

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDING JUNE 30, 2021 AND 2020

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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, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Managements' 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.

Auditors' 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, 2021 and 2020, 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' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 21 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 22, 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.



Murfreesboro, Tennessee
August 11, 2021

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 and 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 674,837 | \$ 456,923 |
| Pledges receivable | 983,341 | 890,882 |
| Prepaid expenses | 9,240 | 9,712 |
| Property and equipment, net | 83,477 | 104,225 |
| Investments | 1,404,697 | 943,989 |
| Beneficial interest in assets held by Community Foundation of Middle Tennessee | 96,883 | 78,618 |
| Cash surrender value of donor life insurance policy | 132,782 | 110,927 |
| TOTAL ASSETS | \$ 3,385,257 | \$ 2,595,276 |
| LIABILITIES | | |
| Accounts payable | \$ 9,757 | \$ 14,019 |
| Allocations due to agencies | 1,076,463 | 935,611 |
| Due to designated agencies | 132,849 | 123,381 |
| Deferred revenue | 98,880 | 73,316 |
| Accrued expenses | 52,957 | 48,756 |
| Paycheck protection program | 132,242 | 132,242 |
| TOTAL LIABILITIES | 1,503,148 | 1,327,325 |
| NET ASSETS | | |
| Without restrictions | 901,708 | 316,819 |
| With restrictions | 980,402 | 951,132 |
| TOTAL NET ASSETS | 1,882,109 | 1,267,951 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,385,257 | \$ 2,595,276 |

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, 2021 and 2020

| | 2021 | | | Summarized 2020 Totals |
|---|-------------------------|----------------------|---------------------|------------------------------|
| | Without Restrictions | With Restrictions | Total | |
| Public Support and Revenues: | | | | |
| Campaign results for prior years: | | | | |
| Gross campaign results - prior years | \$ 145,942 | \$ - | \$ 145,942 | \$ 272,732 |
| Prior year campaign released from restriction | 951,132 | (951,132) | - | - |
| Total campaign results - prior years | 1,097,074 | (951,132) | 145,942 | 272,732 |
| Less donor designations | (5,275) | - | (5,275) | 6,389 |
| Less provision for uncollectible pledges | (4,011) | - | (4,011) | (21,308) |
| Net campaign revenue prior year | 1,087,788 | (951,132) | 136,656 | 257,813 |
| Gross campaign results - current year | 1,291,886 | 980,401 | 2,272,287 | 2,429,486 |
| Less donor designations | (258,994) | - | (258,994) | (312,618) |
| Less provision for uncollectible pledges | (306,824) | - | (306,824) | (404,154) |
| Net campaign revenue - current year | 726,067 | 980,401 | 1,706,469 | 1,712,714 |
| Total campaign revenue | 1,813,855 | 29,270 | 1,843,125 | 1,970,527 |
| Other contributions | 208,545 | - | 208,545 | 53,829 |
| Fundraising event revenues | 73,700 | - | 73,700 | 18,933 |
| Program revenues | 396,549 | - | 396,549 | 301,490 |
| Change in value of beneficial interest in assets held by The Community Foundation | 16,738 | - | 16,738 | 1,290 |
| Net unrealized/realized (loss) gain on securities, net of investment fees | 240,224 | - | 240,224 | (4,597) |
| Net unrealized gain on other asset | 21,855 | - | 21,855 | 21,552 |
| Dividend and interest income | 22,137 | - | 22,137 | 22,719 |
| Paycheck Protection Program loan forgiven | 132,242 | - | 132,242 | - |
| TOTAL SUPPORT AND REVENUES | 2,925,845 | 29,270 | 2,955,115 | 2,385,743 |
| Expenses: | | | | |
| Program services | | | | |
| Gross funds awarded to agencies | 1,325,647 | - | 1,325,647 | 1,280,669 |
| Less: donor designations | (258,994) | - | (258,994) | (312,618) |
| Net funds awarded to agencies | 1,066,653 | - | 1,066,653 | 968,051 |
| Community Building Initiatives | 681,785 | - | 681,785 | 686,318 |
| Total Program services | 1,748,438 | - | 1,748,438 | 1,654,369 |
| Supporting services | | | | |
| Management and general | 327,834 | - | 327,834 | 308,228 |
| Fundraising | 264,685 | - | 264,685 | 277,641 |
| TOTAL EXPENSES | 2,340,956 | - | 2,340,956 | 2,240,237 |
| CHANGE IN NET ASSETS | 584,889 | 29,270 | 614,158 | 145,506 |
| Net assets, beginning of year | 316,819 | 951,132 | 1,267,951 | 1,122,445 |
| Net assets, end of year | \$ 901,708 | \$ 980,402 | \$ 1,882,109 | \$ 1,267,951 |

