

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDING JUNE 30, 2025 AND 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3 - 5
FINANCIAL STATEMENTS:	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	8 - 9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 20
SUPPLEMENTAL INFORMATION:	
Schedule of Expenditures of Federal Awards	21 - 22
Schedules of Amounts Given to Agencies (Cash Basis)	23
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	24 - 25
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	26 - 27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28 - 29
SCHEDULE OF PRIOR YEAR FINDINGS	30
ADDITIONAL INFORMATION-	
Schedule of Investment in Community (Unaudited)	31

INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of South Central Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of South Central Tennessee (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of South Central Tennessee as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of South Central Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 South Central Tennessee's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 and *Government 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 South Central Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of South Central Tennessee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 23 and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matters

Management is responsible for the other information included on page 31. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of United Way of South Central Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of South Central Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of South Central Tennessee's internal control over financial reporting and compliance.



Murfreesboro, Tennessee
December 15, 2025

UNITED WAY OF SOUTH CENTRAL TENNESSEE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 373,377	\$ 307,157
Pledges receivable, net	654,942	615,590
Grants receivable	87,978	93,096
Other receivables	15,704	27,943
Prepaid expenses	12,434	15,608
Investments	1,979,017	1,903,634
Beneficial interest in assets held by Community Foundation of Middle Tennessee	111,990	101,489
Cash surrender value of donor life insurance policy	310,793	265,737
Right-of-use assets - operating leases, net	157,726	187,052
Property and equipment, net	<u>12,170</u>	<u>25,276</u>
TOTAL ASSETS	<u>\$ 3,716,131</u>	<u>\$ 3,542,582</u>
LIABILITIES		
Accounts payable	\$ 36,259	\$ 47,672
Accrued expenses	65,638	51,995
Allocations due to agencies	691,890	847,290
Due to designated agencies	69,374	147,238
Deferred revenue	108,100	106,828
Operating lease liabilities	<u>157,726</u>	<u>187,052</u>
TOTAL LIABILITIES	<u>1,128,987</u>	<u>1,388,075</u>
NET ASSETS		
Without restrictions, as restated	1,778,886	1,503,429
With restrictions	<u>808,258</u>	<u>651,078</u>
TOTAL NET ASSETS, as restated	<u>2,587,144</u>	<u>2,154,507</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,716,131</u>	<u>\$ 3,542,582</u>

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

UNITED WAY OF SOUTH CENTRAL TENNESSEE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025 and 2024

	2025			Summarized 2024 Totals
	Without Restrictions	With Restrictions	Total	
Public Support and Revenues:				
Campaign results for prior years:				
Gross campaign results - prior years	\$ 293,763	\$ -	\$ 293,763	\$ 361,863
Prior year campaign released from restriction	615,590	(615,590)	-	-
Total campaign results - prior years	909,353	(615,590)	293,763	361,863
Less donor designations	(160,788)	-	(160,788)	(68,233)
Less provision for uncollectible pledges	(3,376)	-	(3,376)	(45,263)
Net campaign revenue prior year	745,189	(615,590)	129,599	248,367
Gross campaign results - current year	1,143,379	654,942	1,798,321	1,983,909
Less donor designations	(192,533)	-	(192,533)	(369,211)
Less provision for uncollectible pledges	(119,542)	-	(119,542)	(120,713)
Net campaign revenue - current year	831,304	654,942	1,486,246	1,493,985
Total campaign revenue	1,576,493	39,352	1,615,845	1,742,352
Other contributions	158,272	-	158,272	55,058
Nonfinancial contributions	51,790	-	51,790	9,324
Fundraising event revenues	135,372	-	135,372	55,834
Program revenues	296,688	-	296,688	215,894
Grant revenues	859,451	320,574	1,180,025	536,923
Change in value of beneficial interest in assets held by				
The Community Foundation	9,961	-	9,961	7,804
Net unrealized/realized gain on securities, net of investment fees	135,863	-	135,863	143,736
Net unrealized loss on cash surrender value of donor life insurance policy, net of investment fees	(4,944)	-	(4,944)	(11,926)
Dividend and interest income	59,716	-	59,716	54,510
	3,278,662	359,926	3,638,588	2,809,509
Net assets released from restrictions	202,746	(202,746)	-	-
TOTAL SUPPORT AND REVENUES	3,481,408	157,180	3,638,588	2,809,509
Expenses:				
Program services				
Gross funds awarded to agencies	892,533	-	892,533	1,206,611
Less: donor designations	(192,533)	-	(192,533)	(369,211)
Net funds awarded to agencies	700,000	-	700,000	837,400
Community Building Initiatives	1,734,472	-	1,734,472	1,161,733
Total Program services	2,434,472	-	2,434,472	1,999,133
Supporting services				
Management and general	425,329	-	425,329	359,728
Fundraising	346,150	-	346,150	366,343
TOTAL EXPENSES	3,205,951	-	3,205,951	2,725,204
CHANGE IN NET ASSETS	275,457	157,180	432,637	84,305
Net assets, beginning of year - as restated	1,503,429	651,078	2,154,507	2,070,202
Net assets, end of year	\$ 1,778,886	\$ 808,258	\$ 2,587,144	\$ 2,154,507

