

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**YEARS ENDING JUNE 30, 2019 AND 2018**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
United Way of Rutherford and Cannon Counties

We have audited the accompanying financial statements of United Way of Rutherford and Cannon Counties (a nonprofit organization) which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Rutherford and Cannon Counties as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the United Way of Rutherford and Cannon Counties 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it was derived.

## Other matters

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 is presented for the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information on page 19, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance for that schedule.

*Dempsey, Vantrone & Folliis PLLC*

Murfreesboro, Tennessee  
August 8, 2019

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2019 and 2018

|                                                                                   | 2019                | 2018                |
|-----------------------------------------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                                     |                     |                     |
| Cash and cash equivalents                                                         | \$ 533,299          | \$ 567,343          |
| Pledges receivable                                                                | 944,304             | 1,108,464           |
| Prepaid expenses                                                                  | 30,087              | 26,111              |
| Property and Equipment, net                                                       | 125,951             | 142,274             |
| Investments                                                                       | 966,075             | 1,094,392           |
| Beneficial interest in assets held by Community Foundation<br>of Middle Tennessee | 76,517              | 72,753              |
| Cash surrender value of donor life insurance policy                               | 89,375              | 68,459              |
|                                                                                   | <u>\$ 2,765,608</u> | <u>\$ 3,079,796</u> |
| <b>LIABILITIES</b>                                                                |                     |                     |
| Accounts payable                                                                  | \$ 23,594           | 18,922              |
| Allocations due to agencies                                                       | 1,335,065           | 1,550,887           |
| Due to designated agencies                                                        | 158,597             | 325,310             |
| Deferred revenue                                                                  | 84,444              | 74,310              |
| Community needs assessment                                                        | 3,750               | 3,750               |
| Accrued expenses                                                                  | 37,713              | 32,697              |
|                                                                                   | <u>1,643,163</u>    | <u>2,005,876</u>    |
| <b>NET ASSETS</b>                                                                 |                     |                     |
| Without restrictions                                                              | 88,190              | (33,045)            |
| With restrictions                                                                 | 1,034,255           | 1,106,965           |
|                                                                                   | <u>1,122,445</u>    | <u>1,073,920</u>    |
| <b>TOTAL NET ASSETS</b>                                                           | <u>1,122,445</u>    | <u>1,073,920</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                           | <u>\$ 2,765,608</u> | <u>\$ 3,079,796</u> |