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, 2021

| | Program Services | Supporting Services | | Total |
|---------------------------------|--------------------------------|---------------------|------------------------|---------------------|
| | Community Building Initiatives | Fundraising | Management and General | |
| Salaries and wages | \$ 225,940 | \$ 146,861 | \$ 192,049 | \$ 564,850 |
| Payroll taxes and benefits | 47,257 | 30,717 | 40,169 | 118,143 |
| | <u>273,197</u> | <u>177,578</u> | <u>232,218</u> | <u>682,993</u> |
| Books from birth | 200,854 | - | - | 200,854 |
| Other program | 23,038 | - | - | 23,038 |
| Bank services fees | - | - | 2,490 | 2,490 |
| Promotional items | 1,258 | 818 | 1,069 | 3,144 |
| Depreciation | 11,180 | 7,267 | 9,503 | 27,950 |
| Equipment maintenance/rental | 4,616 | 3,000 | 3,923 | 11,539 |
| Special events | | 25,079 | - | 25,079 |
| Other community events | 43,611 | - | - | 43,611 |
| General insurance | 2,143 | 1,393 | 1,822 | 5,358 |
| Dues and subscriptions | 4,182 | 2,718 | 3,555 | 10,455 |
| United Way World Wide dues | 19,321 | 12,559 | 16,423 | 48,302 |
| 211 Dues | 25,726 | - | - | 25,726 |
| Miscellaneous | 3,748 | 2,436 | 3,186 | 9,370 |
| Rent | 13,245 | 8,609 | 11,258 | 33,113 |
| Office supplies | 1,506 | 979 | 1,280 | 3,764 |
| Technology | 15,961 | 10,375 | 13,567 | 39,903 |
| Professional services | - | - | 14,331 | 14,331 |
| Outside marketing consultant | - | 2,000 | - | 2,000 |
| Postage | 4,800 | 3,120 | 4,080 | 11,999 |
| Printing and publication | 3,088 | 2,007 | 2,625 | 7,721 |
| Data subscriptions | 23,007 | - | - | 23,007 |
| Taxes | - | - | 296 | 296 |
| Travel | 1,747 | 1,135 | 1,485 | 4,367 |
| Telephone | 4,266 | 2,773 | 3,626 | 10,665 |
| Staff appreciation | 1,292 | 840 | 1,098 | 3,230 |
| | <u>681,785</u> | <u>264,685</u> | <u>327,834</u> | <u>1,274,303</u> |
| TOTAL OPERATIONS | | | | |
| Gross funds awarded to agencies | 1,325,647 | - | - | 1,325,647 |
| Less: donor designations | (258,994) | - | - | (258,994) |
| | <u>1,066,653</u> | <u>-</u> | <u>-</u> | <u>1,066,653</u> |
| Net allocation | | | | |
| TOTAL EXPENSES | <u>\$ 1,748,437</u> | <u>\$ 264,685</u> | <u>\$ 327,834</u> | <u>\$ 2,340,956</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, 2020

