

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDING JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of Rutherford and Cannon Counties

Opinion

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, 2023 and 2022, 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 United Way of Rutherford and Cannon Counties as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 United Way of Rutherford and Cannon Counties and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Rutherford and Cannon Counties' 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 generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 United Way of Rutherford and Cannon Counties' 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 United Way of Rutherford and Cannon Counties' 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 audits.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on page 20 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The nonaccounting information shown on page 21, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Dempsey Vantrease & Follis PLLC

Murfreesboro, Tennessee
August 7, 2023

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 326,599	\$ 600,130
Pledges receivable	923,828	992,971
Grants receivable	45,644	-
Prepaid expenses	27,562	22,835
Investments	1,709,718	1,335,636
Beneficial interest in assets held by Community Foundation of Middle Tennessee	92,376	85,358
Cash surrender value of donor life insurance policy	227,664	202,236
Right-of-use assets - operating leases, net	214,495	240,143
Property and equipment, net	40,498	62,352
TOTAL ASSETS	\$ 3,608,384	\$ 3,541,661
LIABILITIES		
Accounts payable	\$ 20,477	\$ 13,665
Allocations due to agencies	1,045,723	1,027,123
Due to designated agencies	73,543	115,218
Deferred revenue	125,833	83,975
Accrued expenses	58,111	63,740
Operating lease liabilities	214,495	240,143
TOTAL LIABILITIES	1,538,182	1,543,864
NET ASSETS		
Without restrictions	1,146,874	1,010,827
With restrictions	923,328	986,971
TOTAL NET ASSETS	2,070,202	1,997,797
TOTAL LIABILITIES AND NET ASSETS	\$ 3,608,384	\$ 3,541,661

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, 2023 and 2022

	2023			Summarized 2022 Totals
	Without Restrictions	With Restrictions	Total	
Public Support and Revenues:				
Campaign results for prior years:				
Gross campaign results - prior years	\$ 192,955	\$ -	\$ 192,955	\$ 110,588
Prior year campaign released from restriction	922,751	(922,751)	-	-
Total campaign results - prior years	1,115,706	(922,751)	192,955	110,588
Less donor designations	(87,600)	-	(87,600)	(20,259)
Less provision for uncollectible pledges	(5,065)	-	(5,065)	(6,021)
Net campaign revenue prior year	1,023,041	(922,751)	100,290	84,308
Gross campaign results - current year	1,240,387	859,108	2,099,495	2,252,715
Less donor designations	(262,599)	-	(262,599)	(214,679)
Less provision for uncollectible pledges	(173,235)	-	(173,235)	(186,155)
Net campaign revenue - current year	804,553	859,108	1,663,661	1,851,881
Total campaign revenue	1,827,594	(63,643)	1,763,951	1,936,188
Other contributions	52,560	-	52,560	139,025
Nonfinancial contributions	2,660	-	2,660	753
Fundraising event revenues	119,061	-	119,061	165,475
Program revenues	327,243	-	327,243	285,388
Grant revenues	302,290	-	302,290	184,302
Change in value of beneficial interest in assets held by The Community Foundation	6,435	-	6,435	(13,364)
Net unrealized/realized (loss) gain on securities, net of investment fees	80,822	-	80,822	(173,844)
Net unrealized gain (loss) on other asset	(24,572)	-	(24,572)	19,496
Dividend and interest income	35,359	-	35,359	26,487
Employee Retention Credits	87,519	-	87,519	-
Paycheck Protection Program loan forgiven	-	-	-	132,244
TOTAL SUPPORT AND REVENUES	2,816,971	(63,643)	2,753,328	2,702,151
Expenses:				
Program services				
Gross funds awarded to agencies	1,302,849	-	1,302,849	1,236,079
Less: donor designations	(262,599)	-	(262,599)	(214,679)
Net funds awarded to agencies	1,040,250	-	1,040,250	1,021,400
Community Building Initiatives	881,748	-	881,748	849,958
Total Program services	1,921,998	-	1,921,998	1,871,358
Supporting services				
Management and general	374,176	-	374,176	315,121
Fundraising	384,749	-	384,749	399,985
TOTAL EXPENSES	2,680,923	-	2,680,923	2,586,463
CHANGE IN NET ASSETS	136,048	(63,643)	72,405	115,688
Net assets, beginning of year	1,010,826	986,971	1,997,797	1,882,109
Net assets, end of year	\$ 1,146,874	\$ 923,328	\$ 2,070,202	\$ 1,997,797