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019 and 2018

|                                                                                   | 2019                    |                      | Total               | Summarized<br>2018<br>Totals |
|-----------------------------------------------------------------------------------|-------------------------|----------------------|---------------------|------------------------------|
|                                                                                   | Without<br>Restrictions | With<br>Restrictions |                     |                              |
| Public Support and Revenues:                                                      |                         |                      |                     |                              |
| Campaign results for prior years:                                                 |                         |                      |                     |                              |
| Gross campaign results - prior years                                              | \$ 65,347               | \$ -                 | 65,347              | \$ 126,036                   |
| Prior year campaign released from restriction                                     | 1,106,964               | (1,106,964)          | -                   | -                            |
| Total campaign results - prior years                                              | 1,172,311               | (1,106,964)          | 65,347              | 126,036                      |
| Less donor designations                                                           | (5,000)                 | -                    | (5,000)             | (5,850)                      |
| Less provision for uncollectible pledges                                          | (100,000)               | -                    | (100,000)           | (8,705)                      |
| Net campaign revenue prior year                                                   | 1,067,311               | (1,106,964)          | (39,653)            | 111,481                      |
| Gross campaign results - current year                                             | 1,447,494               | 1,034,254            | 2,481,748           | 2,568,601                    |
| Less donor designations                                                           | (294,735)               | -                    | (294,735)           | (347,352)                    |
| Less provision for uncollectible pledges                                          | (340,736)               | -                    | (340,736)           | (280,391)                    |
| Net campaign revenue - current year                                               | 812,023                 | 1,034,254            | 1,846,277           | 1,940,858                    |
| Total campaign revenue                                                            | 1,879,334               | (72,710)             | 1,806,624           | 2,052,339                    |
| Other contributions                                                               | 400,583                 | -                    | 400,583             | 1,172                        |
| Fundraising event revenue                                                         | 91,075                  | -                    | 91,075              | 78,848                       |
| Program revenues                                                                  | 260,510                 | -                    | 260,510             | 252,581                      |
| Change in value of beneficial interest in assets held by The Community Foundation | 3,045                   | -                    | 3,045               | 5,166                        |
| Net unrealized/realized gain on securities, net of investment fees                | 23,123                  | -                    | 23,123              | 39,948                       |
| Net unrealized gain on other asset                                                | 20,916                  | -                    | 20,916              | 20,031                       |
| Dividend and interest income                                                      | 22,369                  | -                    | 22,369              | 26,598                       |
| <b>TOTAL SUPPORT AND REVENUES</b>                                                 | <b>2,700,955</b>        | <b>(72,710)</b>      | <b>2,628,245</b>    | <b>2,476,683</b>             |
| Expenses:                                                                         |                         |                      |                     |                              |
| Program services                                                                  |                         |                      |                     |                              |
| Gross funds awarded to agencies                                                   | 1,615,841               | -                    | 1,615,841           | 1,949,489                    |
| Less: donor designations                                                          | (294,735)               | -                    | (294,735)           | (347,352)                    |
| Net funds awarded to agencies                                                     | 1,321,106               | -                    | 1,321,106           | 1,602,137                    |
| Community Building Initiatives                                                    | 666,365                 | -                    | 666,365             | 565,098                      |
| Total Program services                                                            | 1,987,471               | -                    | 1,987,471           | 2,167,235                    |
| Supporting services                                                               |                         |                      |                     |                              |
| Management and general                                                            | 342,197                 | -                    | 342,197             | 305,784                      |
| Fundraising                                                                       | 250,050                 | -                    | 250,050             | 274,620                      |
| <b>TOTAL EXPENSES</b>                                                             | <b>2,579,719</b>        | <b>-</b>             | <b>2,579,719</b>    | <b>2,747,639</b>             |
| <b>CHANGE IN NET ASSETS</b>                                                       | <b>121,236</b>          | <b>(72,710)</b>      | <b>48,526</b>       | <b>(270,956)</b>             |
| Net assets, beginning of year                                                     | (33,046)                | 1,106,965            | 1,073,919           | 1,344,875                    |
| Net assets (deficit), end of year                                                 | <u>\$ 88,190</u>        | <u>\$ 1,034,255</u>  | <u>\$ 1,122,445</u> | <u>\$ 1,073,919</u>          |