| | Program Services | Supporting Services | | Total |
|---------------------------------|--------------------------------|---------------------|------------------------|---------------------|
| | Community Building Initiatives | Fundraising | Management and General | |
| Salaries and wages | \$ 211,981 | \$ 140,605 | \$ 184,075 | \$ 536,661 |
| Payroll taxes and benefits | 44,238 | 29,343 | 38,414 | 111,995 |
| | <u>256,219</u> | <u>169,948</u> | <u>222,489</u> | <u>648,656</u> |
| Books from birth | 189,995 | - | - | 189,995 |
| Other program | 39,192 | - | - | 39,192 |
| Bank services fees | - | - | 1,334 | 1,334 |
| Promotional items | 1,296 | 860 | 1,125 | 3,281 |
| Depreciation | 10,588 | 7,023 | 9,194 | 26,804 |
| Equipment maintenance/rental | 4,286 | 2,843 | 3,721 | 10,849 |
| Special events | 18,065 | 2,849 | - | 20,914 |
| Other community events | 63,822 | - | - | 63,822 |
| General insurance | 2,043 | 1,355 | 1,774 | 5,173 |
| Dues and subscriptions | 2,350 | 1,558 | 2,040 | 5,948 |
| United Way World Wide dues | 13,335 | 8,845 | 11,579 | 33,758 |
| 211 Dues | 25,000 | - | - | 25,000 |
| Miscellaneous | 3,200 | 2,123 | 2,779 | 8,102 |
| Rent | 13,080 | 8,676 | 11,358 | 33,113 |
| Office supplies | 1,259 | 835 | 1,093 | 3,187 |
| Technology | 16,511 | 10,951 | 14,337 | 41,800 |
| Professional services | 4,600 | 20,171 | 13,335 | 38,106 |
| Outside marketing consultant | - | 30,600 | - | 30,600 |
| Postage | 3,821 | 2,534 | 3,318 | 9,673 |
| Printing and publication | 2,423 | 1,607 | 2,104 | 6,135 |
| Data subscriptions | 7,903 | - | - | 7,903 |
| Taxes | - | - | 280 | 280 |
| Travel | 2,535 | 1,681 | 2,201 | 6,417 |
| Telephone | 4,015 | 2,663 | 3,486 | 10,164 |
| Staff appreciation | 782 | 519 | 679 | 1,979 |
| | <u>686,318</u> | <u>277,641</u> | <u>308,228</u> | <u>1,272,186</u> |
| TOTAL OPERATIONS | | | | |
| Gross funds awarded to agencies | 1,280,669 | - | - | 1,280,669 |
| Less: donor designations | (312,618) | - | - | (312,618) |
| | <u>968,051</u> | <u>-</u> | <u>-</u> | <u>968,051</u> |
| Net allocation | | | | |
| TOTAL EXPENSES | \$ <u>1,654,368</u> | \$ <u>277,641</u> | \$ <u>308,228</u> | \$ <u>2,240,237</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, 2021 AND 2020

| | 2021 | 2020 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 614,158 | \$ 145,506 |
| To reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 27,950 | 26,804 |
| Change in value of beneficial interest in assets held by The Community Foundation | (18,265) | (2,101) |
| Net unrealized and realized (gain) loss on investments | (240,224) | 4,597 |
| (Increase) decrease in: | | |
| Pledges receivable, net | (92,459) | 53,422 |
| Prepaid expenses | 472 | 20,375 |
| Cash surrender value of donor life insurance policy | (21,855) | (21,552) |
| Increase (decrease) in: | | |
| Accounts payable | (4,262) | (9,575) |
| Due to agencies | 140,852 | (399,454) |
| Due to designated agencies | 9,468 | (35,216) |
| Deferred revenue | 25,564 | (11,128) |
| Community needs assessment | - | (3,750) |
| Accrued expenses | 4,201 | 11,043 |
| Paycheck protection program | - | 132,242 |
| NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES | 445,600 | (88,787) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (7,202) | (5,078) |
| (Purchases) proceeds from investments net | (220,484) | 17,489 |
| NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES | (227,686) | 12,411 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 217,914 | (76,376) |
| Cash and cash equivalents, beginning of year | 456,923 | 533,299 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 674,837 | \$ 456,923 |

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

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 Standards

In January 2020, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for “Fair Value Measurement”*. ASU 2018-13 modifies the disclosure requirements in Topic 820, “*Fair Value Measurement*.” The adoption of this guidance did not have a material impact on the Organization’s financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”). The revenue recognition standard eliminates the transaction- and industry-specific revenue recognition guidance under current generally accepted accounting principles and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services.

The FASB also issued the following amendments to ASU 2014-09 to provide clarification on the guidance: ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date*, ASU 2016-08, *Revenue from Contracts with Customers (Topic 606) – Principal versus Agent Considerations (Reporting Revenue Gross Versus Net)*, and ASU 2016-10, *Revenue from Contracts with Customers (Topic 606) – Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606) – Narrow-Scope Improvements and Practical Expedients*.

The Organization adopted the provisions of ASU 2014-09 and all of the related amendments effective July 1, 2019 which did not have material effects on net assets with or without donor restrictions.

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.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

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

Basis of Presentation (Continued)

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, 2020, from which the summarized information was derived.

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.

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.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

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

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.

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.

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.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

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

Revenue Recognition (Continued)

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 July 1, 2021 and 2020, 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.

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021, 2020, and 2019.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

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

Paycheck Protection Program

During 2021, the Organization applied for a 2nd round loan in the amount of \$132,242 from the Small Business Administration (“SBA”) under the terms of the Paycheck Protection Program. The Company has not obtained forgiveness on repayment of the Paycheck Protection Program funds from the SBA.

During 2020, the Organization applied for the 1st loan in the amount of \$132,242 through the SBA’s Paycheck Protection Program. The \$132,242 was forgiven and recognized as revenue in 2021.

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.