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, 2023

	Program Services	Supporting Services		Total
	Community Building Initiatives	Fundraising	Management and General	
Salaries and wages	\$ 289,673	\$ 191,377	\$ 206,515	\$ 687,565
Payroll taxes and benefits	55,802	36,867	39,783	132,452
	<u>345,475</u>	<u>228,244</u>	<u>246,298</u>	<u>820,017</u>
Books from birth	219,269	-	-	219,269
Other program	26,709	-	-	26,709
Bank services fees	-	-	7,336	7,336
Promotional items	1,965	1,298	1,402	4,665
Depreciation	9,207	6,083	6,564	21,854
Equipment maintenance/rental	6,415	4,238	4,573	15,226
Special events	-	63,772	-	63,772
Other community events	102,024	-	-	102,024
General insurance	7,300	4,823	5,205	17,328
Dues and subscriptions	6,151	4,063	4,385	14,599
United Way World Wide dues	13,289	8,780	9,474	31,543
211 Dues	26,050	-	-	26,050
Miscellaneous	9,447	6,241	6,740	22,428
Rent	13,951	9,217	9,945	33,113
Office supplies	1,512	999	1,077	3,588
Technology	31,211	20,620	22,251	74,082
Professional services	-	-	20,441	20,441
Postage	5,149	3,402	3,670	12,221
Printing and publication	5,283	3,490	3,767	12,540
Data subscriptions	21,857	-	-	21,857
Taxes	-	-	30	30
Travel	23,170	15,308	16,518	54,996
Telephone	4,965	3,280	3,539	11,784
Staff appreciation	1,349	891	961	3,201
	<u>881,748</u>	<u>384,749</u>	<u>374,176</u>	<u>1,640,673</u>
TOTAL OPERATIONS				
Gross funds awarded to agencies	1,302,849	-	-	1,302,849
Less: donor designations	(262,599)	-	-	(262,599)
	<u>1,040,250</u>	<u>-</u>	<u>-</u>	<u>1,040,250</u>
Net allocation				
TOTAL EXPENSES	\$ <u>1,921,998</u>	\$ <u>384,749</u>	\$ <u>374,176</u>	\$ <u>2,680,923</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, 2022

	Program Services	Supporting Services		Total
	Community Building Initiatives	Fundraising	Management and General	
Salaries and wages	\$ 292,004	\$ 201,769	\$ 178,119	\$ 671,892
Payroll taxes and benefits	60,300	41,666	36,783	138,749
	<u>352,304</u>	<u>243,435</u>	<u>214,902</u>	<u>810,641</u>
Books from birth	209,843	-	-	209,843
Other program	29,188	-	-	29,188
Bank services fees	-	-	4,441	4,441
Promotional items	1,584	1,094	966	3,644
Depreciation	12,229	8,450	7,460	28,139
Equipment maintenance/rental	5,458	3,771	3,329	12,558
Special events	-	72,525	-	72,525
Other community events	100,125	-	-	100,125
General insurance	2,392	1,653	1,459	5,505
Dues and subscriptions	5,265	3,638	3,212	12,115
United Way World Wide dues	19,864	13,726	12,117	45,707
211 Dues	25,240	-	-	25,240
Miscellaneous	7,852	5,426	4,790	18,068
Rent	14,391	9,944	8,778	33,113
Office supplies	1,967	1,359	1,200	4,525
Technology	17,357	11,994	10,588	39,939
Professional services	-	-	21,512	21,512
Outside marketing consultant	-	100	-	100
Postage	6,804	4,701	4,150	15,655
Printing and publication	5,726	3,956	3,493	13,175
Data subscriptions	11,801	-	-	11,801
Taxes	-	-	179	179
Travel	14,653	10,125	8,938	33,716
Telephone	4,889	3,378	2,982	11,248
Staff appreciation	1,026	709	626	2,362
	<u>849,958</u>	<u>399,985</u>	<u>315,121</u>	<u>1,565,063</u>
TOTAL OPERATIONS				
Gross funds awarded to agencies	1,236,079	-	-	1,236,079
Less: donor designations	(214,679)	-	-	(214,679)
	<u>1,021,400</u>	<u>-</u>	<u>-</u>	<u>1,021,400</u>
Net allocation				
TOTAL EXPENSES	\$ <u>1,871,358</u>	\$ <u>399,985</u>	\$ <u>315,121</u>	\$ <u>2,586,463</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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 72,405	\$ 115,688
To reconcile change in net assets to net cash provided by operating activities		
Depreciation	21,854	28,139
Change in value of beneficial interest in assets held by The Community Foundation	(7,018)	11,525
Net unrealized and realized (gain) loss on investments	(80,822)	173,844
(Increase) decrease in:		
Pledges receivable, net	69,143	(9,630)
Grants receivable	(45,644)	-
Prepaid expenses	(4,727)	(13,595)
Cash surrender value of donor life insurance policy	(25,428)	(69,454)
Increase (decrease) in:		
Accounts payable	6,812	3,908
Accrued expenses	(5,629)	10,783
Deferred revenue	41,858	(14,905)
Due to designated agencies	(41,675)	(17,631)
Due to agencies	18,600	(49,340)
Paycheck protection program	-	(132,242)
	19,729	37,090
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(7,014)
Purchases of investments	(293,260)	(104,783)
NET CASH USED BY INVESTING ACTIVITIES	(293,260)	(111,797)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(273,531)	(74,707)
Cash and cash equivalents, beginning of year	600,130	674,837
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 326,599	\$ 600,130
Supplemental disclosures of cash flow information:		
Noncash exchange of operating lease liabilities for right-of-use assets	\$ -	\$ 240,143