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

|                                 | Program Services               | Supporting Services |                        | Total               |
|---------------------------------|--------------------------------|---------------------|------------------------|---------------------|
|                                 | Community Building Initiatives | Fundraising         | Management and General |                     |
| Salaries and wages              | \$ 201,744                     | \$ 136,123          | \$ 204,455             | \$ 542,322          |
| Payroll taxes and benefits      | 41,110                         | 27,738              | 41,662                 | 110,510             |
|                                 | <u>242,854</u>                 | <u>163,861</u>      | <u>246,117</u>         | <u>652,832</u>      |
| Books from birth expenses       | 161,551                        | -                   | -                      | 161,551             |
| Other program expenses          | 100,834                        | -                   | -                      | 100,834             |
| Bank services fees              | 5                              | -                   | 1,927                  | 1,932               |
| Promotional items               | 1,497                          | 987                 | 378                    | 2,862               |
| Conference fees                 | 1,666                          | 3,270               | 1,714                  | 6,650               |
| Depreciation                    | 9,870                          | 8,179               | 10,152                 | 28,201              |
| Equipment maintenance/rental    | 3,712                          | 2,851               | 3,643                  | 10,206              |
| Special Event expense           | -                              | 27,745              | -                      | 27,745              |
| Other community event expenses  | 44,442                         | -                   | -                      | 44,442              |
| General insurance               | 1,854                          | 1,521               | 1,923                  | 5,298               |
| Meetings                        | 737                            | -                   | -                      | 737                 |
| Dues and subscriptions          | 1,014                          | 840                 | 1,044                  | 2,898               |
| United Way World Wide dues      | 11,579                         | 9,594               | 11,909                 | 33,082              |
| 211 Dues                        | 25,000                         | -                   | -                      | 25,000              |
| Miscellaneous                   | 2,203                          | 1,973               | 2,012                  | 6,188               |
| Rent                            | 12,412                         | 6,131               | 14,570                 | 33,113              |
| Office supplies                 | 1,914                          | 1,445               | 2,011                  | 5,370               |
| Professional services           | 11,618                         | 9,063               | 31,867                 | 52,549              |
| Postage                         | 1,957                          | 1,944               | 2,046                  | 5,947               |
| Printing and publication        | 2,504                          | 2,413               | 2,526                  | 7,443               |
| Data subscriptions              | 18,634                         | 48                  | 104                    | 18,786              |
| Taxes                           | 91                             | 75                  | 94                     | 260                 |
| Travel                          | 4,017                          | 4,595               | 3,736                  | 12,348              |
| Telephone                       | 3,706                          | 2,940               | 3,710                  | 10,356              |
| Staff appreciation              | 694                            | 575                 | 714                    | 1,983               |
|                                 | <u>666,365</u>                 | <u>250,050</u>      | <u>342,197</u>         | <u>1,258,613</u>    |
| TOTAL OPERATIONS                |                                |                     |                        |                     |
| Gross funds awarded to agencies | 1,615,841                      | -                   | -                      | 1,615,841           |
| Less: donor designations        | (294,735)                      | -                   | -                      | (294,735)           |
|                                 | <u>1,321,106</u>               | <u>-</u>            | <u>-</u>               | <u>1,321,106</u>    |
| Net allocation                  |                                |                     |                        |                     |
| TOTAL EXPENSES                  | \$ <u>1,987,471</u>            | \$ <u>250,050</u>   | \$ <u>342,197</u>      | \$ <u>2,579,719</u> |

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

|                                 | Program Services               | Supporting Services |                        | Total               |
|---------------------------------|--------------------------------|---------------------|------------------------|---------------------|
|                                 | Community Building Initiatives | Fundraising         | Management and General |                     |
| Salaries and wages              | \$ 183,267                     | \$ 160,764          | \$ 169,755             | \$ 513,786          |
| Payroll taxes and benefits      | 43,128                         | 37,833              | 39,949                 | 120,910             |
|                                 | <u>226,395</u>                 | <u>198,597</u>      | <u>209,704</u>         | <u>634,696</u>      |
| Grant funding expenses          | 5,650                          | -                   | -                      | 5,650               |
| Other programs expenses         | 44,703                         | -                   | -                      | 44,703              |
| Books from birth expenses       | 128,109                        | -                   | -                      | 128,109             |
| Bank services fees              | 20                             | -                   | 1,551                  | 1,571               |
| Promotional items               | 1,441                          | 583                 | 1,250                  | 3,274               |
| Conference fees                 | 854                            | 426                 | 660                    | 1,940               |
| Depreciation                    | 11,727                         | 6,635               | 9,460                  | 27,822              |
| Equipment maintenance/rental    | 3,102                          | 1,447               | 2,502                  | 7,051               |
| Special event expense           | -                              | 30,830              | -                      | 30,830              |
| Community event expenses        | 38,314                         | -                   | -                      | 38,314              |
| General insurance               | 1,957                          | 1,267               | 2,533                  | 5,757               |
| Meetings                        | 16                             | 11                  | 660                    | 687                 |
| Dues and subscriptions          | 1,083                          | 627                 | 1,266                  | 2,976               |
| United Way World Wide dues      | 12,167                         | 7,873               | 15,745                 | 35,785              |
| 211 Dues                        | 25,750                         | -                   | -                      | 25,750              |
| Miscellaneous                   | 2,282                          | 998                 | 2,796                  | 6,076               |
| Rent                            | 12,412                         | 6,131               | 14,570                 | 33,113              |
| Office supplies                 | 1,356                          | 828                 | 1,708                  | 3,892               |
| Professional services           | 18,401                         | 10,947              | 22,609                 | 51,957              |
| Postage                         | 2,439                          | 535                 | 2,982                  | 5,956               |
| Printing and publication        | 4,071                          | 1,540               | 4,434                  | 10,045              |
| Data subscription               | 14,103                         | 67                  | 133                    | 14,303              |
| Taxes                           | 89                             | 56                  | 106                    | 251                 |
| Travel                          | 4,670                          | 2,950               | 6,270                  | 13,890              |
| Telephone                       | 3,401                          | 1,893               | 4,077                  | 9,371               |
| Staff appreciation              | 586                            | 379                 | 768                    | 1,733               |
|                                 | <u>565,098</u>                 | <u>274,620</u>      | <u>305,784</u>         | <u>1,145,502</u>    |
| TOTAL OPERATING EXPENSES        |                                |                     |                        |                     |
| Gross funds awarded to agencies | 1,949,489                      | -                   | -                      | 1,949,489           |
| Less: donor designations        | (347,352)                      | -                   | -                      | (347,352)           |
|                                 | <u>1,602,137</u>               | <u>-</u>            | <u>-</u>               | <u>1,602,137</u>    |
| Net allocation                  |                                |                     |                        |                     |
| TOTAL EXPENSES                  | \$ <u>2,167,235</u>            | \$ <u>274,620</u>   | \$ <u>305,784</u>      | \$ <u>2,747,639</u> |