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

UNITED WAY OF SOUTH CENTRAL TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services		Supporting Services		
	Community Building Initiatives		Fundraising	Management and General	
				Total	
Salaries and wages	\$ 625,728		\$ 159,763	\$ 262,223	\$ 1,047,713
Payroll taxes and benefits	103,871		29,600	48,584	182,055
	<u>729,599</u>		<u>189,363</u>	<u>310,807</u>	<u>1,229,768</u>
Books from birth	235,112		-	-	235,112
Specific assistance to individuals	177,722		-	-	177,722
Contract labor	60,864		-	-	60,864
Bank services fees	-		-	7,821	7,821
Promotional items	5,391		1,536	2,521	9,448
Depreciation	10,592		3,018	4,955	18,565
Equipment maintenance/rental	9,244		2,634	4,324	16,202
Special events	-		106,583	-	106,583
Other community events	70,760		-	-	70,760
General insurance	10,235		2,917	4,787	17,939
Dues and subscriptions	7,083		2,018	3,313	12,414
United Way World Wide dues	18,426		5,251	8,619	32,296
211 Dues	25,225		-	-	25,225
Miscellaneous	18,828		3,842	6,305	28,976
Rent	19,377		5,522	9,063	33,962
Office supplies	4,709		1,342	2,203	8,254
Technology	48,010		13,681	22,456	84,147
Professional services	129,570		-	23,003	152,573
Postage	2,615		745	1,224	4,584
Printing and publication	1,247		355	583	2,185
Data subscriptions	124,097		-	-	124,097
Taxes	-		-	1,296	1,296
Travel	11,579		3,300	5,415	20,294
Telephone	13,507		3,849	6,317	23,673
Staff appreciation	680		194	317	1,191
TOTAL OPERATIONS	1,734,472		346,150	425,329	2,505,951
Gross funds awarded to agencies	892,533		-	-	892,533
Less: donor designations	(192,533)		-	-	(192,533)
Net allocation	700,000		-	-	700,000
TOTAL EXPENSES	\$ 2,434,472		\$ 346,150	\$ 425,329	\$ 3,205,951

