

# **United Community Centers, Inc.**

**Financial Statements  
Compliance Reports and Supplementary Information  
March 31, 2025 and 2024**



**United Community Centers, Inc.**  
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## **Independent Auditors' Report**

To the Board of Directors of  
United Community Centers, Inc.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of United Community Centers, Inc. (Organization) (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 and *Government 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 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas  
October 22, 2025

**United Community Centers, Inc.**  
**Statements of Financial Position**  
**March 31, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 429,084	\$ 398,808
Contributions receivable	85,557	145,817
Grants receivable	143,128	72,656
Prepaid expenses	75,956	54,330
Beneficial interest in assets of the United Community Centers Foundation	2,184,224	2,280,322
<b>Total current assets</b>	2,917,949	2,951,933
<b>Noncurrent assets:</b>		
Property and equipment, net	4,446,094	4,658,932
Right-of-use asset - operating lease, net	48,863	12,173
<b>Total assets</b>	\$ 7,412,906	\$ 7,623,038
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 46,200	\$ 48,741
Accrued expenses	207,223	182,976
Current portion of note payable	24,969	24,172
Current portion of right-of-use liability - operating lease	35,499	12,235
<b>Total current liabilities</b>	313,891	268,124
<b>Long-term liabilities:</b>		
Note payable, net of current portion	22,084	45,140
Right-of-use liability - operating lease, net of current portion	14,914	-
<b>Total liabilities</b>	350,889	313,264
<b>Net assets:</b>		
Without donor restrictions	4,482,852	4,706,635
With donor restrictions	2,579,165	2,603,139
<b>Total net assets</b>	7,062,017	7,309,774
<b>Total liabilities and net assets</b>	\$ 7,412,906	\$ 7,623,038

See notes to financial statements.

**United Community Centers, Inc.**  
**Statement of Activities**  
**Year Ended March 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of financial assets	\$ 1,606,258	\$ 302,060	\$ 1,908,318
Contributions of nonfinancial assets	625,441	-	625,441
Government grants	557,604	-	557,604
Allocation from United Way	33,417	-	33,417
Program service fees	280,243	-	280,243
Other income	2,810	-	2,810
Special events (net of direct costs of \$24,855)	40,670	-	40,670
Change in interest in United Community Centers Foundation	-	(96,098)	(96,098)
Net assets released from restrictions	229,936	(229,936)	-
<b>Total revenue and support</b>	<b>3,376,379</b>	<b>(23,974)</b>	<b>3,352,405</b>
<b>Expenses:</b>			
Program services:			
Assistance and advocacy	669,080	-	669,080
Educational literacy	2,136,636	-	2,136,636
<b>Total program services</b>	<b>2,805,716</b>	<b>-</b>	<b>2,805,716</b>
Supporting services:			
Management and general	506,720	-	506,720
Fundraising	290,204	-	290,204
<b>Total operating expenses</b>	<b>3,602,640</b>	<b>-</b>	<b>3,602,640</b>
<b>Non-operating activity:</b>			
Interest income	2,478	-	2,478
<b>Change in net assets</b>	<b>(223,783)</b>	<b>(23,974)</b>	<b>(247,757)</b>
<b>Net assets at beginning of year</b>	<b>4,706,635</b>	<b>2,603,139</b>	<b>7,309,774</b>
<b>Net assets at end of year</b>	<b>\$ 4,482,852</b>	<b>\$ 2,579,165</b>	<b>\$ 7,062,017</b>

See notes to financial statements.

**United Community Centers, Inc.**  
**Statement of Activities**  
**Year Ended March 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of financial assets	\$ 1,054,707	\$ 274,550	\$ 1,329,257
Contributions of nonfinancial assets	699,462	-	699,462
Government grants	409,361	-	409,361
Allocation from United Way	92,268	-	92,268
Program service fees	252,320	-	252,320
Other income	1,280	-	1,280
Special events (net of direct costs of \$17,936)	32,694	-	32,694
Change in interest in United Community Centers Foundation	-	220,744	220,744
Net assets released from restrictions	246,204	(246,204)	-
<b>Total revenue and support</b>	<b>2,788,296</b>	<b>249,090</b>	<b>3,037,386</b>
<b>Expenses:</b>			
Program services:			
Assistance and advocacy	713,458	-	713,458
Educational literacy	2,015,674	-	2,015,674
<b>Total program services</b>	<b>2,729,132</b>	<b>-</b>	<b>2,729,132</b>
Supporting services:			
Management and general	597,805	-	597,805
Fundraising	307,926	-	307,926
<b>Total operating expenses</b>	<b>3,634,863</b>	<b>-</b>	<b>3,634,863</b>
<b>Non-operating activity:</b>			
Interest income	1,778	-	1,778
<b>Change in net assets</b>	<b>(844,789)</b>	<b>249,090</b>	<b>(595,699)</b>
<b>Net assets at beginning of year</b>	<b>5,551,424</b>	<b>2,354,049</b>	<b>7,905,473</b>
<b>Net assets at end of year</b>	<b>\$ 4,706,635</b>	<b>\$ 2,603,139</b>	<b>\$ 7,309,774</b>