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

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Nature of Organization

The United Way of Rutherford County d/b/a 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 nonprofits, individuals, and governmental agencies to build a stronger community. The Organization serves Rutherford, Cannon, and Bedford counties.

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 Standards

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases* (“ASU 2016-02”), which along with subsequent amendments, superseded prior lease accounting requirements. The updated standard requires balance sheet recognition for all leases with lease terms greater than one year including a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The Organization adopted the provisions of ASU 2016-02 and all of the related amendments effective July 1, 2022 using a modified retrospective approach. As a result of implementation of ASU 2016-02, assets and liabilities increased by \$240,143 as of July 1, 2021.

In July 2021, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The adoption of this guidance did not have a material impact on the Organization’s financial statements.

Basis of Presentation

Net assets, 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.

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, 2022, from which the summarized information was derived.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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

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.

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.

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.

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.

Property and Equipment

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.

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.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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.

Revenue Recognition

Public support and contributions received are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by the Organization are considered contributions.

Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reports as net assets without donor restrictions.

Fundraising event and program revenues received are not recognized until the revenue is earned, which is at the time of the event or when the services are provided, and the Organization does not believe it is required to provide additional goods or services to fulfill its related performance obligation. Reciprocal transactions within program revenues are generally registration fees or ticket sales which are recognized as revenue upon conclusion of the event.

Individuals may volunteer their time and perform a variety of tasks that assist the Organization at fundraising activities. As of June 30, 2023 and 2022, these services did not meet the criteria for recognition as contributed services and have not been recorded in the financial statements.

Non-cash donations such as books, that the Organization uses to support the Books from Birth program are recorded as revenue at fair market value and a related expense is recorded as the items are used.

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.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023, 2022, and 2021.

Paycheck Protection Program

During 2021, the Organization applied for a 2nd round loan in the amount of \$132,244 from the Small Business Administration (“SBA”) under the terms of the Paycheck Protection Program. The Organization has obtained forgiveness on repayment of the Paycheck Protection Program funds from the SBA and they are accounted for in revenue as of June 30, 2022.

NOTE B - 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.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

NOTE C – PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2023 and 2022:

	2023		2022
2021 Campaign:		2020 Campaign:	
Undesignated	\$ 110,834	Undesignated	\$ 38,671
Designated	15,190	Designated	-
2022 Campaign:		2021 Campaign:	
Undesignated	973,990	Undesignated	1,035,318
Designated	58,353	Designated	115,218
2023 Campaign:		2022 Campaign:	
Undesignated	500	Undesignated	6,000
Designated	-	Designated	-
Total	1,158,867	Total	1,195,207
Less allowance for uncollectible pledges	(235,039)	Less allowance for uncollectible pledges	(202,236)
Total pledges receivable	\$ 923,828	Total pledges receivable	\$ 992,971

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.

NOTE D - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2023 and 2022:

	2023	2022
Cash	\$ 62,721	\$ 54,813
Money market funds	-	164,840
Equities-mutual funds, ETFs	913,158	848,148
Fixed income-mutual funds, ETFs	474,101	267,835
Certificates of deposit	259,738	-
	\$ 1,709,718	\$ 1,335,636

NOTE E – FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (“FASB ASC 820”), provides the 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).