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

UNITED WAY OF SOUTH CENTRAL TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services		Supporting Services		
	Community Building Initiatives		Fundraising	Management and General	
				Total	
Salaries and wages	\$ 466,390		\$ 201,732	\$ 206,090	\$ 874,212
Payroll taxes and benefits	84,005		37,945	38,764	160,714
	<u>550,395</u>		<u>239,677</u>	<u>244,854</u>	<u>1,034,926</u>
Books from birth	222,514		-	-	222,514
Bank services fees	-		-	9,439	9,439
Promotional items	1,987		898	917	3,802
Depreciation	11,201		5,060	5,169	21,430
Equipment maintenance/rental	9,028		4,078	4,165	17,271
Special events	-		45,543	-	45,543
Other community events	94,961		-	-	94,961
General insurance	9,345		4,221	4,312	17,878
Dues and subscriptions	4,902		2,214	2,262	9,378
United Way World Wide dues	15,449		6,978	7,129	29,556
211 Dues	26,460		-	-	26,460
Miscellaneous	22,051		5,996	6,125	34,172
Rent	17,308		7,818	7,987	33,113
Office supplies	2,213		1,000	1,021	4,234
Technology	41,324		18,665	19,069	79,058
Professional services	60,932		-	22,286	83,218
Postage	4,739		2,140	2,187	9,066
Printing and publication	4,412		1,993	2,035	8,440
Data subscriptions	18,097		-	-	18,097
Taxes	-		-	276	276
Travel	33,369		15,072	15,398	63,839
Telephone	8,532		3,854	3,937	16,323
Staff appreciation	2,514		1,136	1,160	4,810
TOTAL OPERATIONS	1,161,733		366,343	359,728	1,887,804
Gross funds awarded to agencies	1,206,611		-	-	1,206,611
Less: donor designations	(369,211)		-	-	(369,211)
Net allocation	837,400		-	-	837,400
TOTAL EXPENSES	\$ 1,999,133		\$ 366,343	\$ 359,728	\$ 2,725,204

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

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 432,637	\$ 84,305
To reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,565	21,430
Change in value of beneficial interest in assets held by The Community Foundation	(9,961)	(7,804)
Net unrealized and realized gain on investments	(135,863)	(143,736)
(AIncrease) decrease in:		
Pledges receivable, net	(39,352)	308,238
Grants receivable	5,118	(50,652)
Other receivables	12,239	(24,743)
Prepaid expenses	3,174	10,645
Cash surrender value of donor life insurance policy	(45,056)	(38,073)
Increase (decrease) in:		
Accounts payable	(11,413)	27,195
Accrued expenses	13,643	(6,116)
Allocations due to agencies	(155,400)	(198,433)
Due to designated agencies	(77,864)	73,695
Deferred revenue	1,272	(19,005)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,739</u>	<u>36,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(5,459)	(6,208)
Sales (purchases) of investments	<u>59,940</u>	<u>(50,180)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>54,481</u>	<u>(56,388)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,220	(19,442)
Cash and cash equivalents, beginning of year	<u>307,157</u>	<u>326,599</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 373,377</u>	<u>\$ 307,157</u>

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

UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Nature of Organization

United Way of South Central Tennessee (the “Organization”) (formerly known as “United Way of Rutherford County”) 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 Bedford, Cannon, Coffee, Lincoln, Moore, Rutherford and Warren counties. Substantially all of the Organization’s pledges promised and campaign revenue are from its donors located primarily in Middle Tennessee.

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

On July 1, 2023, the Organization adopted Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of a financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loans, receivables, held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. The new standard also requires updated disclosures. As of June 30, 2024, the adoption of this accounting standard 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, 2024, from which the summarized information was derived.

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

**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 SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

**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. The Organization receives grants from governmental and private agencies. Typically, grants received from governmental agencies are cost-reimbursement grants for a particular project and are accounted as conditional contributions. The Organization recognizes revenues on these grants as the funds are spent. Any unused funds are forfeited and if any expenditures are disallowed, the Organization would be required to refund amounts received. Grants that are non-reimbursement in nature are considered contributions and are recognized as revenue in the year granted.

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 reported 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, 2025 and 2024, these services did not meet the criteria for recognition as contributed services and have not been recorded in the financial statements.

Nonfinancial contributions are recorded as revenue at the estimated fair market value, and a related expense is recorded as the items are utilized by the Organization.

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 SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

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, 2025 and 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

As of June 30, 2025 and 2024, 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, 2025, 2024, and 2023.