See notes to the financial statements and independent auditors' report.



UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

|                                                                                   | 2019       | 2018         |
|-----------------------------------------------------------------------------------|------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |            |              |
| Change in net assets                                                              | \$ 48,526  | \$ (270,956) |
| To reconcile change in net assets to net cash used by operating activities        |            |              |
| Depreciation                                                                      | 28,201     | 27,822       |
| Change in value of beneficial interest in assets held by The Community Foundation | (4,231)    | (5,166)      |
| Donation of securities                                                            | (379,372)  | -            |
| Net unrealized and realized gains on investments                                  | (23,123)   | (41,146)     |
| (Increase) decrease in:                                                           |            |              |
| Pledges receivable, net                                                           | 164,160    | 64,245       |
| Prepaid expenses                                                                  | (3,976)    | 86           |
| Cash surrender value of donor life insurance policy                               | (20,916)   | (20,032)     |
| Increase (decrease) in:                                                           |            |              |
| Accounts payable                                                                  | 9,688      | (5,826)      |
| Deferred revenue                                                                  | 10,134     | 6,950        |
| Due to designated agencies                                                        | (166,713)  | (93,780)     |
| Due to agencies                                                                   | (215,822)  | (54,480)     |
|                                                                                   | (553,444)  | (392,283)    |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                                      |            |              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |            |              |
| Purchase of property, plant and equipment                                         | (11,878)   | (2,553)      |
| Proceeds from sale of investments                                                 | 531,278    | 973,159      |
| Purchase of investments                                                           | -          | (997,603)    |
|                                                                                   | 519,400    | (26,997)     |
| <b>NET CASH PROVIDED BY(USED) IN INVESTING ACTIVITIES</b>                         |            |              |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                  | (34,044)   | (419,280)    |
| Cash and cash equivalents, beginning of year                                      | 567,343    | 986,623      |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                     | \$ 533,299 | \$ 567,343   |
| <br>Supplemental disclosures of cash flow information:                            |            |              |
| Non cash investing activity                                                       |            |              |
| Gift of securities received                                                       | \$ 379,372 | \$ -         |

See notes to the financial statements and independent auditors' report.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties (the Organization) is a member of United Way World Wide. The Organization's mission is to improve lives by advancing opportunities for education, health, and financial stability for all. The Organization serves as a primary community solutions leader that produces measurable, sustainable results through mobilizing and engaging businesses, other non profits, individuals, and governmental agencies to build a stronger community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently Adopted Accounting Standard

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"), to improve the financial reporting model for nonprofit organizations. The new guidance reduces the required classes of net assets from three to two, requires all organizations to provide information about expenses by both nature and function, and changes presentation and disclosure requirements by simplifying some disclosures and enhancing others. The Organization adopted the provisions of ASU 2016-14 effective January 1, 2018 which had only presentation effects within the Organization's financial statements and did not have a material impact on net assets.