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy under FASB ASC 820 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 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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 31, 2023 and 2022.

- (i) *Money market, equity and fixed income mutual funds, ETFs, and certificates of deposit:* Valued at the net asset value of shares held by the Plan at year end based on a quoted price in an active market.
- (ii) *Beneficial interest in assets held at the Community Foundation:* Valued, as a practical expedient, at fair value of the Organization's share of the investment pool as of the measurement date. The Community Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Community Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Community Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, estimated fair values may differ significantly from the values that would have been used had a readily available market existed for these investments. The Organization considers the measurement of its beneficial interest to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of assets, the Organization will never receive those assets or have the ability to direct redemption of them.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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, 2023 and 2022:

Measured using Level 1 fair value inputs:	<u>2023</u>	<u>2022</u>
Cash	\$ 62,721	\$ 54,813
Money market funds	-	164,840
Equity mutual funds and ETFs	913,158	848,148
Fixed income mutual funds and ETFs	474,101	267,835
Certificates of deposit	259,738	-
Measured using Level 3 fair value inputs:		
Beneficial interest in assets held by others	<u>92,376</u>	<u>85,358</u>
	<u>\$ 1,802,094</u>	<u>\$ 1,420,994</u>

The following represents a reconciliation for the activities for the Level 3 investment:

	<u>2023</u>	<u>2022</u>
Beneficial Interest in Assets Held by Community		
Foundation at beginning of year, fair market value	\$ 85,358	\$ 96,883
Interest/Dividend income	1,091	2,451
Realized gain (loss)	(385)	2,507
Unrealized gain (loss)	6,820	(15,871)
Administrative fees	(330)	(430)
Investment expenses	<u>(178)</u>	<u>(182)</u>
Beneficial Interest in Assets Held by Community		
Foundation at end of year, fair market value	<u>\$ 92,376</u>	<u>\$ 85,358</u>

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2023 and 2022:

	2023	2022
Computers and office equipment	\$ 77,921	\$ 77,921
Furniture, fixtures, and equipment	38,816	38,816
Leasehold improvements	164,412	164,412
Totals	281,149	281,149
Less accumulated depreciation	(240,651)	(218,797)
Property and equipment, net	\$ 40,498	\$ 62,352

During the year ending June 30, 2023 and 2022, depreciation totaled \$21,854 and \$28,139, respectively.

NOTE G – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS

Net assets released from the restrictions during the year ended June 30, 2023 and 2022 were comprised of the following:

	2023	2022
Campaign 2023 and 2022, respectively	\$ 922,751	\$ 1,205,866

Net assets without restrictions at June 30, 2022 and 2021 are as follows:

	2023	2022
Board designated for agency endowment	\$ 92,376	\$ 99,823
Unrestricted, undesignated	1,054,498	911,004
	\$ 1,146,874	\$ 1,010,827

Net assets with time related restrictions at June 30, 2023 and 2022 are as follows:

	2023	2022
Campaign 2023 and 2022, respectively	\$ 923,328	\$ 986,971

NOTE H – SIMPLE IRA PENSION PLAN

The Organization has a Simple IRA 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, 2023 and 2022 the board approved a matching contribution of up to 3% of each participant's compensation. For the years ended June 30, 2023 and 2022 retirement expense totaled \$8,955 and \$7,436, respectively.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022**

NOTE I – OPERATING LEASES

In December 2014, 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. For the years ended June 30, 2023 and 2022, total rent expense was \$33,113 and was included in management and general, fundraising, and program expenses in the accompanying financial statements.

It is the Organization’s policy to use a risk-free rate as the discount rate (4.13% at June 30, 2023) for the operating lease. The weighted average remaining lease term for the operating lease is 89 months. The operating lease is presented as a right-of-use asset and related operating lease liability on the balance sheet as of June 30, 2023 and 2022 in the amounts of \$214,495 and \$240,143, respectively.

The future minimum payments under the lease for the next five years are as follows:

<u>June 30,</u>		
2024	\$	35,790
2025		36,504
2026		37,230
2027		37,968
2028		38,718
Thereafter		<u>59,424</u>
Less effects of discounting		<u>(31,139)</u>
TOTAL	\$	<u><u>214,495</u></u>

The Organization leases office equipment with operating agreements of varying lengths. It is the Organization’s policy not to present short-term leasing activities with agreements maturing in 12 months or less on the statement of financial position.