See notes to financial statements.

**United Community Centers, Inc.**  
**Statement of Functional Expenses**  
**Year Ended March 31, 2025**

	Program Services			Supporting Services		Total
	Assistance and Advocacy	Educational Literacy	Total Program Services	Management and General	Fundraising	
Salaries and related expenses	\$ 146,017	\$ 1,263,520	\$ 1,409,537	\$ 276,844	\$ 238,018	\$ 1,924,399
Grants and assistance to individuals	440,108	175	440,283	-	-	440,283
Accounting	-	-	-	94,000	-	94,000
Contract services	-	10,664	10,664	200	-	10,864
Advertising and promotion	-	-	-	1,776	1,759	3,535
Office	1,621	8,900	10,521	16,601	1,568	28,690
Occupancy	42,642	323,749	366,391	63,182	21,974	451,547
Travel	4,246	39,536	43,782	4,416	3,795	51,993
Conference, conventions and meetings	344	2,825	3,169	12,126	1,732	17,027
Interest	-	-	-	2,341	-	2,341
Insurance	5,300	45,862	51,162	10,049	8,639	69,850
Program supplies	-	225,172	225,172	5,456	-	230,628
Repairs and maintenance	4,331	37,483	41,814	8,213	7,061	57,088
Special events	-	-	-	-	24,855	24,855
Miscellaneous	-	-	-	188	2,250	2,438
Dues and subscription	-	1,720	1,720	2,030	-	3,750
Depreciation	24,471	177,030	201,501	9,298	3,408	214,207
<b>Total expenses</b>	<b>669,080</b>	<b>2,136,636</b>	<b>2,805,716</b>	<b>506,720</b>	<b>315,059</b>	<b>3,627,495</b>
<b>Less: expenses included with revenues on the statement of activities</b>						
Special events	-	-	-	-	(24,855)	(24,855)
<b>Total expense included in the expense section on the statement of activities</b>	<b>\$ 669,080</b>	<b>\$ 2,136,636</b>	<b>\$ 2,805,716</b>	<b>\$ 506,720</b>	<b>\$ 290,204</b>	<b>\$ 3,602,640</b>

See notes to financial statements.

**United Community Centers, Inc.**  
**Statement of Functional Expenses**  
**Year Ended March 31, 2024**

	Program Services			Supporting Services		Total
	Assistance and Advocacy	Educational Literacy	Total Program Services	Management and General	Fundraising	
Salaries and related expenses	\$ 113,559	\$ 1,099,249	\$ 1,212,808	\$ 354,303	\$ 249,829	\$ 1,816,940
Grants and assistance to individuals	520,252	709	520,961	-	-	520,961
Accounting	-	-	-	87,733	-	87,733
Contract services	-	46,718	46,718	200	-	46,918
Advertising and promotion	-	-	-	1,206	1,126	2,332
Office	628	7,042	7,670	16,205	2,507	26,382
Occupancy	41,616	327,434	369,050	71,821	28,187	469,058
Travel	3,238	32,034	35,272	5,117	3,608	43,997
Conference, conventions and meetings	776	24,662	25,438	17,272	900	43,610
Interest	-	-	-	3,234	-	3,234
Insurance	4,168	40,342	44,510	13,003	9,169	66,682
Program supplies	-	213,459	213,459	-	-	213,459
Repairs and maintenance	4,247	41,111	45,358	13,251	9,343	67,952
Special events	-	-	-	-	17,936	17,936
Miscellaneous	-	480	480	2,753	-	3,233
Dues and subscription	-	2,187	2,187	3,020	-	5,207
Depreciation	24,974	180,247	205,221	8,687	3,257	217,165
<b>Total expenses</b>	<b>713,458</b>	<b>2,015,674</b>	<b>2,729,132</b>	<b>597,805</b>	<b>325,862</b>	<b>3,652,799</b>
<b>Less: expenses included with revenues on the statement of activities</b>						
Special events	-	-	-	-	(17,936)	(17,936)
<b>Total expense included in the expense section on the statement of activities</b>	<b>\$ 713,458</b>	<b>\$ 2,015,674</b>	<b>\$ 2,729,132</b>	<b>\$ 597,805</b>	<b>\$ 307,926</b>	<b>\$ 3,634,863</b>