Basis of Presentation

Financial statement presentation follows the guidance of FASB 2016-14. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Public Support and Revenue

Contributions received are recorded as net assets without restrictions or with restrictions depending on the existence and/or nature of any donor restrictions. Time and purpose restricted contributions are required to be reported as net assets with restrictions and are then reclassified to net assets without restrictions upon expiration of the time restriction or fulfillment of the purpose restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Organization's cash and cash equivalents consist of demand deposits with banks with maturities of three months or less. The Organization does not include money market accounts in cash equivalents that are considered part of their investment accounts.

The Organization maintains its operating bank accounts primarily at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed FDIC limits. The Organization has not experienced any losses in such accounts.

Investments

Investments are in marketable securities, mutual funds, and fixed income securities and are reported at fair value. The fair value of investments is determined by reference to quoted market prices. Investment purchases and sales are accounted for on the trade date. Realized gains and losses on the sale of securities are recognized based on the sale proceeds compared to the original cost of the investment when acquired, on a specific identification method. Dividend income is recognized on the ex-dividend date while interest income is recognized on the accrual basis.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value, based on prior years' experience and management's analysis of specific promises made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in public support and revenues. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization utilizes historical data as well as management's opinion of current economic conditions to estimate the allowance for uncollectible pledges. Pledges not collected approximately twelve months after the Organization concludes its annual fundraising campaign become delinquent and are written off during the subsequent six to nine months.

Property and Equipment, net

Property and equipment are recorded at cost or fair value at the date of gift for donated property. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenditures for maintenance, repairs and renewals are charged to operations as incurred, and betterments greater than \$1,000 are capitalized. The building improvements are depreciated over 10 years and furniture and equipment over 5-7 years.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classification by the Internal Revenue Service as an other than private foundation. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2019 and 2018, 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.

As of June 30, 2019 and 2018, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization’s policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Organization files a U.S. Federal information tax return. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2019, 2018, and 2017.

Deferred Revenue

Deferred revenue results from the Organization recognizing contributions and public support in the period in which the annual campaign is attributable. Accordingly, contributions for events and campaigns attributable to the subsequent year are deferred until the proper period.

Reclassifications

Certain balances in the prior fiscal year have been reclassified to conform with the presentation in the current fiscal year.

Grants Payable

The Organization makes grants to the various nonprofits it supports in June of each year to be paid over the next 12 months. The grants in general are considered unconditional obligations when awarded resulting in a liability recorded at that time.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by the net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Designated pledges

A designated pledge is a contribution to the Organization that is to be paid to a donor specified charity. This is an agency transaction that is recorded as a liability and is not included in public support and revenue.

The Organization's policy is for the community investment committee, which is made up community volunteers, to set investment amounts per program with designated donor contributions being the first dollars in. Any supplemental amount is invested from the unrestricted pool.

Functional expenses

The Organization's expenses are allocated to its programs and supporting services based upon direct expenditures incurred. Any expenditure that is not directly allocated is allocated among program and supporting services on a reasonable basis that is consistently applied generally based upon an analysis of personnel time allocated to each function.

**NOTE B – PLEDGES RECEIVABLE**

Included in pledges receivable are the following unconditional promises to give as of June 30, 2019 and 2018:

|                                          | 2019       |                                          | 2018         |
|------------------------------------------|------------|------------------------------------------|--------------|
| 2017 Campaign:                           |            | 2016 Campaign:                           |              |
| Undesignated                             | \$ 296,796 | Undesignated                             | \$ 280,391   |
| Designated                               | -          | Designated                               | -            |
| 2018 Campaign:                           |            | 2017 Campaign:                           |              |
| Undesignated                             | 1,086,969  | Undesignated                             | 1,048,619    |
| Designated                               | 147,368    | Designated                               | 230,774      |
| 2019 Campaign:                           |            | 2018 Campaign:                           |              |
| Undesignated                             | 10,050     | Undesignated                             | 1,500        |
| Designated                               | -          | Designated                               | -            |
| Total                                    | 1,541,182  | Total                                    | 1,561,284    |
| Less allowance for uncollectible pledges | (596,878)  | Less allowance for uncollectible pledges | (452,820)    |
| Total pledges receivable                 | \$ 944,304 | Total pledges receivable                 | \$ 1,108,464 |