NOTE B – PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2025 and 2024:

	2025		2024
2023 Campaign:		2022 Campaign:	
Undesignated	\$ 33,854	Undesignated	\$ 81,611
Designated	211	Designated	4,577
2024 Campaign:		2023 Campaign:	
Undesignated	705,322	Undesignated	595,657
Designated	<u>69,163</u>	Designated	<u>140,646</u>
Total	808,550	Total	822,491
Less allowance for uncollectible pledges	<u>(153,608)</u>	Less allowance for uncollectible pledges	<u>(206,901)</u>
Total pledges receivable	<u>\$ 654,942</u>	Total pledges receivable	<u>\$ 615,590</u>

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 SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE C - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2025 and 2024:

	2025	2024
Cash	\$ 50,043	\$ 67,290
Equities-mutual funds, ETFs	1,186,100	1,066,560
Fixed income-mutual funds, ETFs	580,873	501,043
Certificates of deposit	162,001	268,741
	<hr/> <u>\$ 1,979,017</u>	<hr/> <u>\$ 1,903,634</u>

NOTE D - 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 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 corroborated 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.

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

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 30, 2025 and 2024.

(i) *Equity and fixed income mutual funds, ETFs, and certificates of deposit:* Valued at the net asset value of shares held by the Organization 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.

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, 2025 and 2024:

Measured using Level 1 fair value inputs:	2025	2024
Cash	\$ 50,043	\$ 67,290
Equity mutual funds and ETFs	1,186,100	1,066,560
Fixed income mutual funds and ETFs	580,873	501,043
Certificates of deposit	162,001	268,741
Measured using Level 3 fair value inputs:		
Beneficial interest in assets held by others	111,990	101,489
	<u>\$ 2,091,007</u>	<u>\$ 2,005,123</u>

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2025	2024
Beneficial Interest in Assets Held by Community		
Foundation at beginning of year, fair market value	\$ 101,489	\$ 92,376
Interest/Dividend income	1,216	1,905
Realized gain	4,911	1,587
Unrealized gain	5,050	6,217
Administrative fees	(322)	(404)
Investment expenses	<u>(354)</u>	<u>(192)</u>
Beneficial Interest in Assets Held by Community		
Foundation at end of year, fair market value	<u>\$ 111,990</u>	<u>\$ 101,489</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2025 and 2024:

	2025	2024
Computers and office equipment	\$ 89,588	\$ 84,129
Furniture, fixtures, and equipment	38,816	38,816
Leasehold improvements	<u>164,412</u>	<u>164,412</u>
Totals	292,816	287,357
Less accumulated depreciation	<u>(280,646)</u>	<u>(262,081)</u>
Property and equipment, net	<u>\$ 12,170</u>	<u>\$ 25,276</u>

During the year ending June 30, 2025 and 2024, depreciation totaled \$18,565 and \$21,430, respectively.

NOTE G – LINE OF CREDIT

The Organization has a line of credit with a bank in the amount of \$400,000. Interest payments are due monthly at the prime rate with principal due at maturity. The line matures in October 2025. The line was unused as of June 30, 2025.

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE H – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS

Net assets without restrictions at June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Board designated for agency endowment	\$ 111,990	\$ 101,489
Unrestricted, undesignated	<u>1,666,896</u>	<u>1,401,940</u>
Net assets without restrictions, as restated	<u>\$ 1,778,886</u>	<u>\$ 1,503,429</u>

Net assets with restrictions at June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Net assets with time-related restrictions-		
Pledges receivable, net	\$ 654,942	\$ 615,590
Net assets with purpose-related restrictions:		
Launch Point grant	70,000	-
HMIS grant	40,940	-
Financial Empowerment grant	33,534	21,546
Born Learning grant	<u>8,842</u>	<u>13,942</u>
Total net assets with restrictions	<u>\$ 808,258</u>	<u>\$ 651,078</u>

Net assets released from the restrictions during the year ended June 30, 2025 and 2024 were \$818,336 and \$923,828, respectively.

NOTE I – NONFINANCIAL CONTRIBUTIONS

For the years ended June 30, 2025 and 2024, the Organization received nonfinancial contributions of \$51,790 and \$9,324, respectively, to be sold in fundraising auctions or to benefit fundraising events held by the Organization.