See notes to financial statements.

**United Community Centers, Inc.**  
**Statements of Cash Flows**  
**Years Ended March 31, 2025 and 2024**

	2025	2024
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (247,757)	\$ (595,699)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	214,207	217,165
Amortization of right-of-use asset - operating lease	28,826	23,883
Change in beneficial interest in assets of the United Community Centers Foundation	96,098	(220,744)
Changes in assets and liabilities:		
Contributions receivable	60,260	(246)
Grants receivable	(70,472)	(57,475)
Prepaid expenses	(21,626)	(1,261)
Accounts payable	(2,541)	(9,113)
Accrued expenses	24,247	(116,871)
Refundable advances	-	(4,908)
Right-of-use liability - operating lease	(27,338)	(24,007)
<b>Net cash provided (used) by operating activities</b>	53,904	(789,276)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(1,369)	(7,472)
<b>Cash flows from financing activities:</b>		
Repayments on note payable	(22,259)	(21,366)
<b>Net change in cash and cash equivalents</b>	30,276	(818,114)
<b>Cash and cash equivalents at beginning of year</b>	398,808	1,216,922
<b>Cash and cash equivalents at end of year</b>	\$ 429,084	\$ 398,808
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	\$ 2,341	\$ 3,234
Right-of-use asset in exchange for operating lease liability	\$ 65,516	\$ -

See notes to financial statements.

# United Community Centers, Inc.

## Notes to the Financial Statements

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### 1. Organization

United Community Centers, Inc. (Organization) was founded by the First United Methodist Church and its Mission Board's women volunteers in 1909. It has three centers located in neighborhoods where more than 90% of the population lives below 100% of the Federal poverty guideline for a family of four. The Organization offers two programs at each of the centers.

The Educational Literacy Program (ELP), formerly the Educational Enrichment Program, is an affordable, sliding-scale, licensed childcare program which is intended for children between 4 and 13 years of age. In addition to providing quality after-school care and hot meals and snacks, this program is designed to help students improve their school performance. Through a partnership with Fort Worth Independent School District, the Organization's specially trained teachers work to reinforce and supplement the material and skills being taught in school. In addition to allowing local-area children to attend ELP, the Organization has collaborated with a local homeless shelter to provide childcare for their clients. In the summer months, the ELP has extended hours and offers safe, fun and educational activities for children while their parents are at work.

Client Assistance and Advocacy Program is the second program the Organization offers at its center. Through this program, the Organization's clients receive information and referrals, emergency food and clothing, adult basic education (which includes GED preparation), computer skills training and English as a second language. The Organization also offers programs for the elderly. In addition, the Organization collaborates with the Tarrant Area Food Bank to host a monthly mobile food pantry at one of the centers. During the holiday season, the Organization distributes Thanksgiving meals and Christmas presents to clients.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Accounting***

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### ***Financial Statement Presentation***

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

## **United Community Centers, Inc.**

### **Notes to the Financial Statements**

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*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of March 31, 2025 and 2024, no such net asset restrictions existed.

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

#### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and contributions and grants receivable. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. The Organization maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of March 31, 2025, the Organization's uninsured balances totaled \$82,807. Contributions and grants receivable are unsecured and are due from various government agencies, local school districts and other nonprofit organizations. The Organization regularly evaluates the collectability of contributions and grants receivable and maintains allowances for potential losses, if considered necessary.

At March 31, 2025, 75% of total receivables were due from five sources. At March 31, 2024, 81% of the total receivables were due from two sources.