All pledge receivables are deemed collectible within one year therefore no estimation by discounting of future cash flows using a risk-free rate of return is required.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

**NOTE C - INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of June 30, 2019 and 2018:

|                                                  | 2019       | 2018         |
|--------------------------------------------------|------------|--------------|
| Money market funds                               | \$ 219,087 | \$ 56,027    |
| Equities-mutual funds, ETFs                      | 531,351    | 695,699      |
| Fixed income-mutual funds, ETFs                  | 64,788     | 342,666      |
| Certificates of deposit(approximates fair value) | 150,849    | -            |
|                                                  | \$ 966,075 | \$ 1,094,392 |

The organization has one certificate of deposit for \$100,000 earning interest at 2.7% maturing December 2019 and another certificate for \$50,000 at 3.05% maturing December 2020.

Generally accepted accounting principles establish 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). The three levels of the fair value hierarchy are described below:

Level 1- inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2- inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in an active markets
- inputs other than quoted prices that are observable for the asset
- inputs that are derived principally from or cooperated by observable market data

Level 3- inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of the input that is significant to the fair value measurement. The following table sets forth by level, within the fair value hierarchy, the organization's financial instruments at fair value of as of June 30, 2019 in 2018:

|                                              |            |              |
|----------------------------------------------|------------|--------------|
| Measured using Level 1 fair value inputs:    | 2019       | 2018         |
| Equity mutual funds and ETFs                 | \$ 531,351 | \$ 695,699   |
| Fixed income mutual funds and ETFs           | 64,788     | 342,666      |
| Measured using Level 2 fair value inputs:    |            |              |
| Beneficial interest in assets held by others | 76,517     | 72,753       |
|                                              | \$ 672,656 | \$ 1,111,118 |

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018**

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2019 and 2018:

|                                    | 2019       | 2018       |
|------------------------------------|------------|------------|
| Computers and office equipment     | \$ 86,132  | \$ 74,254  |
| Furniture, fixtures, and equipment | 39,964     | 39,964     |
| Leasehold improvements             | 164,412    | 164,412    |
| Totals                             | 290,508    | 278,630    |
| Less accumulated depreciation      | (164,557)  | (136,356)  |
| Property and equipment, net        | \$ 125,951 | \$ 142,274 |

During the year ending June 30, 2019 and 2018, depreciation totaled \$28,201 and \$27,822, respectively.

**NOTE E - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

Beneficial interests in assets held by others represent assets transferred to and held by the Community Foundation of Middle Tennessee, Inc. (the "Foundation") The Foundation has variance power and is the legal owner of the funds contributed by the Organization. The Organization is the beneficiary of the fund and receives distributions of income, subject to the Foundation's spending policy. The Organization accounts for its beneficial interest in the Foundation as an asset and is valued at fair market value based upon its proportional share of the value of the trust assets.

**NOTE F - RESTRICTION ON AND DESIGNATIONS OF NET ASSETS**

Net assets released from the restrictions during the year ended June 30, 2019 and 2018 were comprised of the following:

|                                      | 2019         | 2018         |
|--------------------------------------|--------------|--------------|
| Campaign 2019 and 2018, respectively | \$ 1,106,964 | \$ 1,121,998 |

Net assets without restrictions at June 30, 2019 and 2018 are as follows:

|                                       | 2019       | 2018        |
|---------------------------------------|------------|-------------|
| Board designated for operations       | \$ 354,246 | \$ 262,746  |
| Board designated for agency endowment | 76,517     | 72,753      |
| Unrestricted, undesignated            | (342,573)  | (368,544)   |
|                                       | \$ 88,190  | \$ (33,045) |