NOTE J – 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 ended June 30, 2025 and 2024, the board approved a matching contribution of up to 3% of each participant's compensation. For the years ended June 30, 2025 and 2024, retirement expense totaled \$15,327 and \$11,914, respectively.

NOTE K – 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. The five year extension was exercised in 2024. 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, 2025 and 2024, total rent expense was \$33,962 and \$33,113, respectively.

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE K – OPERATING LEASES (CONTINUED)

It is the Organization's policy to use a risk-free rate as the discount rate (4.13% at inception) for the operating lease. The weighted average remaining lease term for the operating lease is 53 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, 2025 and 2024 in the amounts of \$157,726 and \$187,052, respectively.

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

<u>June 30,</u>	
2026	\$ 37,230
2027	37,968
2028	38,718
2029	39,486
2030	39,876
Thereafter	-
Less effects of discounting	<u>(35,552)</u>
Total	<u>\$ 157,726</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 L – 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, 2025 and 2024, the cash surrender value of the donor life insurance policy totaled \$310,793 and \$265,737.

NOTE M – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$3,111,019 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 \$373,378, pledges receivable of \$654,942, grants receivable of \$87,978, other receivables of \$15,704 and investments of \$1,979,017. \$153,316 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.

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025 AND 2024**

NOTE N – RESTATEMENT OF NET ASSETS

During the year ended June 30, 2025, the Organization made a prior period adjustment to properly account for grants receivable and grant revenue for reimbursable grant expenditures incurred in June 2024. The adjustment increased net assets without restrictions by \$34,474.

NOTE O – ACQUISITION

In March 2025, the Organization acquired United Way of Highway 55. The acquisition has been accounted for under the acquisition method of accounting. Under this method, acquired assets and liabilities are included in the Organization's statement of activities at their respective fair value. The Organization received cash of \$91,010 from the acquisition which is recorded as an other contribution on the statement of activities. The Organization did not transfer any consideration in the acquisition. As a result of the acquisition, the Organization now serves Coffee, Moore and Warren counties.

NOTE P – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 15, 2025 which is the date the financial statements were available to be issued for possible recognition or disclosure in the financial statements as of June 30, 2025.

SUPPLEMENTAL INFORMATION

United Way of South Central Tennessee
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<u>Federal Agency</u>	<u>Program or Cluster Name</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grant Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services Passed-through Tennessee Department of Human Services	Temporary Assistance for Needy Families (TANF)	93.558	34530-77523	\$ 721,690
U.S. Department of Housing and Urban Development Passed-through Tennessee Housing Development Agency	Emergency Solutions Grants Program	14.231	ESG-24-24	98,864
U.S. Department of Housing and Urban Development	Continuum Of Care Program	14.267	N/A	<u>14,163</u>
Total U.S. Department of Housing and Urban Development				<u>113,027</u>
Total Federal Awards				<u><u>\$ 834,717</u></u>

United Way of South Central Tennessee
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2025

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of United Way of South Central Tennessee under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of United Way of South Central Tennessee, it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way of South Central Tennessee.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

United Way of South Central Tennessee has elected to not use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