For the year ended March 31, 2025, 46% of total contributions were from four donors. For the year ended March 31, 2024, 17% of total contributions was from one donor.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

## **United Community Centers, Inc.**

### **Notes to the Financial Statements**

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#### ***Contributions and Grants Receivable***

The Organization had contributions receivable totaling \$85,557 and \$145,817 for the years ended March 31, 2025 and 2024, respectively. No allowance for doubtful accounts was recognized at March 31, 2025 and 2024. Collections of contributions receivable is expected in the subsequent year.

Grants receivable represents billings to government agencies for reimbursement of expenditures made under grant agreements. Management evaluates the collectability of grants receivable based on a periodic review of individual accounts. The primary factors considered in determining collectability are collection history, the aging of the accounts and other specific information known to management that may affect collectability. No allowance for doubtful accounts was considered necessary at March 31, 2025 and 2024. Collections of grants receivable is expected in the subsequent year.

#### ***Revenue Recognition***

The Organization recognizes contributions when cash, securities, other assets, an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right to return, are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of March 31, 2025 and 2024, the Organization did not receive advance payments on cost-reimbursable grants.

Program service revenue of the Organization consists principally of fees for childcare services. The revenue is derived from the underlying contract or agreement (contract) and the Organization determines the appropriate accounting treatment for each contract at the commencement of each contract. A performance obligation is a promise in a contract to transfer a distinct good or service to the member or customer. Revenue is recognized when the performance obligation under the terms of the contract with a customer is satisfied. The Organization's contracts generally have a single performance obligation. The contract prices are generally deemed to be the respective transaction prices and are recognized as revenue when, or as, the performance obligations are satisfied. The Organization recognizes program service revenue at the time the child-care services are provided, which generally occurs upon payment for the services.

## United Community Centers, Inc. Notes to the Financial Statements

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Special event revenue is recognized at the time of the event.

Donated food supplies and rent are reflected as contributions at their estimated fair values at the date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

### ***Beneficial Interest in Assets of the United Community Centers Foundation***

The beneficial interest in assets of the United Community Centers Foundation (Foundation) consists of the Organization's interest in assets that are held for the Organization's benefit. Certain income from the Foundation is paid to the Organization and gains (losses) are retained in the Foundation. The Organization has no control over investment decisions regarding these assets and has no right to use any of these assets for any purposes, nor are these assets available under any circumstances to creditors of the Organization. However, the Organization's interest in the net assets of the Foundation is required by GAAP to be recorded on the books of the Organization as net assets with donor restriction.

### ***Property and Equipment***

Property and equipment in excess of \$1,000 that are purchased are recorded at cost and depreciated over estimated useful lives using the straight-line method. Donations of property and equipment are recorded as support at their estimated fair values. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets which range as follows:

	<u>Useful lives</u>
Buildings and improvements	5-25 years
Furniture and equipment	3-10 years
Transportation equipment	4 years

## **United Community Centers, Inc.**

### **Notes to the Financial Statements**

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#### ***Long-Lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No impairment was identified for the years ended March 31, 2025 and 2024.

#### ***Marketing and Advertising Costs***

Marketing and advertising costs are expensed as incurred. During the years ended March 31, 2025 and 2024, marketing and advertising expenses totaled \$3,535 and \$2,332, respectively.

#### ***Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on a pro rata time basis. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

#### ***Estimates and Assumptions***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

#### ***Federal Income Tax***

The Organization is recognized by the IRS as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended March 31, 2025 and 2024. Accordingly, no provision or liability has been reported in the accompanying financial statements.

## **United Community Centers, Inc.**

### **Notes to the Financial Statements**

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GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of March 31, 2025 and 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

### **3. Fair Value Measurements**

Under the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification (ASC), disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

#### ***Beneficial Interest in Assets of the United Community Centers Foundation***

Beneficial interest in assets of the United Community Centers Foundation is made up of investments the Foundation holds for the benefit of the Organization. The fair value of the Organization's beneficial interest in assets held by others is based on the value of the Organization's portion of the underlying investments in the Foundation using valuation methods that are appropriate for those investments as determined by the trustee. The valuation of the Organization's beneficial interest in assets held by others is classified as level 3 of the valuation hierarchy.