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2019 AND 2018**

**NOTE F- RESTRICTION ON AND DESIGNATIONS OF NET ASSETS(CONTINUED)**

Net assets with time related restrictions at June 30, 2019 and 2018 are as follows:

|                                      | 2019         | 2018         |
|--------------------------------------|--------------|--------------|
| Campaign 2019 and 2018, respectively | \$ 1,034,255 | \$ 1,106,965 |

**NOTE G – SIMPLE IRA PENSION PLAN**

The Organization adopted a Simple IRA plan effective July 1, 2005 for the benefit of eligible employees. An employee is eligible for participation if they had compensation of \$5,000 or more during the prior year. For each of the years June 30, 2019 and 2018 the board approved a matching contribution of up to 3% of each participant's compensation.

For the years ended June 30, 2019 and 2018 retirement expense totaled \$5,550 and \$10,117 respectively.

**NOTE H – LEASES**

The Organization entered into an operating lease for office space for 10 years with an option to extend the term for an additional 5 year period. Annual rent for each successive year after the first year will increase by 2%. The Lessor and the Organization can terminate the lease with a 30 day notice to the other party only for failure of the other party to fulfill its obligations under the lease.

The Organization leased office equipment with operating agreements of varying lengths.

For the years ended June 30, 2019 and 2018 ended total rent expense was \$33,113 and \$33,113, respectively, and was included in management and general, fundraising, and program expenses in the accompanying financial statements.

The future minimum lease payments due are as follows:

| June 30,   |    |         |
|------------|----|---------|
| 2019       | \$ | 42,056  |
| 2020       |    | 42,704  |
| 2021       |    | 43,376  |
| 2022       |    | 34,740  |
| 2023       |    | 35,436  |
| Thereafter |    | 36,144  |
| TOTAL      | \$ | 234,456 |



**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

**NOTE I – CONCENTRATIONS OF RISK**

The Organization's support and revenue for the year ended June 30, 2019 and 2018 are approximately 95% and 90% from pledges promised or received in its Fall 2018 and 2017 fundraising campaigns, respectively.

**NOTE J – OTHER ASSET**

During the years ended June 30, 2019 and 2018, a donation was received by the Organization in the form of a life insurance policy on the life of a donor in which the Organization was named as the owner and beneficiary. The donor contributes \$50,000 annually to Organization by depositing cash into an investment account under the name of the Organization. In turn, the life insurance company uses the \$50,000 deposited into the investment account to pay the premium on the policy. The Organization has recorded the balance of the life insurance policy as an "other asset" on the balance sheet. As of June 30, 2019 and 2018 the value of the assets within the program totaled \$89,375 and \$68,459.

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

The Organization's has \$2,443,678 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$533,299, pledges receivable of \$944,304 and investments of \$966,075. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures and related liabilities become due.

**NOTE L – SUBSEQUENT EVENTS**

As of the date of the financial statements no events or transactions have transpired that would have a material effect on the balances reported herein as of June 30, 2019 or that would significantly impact the Organization's ongoing operations.

The Organization has evaluated subsequent events through August 8, 2019 which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
SCHEDULES OF AMOUNTS GIVEN TO AGENCIES (CASH BASIS)  
FOR THE YEARS ENDED JUNE 30,2019 AND 2018