NOTE J – CONCENTRATIONS OF RISK

Substantially all of the Organization’s pledges promised and campaign revenue are from its donors located primarily in Middle Tennessee.

NOTE K – CASH SURRENDER VALUE OF DONOR LIFE INSURANCE POLICY

During the year ended June 30, 2018, the Organization was named beneficiary of a life insurance policy on the life of a donor. The donor contributes \$50,000 annually to the 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 on the statement of financial position. As of June 30, 2023 and 2022, the cash surrender value of the donor life insurance policy totaled \$227,664 and \$202,236.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023 AND 2022

NOTE L – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$2,960,145 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$326,599, pledges receivable of \$923,828, and investments of \$1,709,718. 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 M – 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, 2023 or that would significantly impact the Organization's ongoing operations. The Organization has evaluated subsequent events through August 7, 2023 which is the date the financial statements were available to be issued.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
SCHEDULES OF AMOUNTS GIVEN TO AGENCIES (CASH BASIS)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
ACE Learning Center (formerly Project Help)	\$ 95,000	\$ -
Alive Hospice, Inc.	10,000	-
Ann Campbell Early Learning Center- MTSU	-	100,000
Big Brothers Big Sisters of Middle Tennessee	18,000	20,000
Boys & Girls Club of Rutherford County	48,000	40,000
Cannon County Senior Center	4,000	4,000
CASA of Rutherford County	-	5,000
Child Advocacy Center of Rutherford County, Inc.	80,000	110,000
City Schools Foundation	40,000	-
Children's Museum Corporation of Rutherford County	23,520	5,000
Community Helpers of Rutherford County	75,000	80,000
Domestic Violence Program, Inc. of Rutherford County	7,500	10,000
Dominion Financial Management	10,000	8,000
Endure Athletics	-	280
Greenhouse Ministries	-	10,000
Girl Scouts of Middle Tennessee	-	5,000
Insight Counseling Centers	27,030	25,000
Interfaith Dental Clinic	10,000	20,000
Journeys in Community Living	-	20,000
Kymari House, Inc.	-	10,000
Legal Aid Society of Middle Tennessee and the Cumberlands	10,000	10,000
Mid- Cumberland Human Resource Agency	15,000	45,000
Murfreesboro City School Foundation	-	5,000
Murfreesboro Cold Patrol	10,000	-
Nourish Food Bank	50,000	50,000
Nurses for Newborns of Tennessee	19,500	15,000
Nurture the Next	5,000	-
Read To Succeed	25,000	35,000
Renewed Life Ministries Outreach	11,850	10,000
Rutherford County Area Habitat for Humanity	10,000	18,000
Rutherford County Primary Care & Hope Clinic	20,000	40,000
Rutherford County Schools	-	6,000
Special Kids	15,000	-
STARS	170,000	150,000
Stepping Stones Safe Haven	10,000	10,000
The Family Center	25,000	32,000
The Salvation Army	60,000	70,000
Volunteer Behavioral Health-The Guidance Center	15,000	20,000
Waves, Inc.	12,000	-
Wee Care Day Care Center	40,000	20,000
Totals	\$ 1,021,400	\$ 1,070,740

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



United Way of Rutherford
& Cannon Counties

United Way of Rutherford and Cannon Counties Dollars returned to our Community from Donor Dollars invested Fiscal Year ended June 30, 2023 (Unaudited)

\$1 to \$14

From July 1, 2022, to June 30, 2023, United Way of Rutherford and Cannon Counties was able to see a \$14 return for every one dollar invested in United Way.

For the year ended June 30, 2023, \$2,108,160 was returned back into the community through the Volunteer Income Tax Assistance Program and \$1,802,601 was saved by the Single Care Prescription Discount Program. United Way also recruited volunteers, making a \$197,865 impact throughout this time frame. United Way also organized several volunteer events (Hometown Huddle snack pack drive, Literacy Day of Action book drive, Stuff the Bus and the Community Baby Shower) that resulted in \$20,351 worth of donations of supplies and materials.

Additionally, United Way invested \$1,040,000 in the areas of education, income and health to improve lives in Rutherford and Cannon counties. United Way partner programs were able to leverage \$649,341 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 \$26,259. Charity Tracker generated an impact of \$1,303,358 to the community through assistance to county residents. The United Way of Rutherford and Cannon Counties 2022 campaign produced designated gifts to agencies of \$265,162.

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