NOTE C – PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2021 and 2020:

| | 2021 | | 2020 |
|--|------------|--|------------|
| 2019 Campaign: | | 2018 Campaign: | |
| Undesignated | \$ 77,566 | Undesignated | \$ 118,214 |
| Designated | - | Designated | - |
| 2020 Campaign: | | 2019 Campaign: | |
| Undesignated | 1,157,728 | Undesignated | 1,098,976 |
| Designated | 129,497 | Designated | 156,309 |
| | | Total | |
| 2021 Campaign: | | 2020 Campaign: | |
| Undesignated | 2,940 | Undesignated | 39,750 |
| Designated | - | Designated | - |
| Total | 1,367,731 | Total | 1,413,249 |
| Less allowance for uncollectible pledges | (384,390) | Less allowance for uncollectible pledges | (522,367) |
| Total pledges receivable | \$ 983,341 | Total pledges receivable | \$ 890,882 |

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, 2021 AND 2020

NOTE D - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2021 and 2020:

| | 2021 | 2020 |
|---------------------------------|--------------|------------|
| Cash | \$ 62,103 | \$ 38,723 |
| Money market funds | 149,407 | 141,723 |
| Equities-mutual funds, ETFs | 917,165 | 564,193 |
| Fixed income-mutual funds, ETFs | 276,022 | 199,350 |
| | \$ 1,404,697 | \$ 943,989 |

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). 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, 2021 and 2020.

- (i) *Money market and equity and fixed income mutual funds and ETFs:* Valued at the net asset value of shares held by the Plan at year end based on a quoted price in an active market.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

(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.

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, 2021 in 2020:

| | | |
|---|---------------------|---------------------|
| Measured using Level 1 fair value inputs: | <u>2021</u> | <u>2020</u> |
| Cash | \$ 62,103 | \$ 38,723 |
| Money market funds | 149,407 | 141,723 |
| Equity mutual funds and ETFs | 917,165 | 564,193 |
| Fixed income mutual funds and ETFs | 276,022 | 199,350 |
| Measured using Level 3 fair value inputs: | | |
| Beneficial interest in assets held by others | 96,883 | 78,618 |
| | <u>\$ 1,501,580</u> | <u>\$ 1,022,607</u> |

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

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

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| Beneficial Interest in Assets Held by Community | | |
| Foundation at beginning of year, fair market value | \$ 78,618 | \$ 76,517 |
| Donor contribution | | |
| Interest/Dividend income | 1,836 | 5,031 |
| Realized gain | 5,030 | 1,721 |
| Unrealized gain(loss) | 11,707 | (4,394) |
| Grants paid | | |
| Administrative fees | (208) | (155) |
| Investment expenses | (100) | (102) |
| Beneficial Interest in Assets Held by Community | | |
| Foundation at end of year, fair market value | <u>\$ 96,883</u> | <u>\$ 78,618</u> |

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|------------------|-------------------|
| Computers and office equipment | \$ 70,907 | \$ 91,210 |
| Furniture, fixtures, and equipment | 38,816 | 39,964 |
| Leasehold improvements | 164,412 | 164,412 |
| Totals | <u>274,135</u> | <u>295,586</u> |
| Less accumulated depreciation | <u>(190,658)</u> | <u>(191,361)</u> |
| Property and equipment, net | <u>\$ 83,477</u> | <u>\$ 104,225</u> |

During the year ending June 30, 2021 and 2020, depreciation totaled \$27,950 and \$26,804, respectively.

NOTE G – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS

Net assets released from the restrictions during the year ended June 30, 2021 and 2020 were comprised of the following:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------------|---------------------|
| Campaign 2020 and 2019, respectively | <u>\$ 951,132</u> | <u>\$ 1,106,964</u> |

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

NOTE G – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS (Continued)

Net assets without restrictions at June 30, 2021 and 2020 are as follows:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------------|-------------------|
| Board designated for agency endowment | 90,443 | 78,618 |
| Unrestricted, undesignated | 811,265 | 238,201 |
| | <u>\$ 901,708</u> | <u>\$ 316,819</u> |

Net assets with time related restrictions at June 30, 2021 and 2020 are as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|-------------------|-------------------|
| Campaign 2021 and 2020, respectively | <u>\$ 980,402</u> | <u>\$ 951,132</u> |

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, 2021 and 2020 the board approved a matching contribution of up to 3% of each participant's compensation.

For the years ended June 30, 2021 and 2020 retirement expense totaled \$7,044 and \$5,637 respectively.