**United Community Centers, Inc.**  
**Notes to the Financial Statements**

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The following table presents a rollforward of activity for beneficial interest in assets held by others at fair value as of March 31:

	2025	2024
Beginning balance	\$ 2,280,322	\$ 2,059,578
Change in beneficial interest in assets of by the United Community Centers Foundation	(96,098)	220,744
Ending balance	\$ 2,184,224	\$ 2,280,322

#### **4. Property and Equipment**

Property and equipment consisted of the following at March 31:

	2025	2024
Land	\$ 370,355	\$ 370,355
Buildings and improvements	6,055,378	6,055,378
Transportation equipment	199,214	199,214
Furniture and equipment	612,915	611,546
	7,237,862	7,236,493
Less accumulated depreciation	(2,791,768)	(2,577,561)
Property and equipment, net	\$ 4,446,094	\$ 4,658,932

Depreciation expense for the years ended March 31, 2025 and 2024 totaled \$214,207 and \$217,165, respectively.

#### **5. Note Payable**

The Organization has a term note with Texas Methodist Foundation. The note bears interest at .5% below the prime rate with a ceiling of 4.00% and a floor of 3.25%, matures in April 2027 and is collateralized by one of the Organization's buildings. Commencing in May 2020, the note calls for monthly principal and interest payments that will be adjusted on the anniversary date of the note each year through the maturity date of the note. At March 31, 2025 and 2024, the outstanding principal balance of the note totaled \$47,053 and \$69,312, respectively.

**United Community Centers, Inc.**  
**Notes to the Financial Statements**

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The scheduled maturities for the term note are as follows as of March 31:

2026	24,969
2027	22,084
	<u>\$ 47,053</u>

## **6. Leases**

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) asset and lease liability for its office space. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

### ***Nature of Lease***

The Organization leases its office space under an operating lease agreement which expires in August 2026. The lease notes no extension options and requires the Organization to pay all executory costs (taxes, utilities, insurance, etc.). Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

**United Community Centers, Inc.**  
**Notes to the Financial Statements**

Future minimum lease payments and a reconciliation to the statement of financial position at March 31, 2025 are as follows for the years ending March 31:

2026	\$	35,499
2027		16,341
Total future undiscounted lease payments		51,840
Less present value discount		(1,427)
Right-of-use liability		\$ 50,413

The following lease cost and required information for the years ended March 31:

	2025	2024
Total operating lease cost	\$ 29,150	\$ 24,476
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ (27,338)	\$ (24,007)
Right-of-use asset obtained in exchange for new operating lease liability	\$ 65,516	\$ -
Weighted-average remaining lease term	1.42 years	0.42 years
Weighted-average discount rate	3.88%	2.55%

**7. Contributed Nonfinancial Assets**

The Organization received the following contributions of nonfinancial assets during the year ended March 31, 2025:

	Program Services	General and Administration	Fundraising	Total
Food	\$ 416,452	\$ -	\$ -	\$ 416,452
Contributed rental space	164,430	32,000	12,559	208,989
	\$ 580,882	\$ 32,000	\$ 12,559	\$ 625,441

**United Community Centers, Inc.**  
**Notes to the Financial Statements**

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The Organization received the following contributions of nonfinancial assets during the year ended March 31, 2024:

	Program Services	General and Administration	Fundraising	Total
Food	\$ 490,473	\$ -	\$ -	\$ 490,473
Contributed rental space	164,430	32,000	12,559	208,989
	<u>\$ 654,903</u>	<u>\$ 32,000</u>	<u>\$ 12,559</u>	<u>\$ 699,462</u>

***Food***

Contributed food is valued at the fair market value of similar food for sale.

***Contributed Rental Space***

Contributed rental space is valued based on the estimated market rate at the time of donation of price per square footage multiplied by the number of square feet donated.

There were no donor restrictions on the contributions of nonfinancial assets during the years ended March 31, 2025 and 2024.

**8. Retirement Plan**

The Organization provides a defined contribution retirement plan (Plan) covering all employees that are at least eighteen years old and have completed one year of service. Under the provisions of the Plan, the Organization matches 50% of the eligible employee's contribution up to 8% of total compensation. The Organization's contributions to the Plan totaled \$12,583 and \$16,869 for the years ended March 31, 2025 and 2024, respectively.

**9. Grant Agreement**

During 2016, the Organization entered into a grant agreement that consists of a forgivable loan from the City of Fort Worth with the affordability period ending during June 2036. The Organization would not be liable for the loan provided that all program requirements are met and the Organization is not otherwise in default of the loan terms or the grant contract. At both March 31, 2025 and 2024, the balance on the loan totaled \$766,500.

