	Daily	None

NOTE 12: CONCENTRATIONS OF CREDIT RISK AND COMMITMENTS

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization also maintains accounts at a stock brokerage firm. The accounts contain cash and securities. Cash and security balances are insured up to \$100,000 and \$500,000, respectively, by the Securities Investor Protection Corporation. At various times during the year, the Organization may have balances at the financial institutions and stock brokerage firms in excess of insured limits.

The majority of the contributions received by the Organization come from local and regional donors. Local and regional economic conditions have a direct impact on these donors' ability to make contributions. When economic conditions improve, the potential for increased giving is enhanced. Conversely, when economic conditions decline, contributions may tend to decline as well.

As of June 30, 2025, the Organization had \$612,687 in outstanding construction commitments.