NOTE I – 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, 2021 and 2020 total rent expense was \$33,113 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:

| <u>June 30,</u> | |
|-----------------|-------------------|
| 2021 | \$ 42,704 |
| 2022 | 43,376 |
| 2023 | 34,740 |
| 2024 | 35,436 |
| 2025 | <u>36,144</u> |
| TOTAL | <u>\$ 192,400</u> |

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021 AND 2020

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, 2021 and 2020 the cash surrender value of the donor life insurance policy totaled \$132,782 and \$110,927.

NOTE L – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$3,062,875 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 \$674,837, pledges receivable of \$983,341, and investments of \$1,404,697. 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, 2021 or that would significantly impact the Organization's ongoing operations. The Organization has evaluated subsequent events through August 11, 2021 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, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|---------------------|
| Alive Hospice, Inc. | \$ - | \$ 8,763 |
| American Red Cross Heart of Tennessee Chapter | 33,913 | 51,382 |
| Ann Campbell Early Learning Center- MTSU | 50,037 | 72,535 |
| Big Brothers Big Sisters of Middle Tennessee | 19,973 | 29,076 |
| Boys & Girls Club of Rutherford County | 81,620 | 124,507 |
| Cannon County Imagination Library Cannon Reads | 2,427 | 3,467 |
| Cannon County Senior Center | 8,368 | 13,362 |
| CASA of Rutherford County | 9,469 | 14,717 |
| Child Advocacy Center of Rutherford County, Inc. | 80,210 | 123,251 |
| Children's Museum Corporation of Rutherford County | 9,963 | 16,477 |
| Community Helpers of Rutherford County | 82,497 | 119,366 |
| Domestic Violence Program, Inc. of Rutherford County | 20,461 | 35,592 |
| Elders First Adult Day Services -Mindful Care | 38 | 1,386 |
| Girl Scouts of Middle Tennessee | 7,482 | 11,540 |
| Holloway Harbor Child Care Center | 493 | 3,819 |
| Insight Counseling Centers | 4,132 | 6,052 |
| Interfaith Dental Clinic | 15,009 | 23,149 |
| Journeys in Community Living | 43,322 | 64,770 |
| Kymari House, Inc. | 9,496 | 14,493 |
| Legal Aid Society of Middle Tennessee and the Cumberland | 6,930 | 11,261 |
| Mid- Cumberland Human Resource Agency | 75,409 | 110,881 |
| Middle Tennessee Council Boy Scouts of America | 4,386 | 7,981 |
| Murfreesboro City School Foundation | 8,338 | 14,261 |
| Nurses for Newborns of Tennessee | 5,019 | 8,426 |
| Project Transformation Tennessee Inc. | 15,190 | 22,475 |
| Read To Succeed | 9,361 | 15,125 |
| Rutherford County Area Habitat for Humanity | 9,342 | 14,179 |
| Rutherford County Primary Care & Hope Clinic | 45,732 | 67,106 |
| Rutherford County Schools | 10,773 | 26,057 |
| Second Harvest Food Bank | 2,527 | 4,937 |
| Smyrna- Lavergne Food Bank | 39,158 | 59,419 |
| Special Kids | - | 13,630 |
| St. Clair Senior Center | 12,260 | 18,481 |
| STARS | 76,754 | 113,326 |
| Tennessee Kidney Foundation | 1,762 | 4,185 |
| Tennessee Poison Center | 6,019 | 8,628 |
| The Family Center | 16,079 | 24,023 |
| The Salvation Army | 63,911 | 91,447 |
| Tucker's House | 2,455 | 3,854 |
| Volunteer Behavioral Health-The Guidance Center | 23,712 | 34,475 |
| Wee Care Day Care Center | 14,738 | 22,259 |
| | | |
| Totals | <u>\$ 929,607</u> | <u>\$ 1,439,291</u> |

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, 2021

\$1 to \$14

From July 1, 2020, to June 30, 2021, 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, 2021, \$2,888,884.00 was returned back into the community through the Volunteer Income Tax Assistance Program and \$1,120,696.00 was saved by the Single Care Prescription Discount Program. United Way also recruited volunteers, making a \$314,677.00 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 \$122,602.00 worth of donations of supplies and materials.

Additionally, United Way invested \$1,070,460.00 in the areas of education, income and health to improve lives in Rutherford and Cannon counties. United Way partner programs were able to leverage \$685,497.00 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 \$25,727.00. Charity Tracker generated an impact of \$1,024,200.00 to the community through assistance to county residents. The United Way of Rutherford and Cannon Counties 2020 campaign produced designated gifts to agencies of \$154,852.00.

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*