Management believes that violating the conditions of the loan agreement is unlikely; therefore, the loan was recorded as grant revenue for the year ended March 31, 2016 and is not reflected on the statement of financial position as a liability.

**United Community Centers, Inc.**  
**Notes to the Financial Statements**

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**10. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes as of March 31:

	2025	2024
Time restricted	\$ 211,794	\$ 210,806
Capital expenditures	29,137	48,267
Foundation	2,184,224	2,280,322
Education Literacy Program transportation	105,000	30,000
After School Programs	49,010	33,744
	\$ 2,579,165	\$ 2,603,139

**11. Liquidity and Availability of Resources**

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of March 31:

	2025	2024
Cash and cash equivalents	\$ 429,084	\$ 398,808
Contributions receivable	85,557	145,817
Grants receivable	143,128	72,656
Total financial assets	657,769	617,281
Less amounts unavailable for general expenditures within one year due to:		
Donor-imposed purpose restrictions	(183,147)	(112,011)
Time restrictions	(211,794)	(210,806)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 262,828	\$ 294,464

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

**12. Subsequent Events**

The Organization evaluated subsequent events through October 22, 2025, the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

## **Compliance Reports and Supplementary Information**



**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Directors of  
United Community Centers, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Community Centers, Inc. (Organization) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2025.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas  
October 22, 2025



**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control  
over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
United Community Centers, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited United Community Centers, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended March 31, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion was expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas  
October 22, 2025

**United Community Centers, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2025**

<u>Federal Agency/Cluster Title/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>			
<b>CDBG - Entitlement Grants Cluster</b>			
<b>City of Fort Worth:</b>			
Community Development Block Grants/Entitlement Grants	14.218	62498	75,258
Community Development Block Grants/Entitlement Grants	14.218	60392	77,702
Community Development Block Grants/Entitlement Grants - Loan	14.218	46798	<u>766,500</u>
<b>Total CDBG - Entitlement Grants Cluster</b>			<u>919,460</u>
<b>Total U.S. Department of Housing and Urban Development</b>			919,460
<b>U.S. Department of Homeland Security:</b>			
<b>Tarrant County:</b>			
Emergency Food and Shelter National Board Program	97.024	-	<u>29,000</u>
<b>Total U.S. Department of Homeland Security</b>			29,000
<b>U.S. Department of Agriculture:</b>			
<b>Apples and Oranges Corporation:</b>			
Child and Adult Care Food Program	10.558	05089	<u>163,626</u>
<b>Total U.S. Department of Agriculture</b>			<u>163,626</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,112,086</u></u>

**United Community Centers, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2025**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of United Community Centers, Inc. (Organization). The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule only presents a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets or cash flows of the Organization.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. Loans**

During 2016, the Organization received an interest free loan form the city of Fort Worth through grants provided by the United States Department of Housing and Urban Development. The interest rate is set by the United States Department of Housing and Urban Development. The interest rate may be increased to 6% if the property is sold before the expiration of the affordability period or if other compliance requirements are not adhered to.

The City of Fort Worth loan is forgivable beginning in 2027 through the end of the affordability period in June 2036 at 10% per year, provided that all program requirements are met and the Organization is not otherwise in default of the loan terms or the grant contract. Management believes that violating the conditions of the loan agreement is unlikely; therefore, the loan was recorded as grant revenue for the year ended March 31, 2016, and is not reflected on the statement of financial position as a liability.

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at March 31, 2025, consists of:

Assistance Listing Number	Program Name	Outstanding Balance at March 31, 2025
14.218	Community Development Block Grants/Entitlement Grants - Loans	\$ 766,500

**United Community Centers, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended March 31, 2025**

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**4. Reconciliation of Schedule to Statement of Activities**

The Organization received grants totaling \$212,018 that were included in government grant revenue on the statement of activities that were not subject to the audit requirements of the Uniform Guidance and therefore were not included on the Schedule.

**United Community Centers, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended March 31, 2025**

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**Section I – Summary of Auditors’ Results**

***Financial Statements***

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported

Type of auditors’ report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
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<b><i>Identification of major federal programs</i></b>	<b><u>Assistance Listing Number</u></b>
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CBDG – Entitlement Grants Cluster	14.218
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Dollar threshold used to distinguish between type A and B programs for federal awards:	\$192,626
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Auditee qualified as low-risk auditee?	Yes
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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Prior Federal Award Findings and Questioned Costs**

None reported