UNITED WAY OF SOUTH CENTRAL TENNESSEE
SCHEDULES OF AMOUNTS GIVEN TO AGENCIES (CASH BASIS)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
ACE Learning Center (formerly Project Help)	\$ 48,000	\$ 80,000
Alive Hospice, Inc.	-	10,000
Big Brothers Big Sisters of Middle Tennessee	13,500	25,000
Boys & Girls Club of Rutherford County	21,500	52,000
Branches	-	10,000
Cannon County Senior Citizens Center, Inc.	600	3,500
Casa of Cannon County	2,400	-
Centerstone of Tennessee	57,000	31,000
Child Advocacy Center of Rutherford County, Inc.	65,000	105,000
Domestic Violence, Inc.	6,500	30,000
Dominion Financial Management	5,000	10,000
Doors of Hope	35,000	45,000
Down Syndrome Association of Middle TN	2,400	
Insight Counseling Centers	13,000	27,500
Kymari House, Inc.	30,000	-
Legal Aid Society of Middle Tennessee and the Cumberlands	10,500	15,000
Murfreesboro City School Foundation	85,000	51,500
Murfreesboro Cold Patrol	28,000	10,000
Murfreesboro Cold Patrol - Collaborative Financial Stability	53,500	50,000
MTSU Charlie and Hazel Daniels Veterans	-	12,000
Nourish Food Bank	-	30,000
Nurses for Newborns of Tennessee	22,500	19,500
Nurture the Next	6,000	10,000
Read To Succeed	17,000	45,000
Renewed Life Ministries Outreach	14,000	25,000
Rutherford County Habitat for Humanity	8,000	16,000
Rutherford County Primary Care & Hope Clinic	19,000	20,000
Second Harvest Food Bank of Middle Tennessee	52,500	-
Seeds of P.R.A.I.S.E	8,000	-
STARS (Students Taking a Right Stand) Nashville	68,000	160,000
Stepping Stones Safe Haven	-	15,000
The Community Helpers of Rutherford County, Inc	35,000	65,000
The Family Center	34,000	37,000
The Journey Home	15,500	-
The Salvation Army (Rutherford & Cannon)	34,000	30,000
 Totals	 \$ 810,400	 \$ 1,040,000

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of United Way of South Central Tennessee
Murfreesboro, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of South Central Tennessee (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Dempsey Vanstone + Tolleo, PC

Murfreesboro, Tennessee
December 15, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of United Way of South Central Tennessee
Murfreesboro, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of South Central Tennessee (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

Auditors' Responsibilities for the Audit of Compliance (Continued)

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

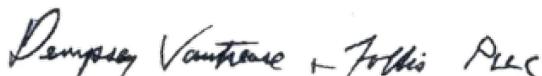
Report on Internal Control over Compliance

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

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

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

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



Murfreesboro, Tennessee

December 15, 2025

UNITED WAY OF SOUTH CENTRAL TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended June 30, 2025

Section I - Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

93.558

Temporary Assistance For Needy Families (TANF)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? yes no

**UNITED WAY OF SOUTH CENTRAL TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year ended June 30, 2025**

Section II-Financial Statement Findings

1) 2025-001

Type of Finding: Significant deficiency

Condition: Per review of the June 2025 bank reconciliation for the FirstBank Checking account, we noted two uncleared transfers between the Organization's bank accounts from March 2025 totaling \$18,476. The entry should have been recorded as a deposit rather than a transfer. As a result, cash and revenue were each understated by this amount.

Recommendation: We recommend that management closely review the uncleared items on the bank reconciliations monthly to timely identify and correct errors.

Management Response: Management has made the necessary changes to prevent and detect deficiencies in the future.

Section III-Federal Award Findings and Questioned Costs

No matters were reported.

UNITED WAY OF SOUTH CENTRAL TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2025

There were no prior findings reported.

United Way of South Central Tennessee
Dollars returned to our Community from Donor Dollars invested
Fiscal Year ended June 30, 2025

\$1 to \$13

From July 1, 2024, to June 30, 2025, United Way of South Central Tennessee was able to see a \$13 return for every one dollar invested in United Way.

For the year ended June 30, 2025, \$4,014,609.00 was returned into the community through the Volunteer Income Tax Assistance Program. United Way also recruited volunteers, making a \$172,206.00 impact throughout this time frame. United Way also organized several volunteer events Stuff the Bus and Baby Basics that resulted in 48,884.00 worth of donations of supplies and materials.

Additionally, United Way invested \$700,000.00 in the areas of education, income and health to improve lives in Bedford, Cannon, Coffee, Lincoln, Moore, Rutherford and Warren counties. United Way was also the sole provider of the 2-1-1 program to Bedford, Cannon, Coffee, Lincoln, Moore, Rutherford and Warren counties with an investment of \$25,225.00. Charity Tracker generated an impact of \$1,907,241.00 to the community through assistance to county residents. The United Way of South Central Tennessee 2024 campaign produced designated gifts to agencies of \$285,248.00.

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