|                                                          | 2019                | 2018                |
|----------------------------------------------------------|---------------------|---------------------|
| Alive Hospice, Inc.                                      | \$ 9,979            | \$ 5,000            |
| American Red Cross Heart of Tennessee Chapter            | 54,419              | 78,167              |
| Ann Campbell Early Learning Center- MTSU                 | 93,336              | 93,336              |
| Big Brothers Big Sisters of Middle Tennessee             | 37,669              | 37,669              |
| Boys & Girls Club of Rutherford County                   | 151,304             | 152,169             |
| Cannon County Imagination Library Cannon Reads           | 4,848               | 4,848               |
| Cannon County SAVE                                       | -                   | 3,790               |
| Cannon County Senior Center                              | 16,843              | 22,198              |
| CASA of Rutherford County                                | 21,113              | 27,497              |
| Child Advocacy Center of Rutherford County, Inc.         | 153,699             | 179,418             |
| Children's Museum Corporation of Rutherford County       | 18,616              | 18,616              |
| Community Helpers of Rutherford County                   | 149,740             | 149,740             |
| Domestic Violence Program, Inc. of Rutherford County     | 45,150              | 52,435              |
| Elders First Adult Day Services -Mindful Care            | 2,118               | 2,334               |
| Endure Athletics                                         | 2,000               | -                   |
| Family & Children's Service                              | -                   | 950                 |
| Girl Scouts of Middle Tennessee                          | 13,840              | 13,840              |
| Holloway Harbor Child Care Center                        | 2,994               | 4,862               |
| Insight Counseling Centers                               | 7,750               | 10,000              |
| Interfaith Dental Clinic                                 | 27,333              | 33,036              |
| Journeys in Community Living                             | 81,103              | 90,227              |
| Kymari House, Inc.                                       | 18,000              | 20,000              |
| Legal Aid Society of Middle Tennessee and the Cumberland | 15,300              | 15,300              |
| Mid- Cumberland Human Resource Agency                    | 139,334             | 160,466             |
| Middle Tennessee Council Boy Scouts of America           | 14,520              | 14,520              |
| Murfreesboro City School Foundation                      | 16,727              | 16,727              |
| Nurses for Newborns of Tennessee                         | 12,972              | 14,375              |
| Portico/The Pregnancy Support Center                     | 5,331               | 4,588               |
| Project Transformation Tennessee Inc.                    | 28,538              | 28,538              |
| Read To Succeed                                          | 20,000              | 20,000              |
| Rutherford County Area Habitat for Humanity              | 18,768              | 18,768              |
| Rutherford County Emergency Food Bank                    | 9,000               | 9,000               |
| Rutherford County Primary Care & Hope Clinic             | 83,715              | 100,970             |
| Rutherford County Schools                                | 29,714              | 29,714              |
| Second Harvest Food Bank                                 | 7,498               | 7,498               |
| Smyrna- Lavergne Food Bank                               | 67,101              | 67,101              |
| Special Kids                                             | 18,804              | 14,909              |
| St. Clair Senior Center                                  | 23,296              | 29,734              |
| STARS                                                    | 138,473             | 157,149             |
| Tennessee Kidney Foundation                              | 3,600               | 4,000               |
| Tennessee Poison Center                                  | 10,748              | 11,948              |
| The Family Center                                        | 31,412              | 40,660              |
| The Salvation Army                                       | 116,217             | 116,217             |
| Tucker's House                                           | 4,705               | 6,490               |
| Volunteer Behavioral Health-The Guidance Center          | 43,800              | 43,800              |
| Wee Care Day Care Center                                 | 27,746              | 27,746              |
| Totals                                                   | <u>\$ 1,799,172</u> | <u>\$ 1,960,349</u> |



United Way of Rutherford and Cannon Counties  
Dollars returned to our Community from Donor Dollars invested  
Fiscal Year ended June 30, 2019

\$1 to \$16

From July 1, 2018 to June 30, 2019, United Way of Rutherford and Cannon Counties was able to see a \$16 return for every one dollar invested in United Way.

For the year ended June 30, 2019, \$2,212,352.00 was returned back into the community through the Volunteer Income Tax Assistance Program and \$1,083,816.00 was saved by the FamilyWize Prescription Discount Program. United Way also recruited volunteers, making a \$207,445.00 impact throughout this time frame. United Way also organized several volunteer events (Stuff the Bus and the Community Baby Shower) that resulted in \$90,046.00 worth of in-kind donations of supplies and materials.

Additionally, United Way invested \$1,321,106.00 in the areas of education, income and health to improve lives in Rutherford and Cannon counties. United Way partner programs were able to leverage \$2,200,347.00 in additional funds because of their partnership with United Way. United Way was also the sole provider of the 2-1-1 program to Rutherford and Cannon counties with an investment of \$25,000.00. Charity Tracker generated an impact of \$689,958.00 to the community through assistance to county residents.

**Mission:** *To improve lives by advancing opportunities for education, health and financial stability for all*

**Vision:** *To be the primary community solutions leader for human services*