

UNITED WAY OF WEST TENNESSEE, INC.

FINANCIAL STATEMENTS

MARCH 31, 2024

UNITED WAY OF WEST TENNESSEE, INC.
TABLE OF CONTENTS
MARCH 31, 2024

	Page
Schedule of Officers (unaudited).....	1
Independent Auditors' Report.....	2
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8
Independent Auditors' Report on Internal Control over Financial Reporting and Compliance on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Schedule of Current Year Findings.....	18
Schedule of Prior Year Findings.....	19

UNITED WAY OF WEST TENNESSEE, INC.
SCHEDULE OF OFFICERS (UNAUDITED)
MARCH 31, 2024

President/CEO

Matthew Marshall

Executive Committee

Mayor Bill Rawls – ***Board Chair***
Janice Epperson – ***Chair-Elect***
Mayor John Holden – ***Past Chair***
John Tucker – ***Vice Chair – Campaign***
John Tucker – ***Vice Chair – Community Impact***
John Tucker – ***Vice Chair – Endowment/Finance***
Jill Holland – ***Secretary***

Board of Directors

Adam Kruzich
Scott Barber
Yancy Freeman
Jay England
John Pitcher
Shea Brown
David Prince
Greg Martin
Bryan Sparks
Gem Bell
Ted Austin
Kyle Spurgeon
Marlon King



CRS CPAs P.C.

YOUR STRATEGIC ACCOUNTING PARTNER

Members: Association of International Certified Public Accountants | Tennessee Society of Certified Public Accountants
Governmental Audit Quality Center | www.crs CPA.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of West Tennessee, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the United Way of West Tennessee, Inc. (United Way) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way as of March 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way'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 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 auditor's 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

64 Lynoak Cv
Jackson, TN 38305
(731)668-1806
Fax (731)668-9543

1205 East Wood St, Ste B
Paris, TN 38242
(731)642-1755
Fax (731)644-0413

304 Broadway St
Martin, TN 38237
(731)587-4221
Fax (731)587-9474

11 N. Court Square
Brownsville, TN 38024
(731)772-2273
Fax (731)772-2275

110 West Court
Dyersburg, TN 38024
(731)286-6080
Fax (731)285-8975

with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way'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's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Officers (unaudited) but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 28, 2025 on our consideration of the United Way'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 the United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control over financial reporting and compliance.



CRS CPAs, P.C.
Jackson, TN
January 28, 2025

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 163,856
Pledges receivable, net of allowance for uncollectible	511,016
Grant receivable	174,857
Other receivables	82,050
Prepaid expenses	6,257
Total current assets	938,036

Property and equipment:

Furniture and equipment	63,289
Less: Accumulated depreciation	(52,321)
Total property and equipment	10,968

Other assets:

Cash and cash equivalents of investments - donor restricted	88,141
Investments	1,961,082
Total other assets	2,049,223

Total Assets \$ 2,998,227

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 77,269
Accounts payable - agencies	203,404
Designations payable - agencies	532,872
Prepaid sponsorships	110,628
Compensated absences - current	10,246
Line of credit	100,000
Total current liabilities	1,034,419

Noncurrent liabilities:

Compensated absences - noncurrent	7,733
Total noncurrent liabilities	7,733

Total liabilities 1,042,152

Net Assets:

Without donor restrictions	128,269
With donor restrictions	1,827,806
Total net assets	1,956,075

Total Liabilities and net assets \$ 2,998,227

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenues, and reclassifications:			
Promises to give, net provisions for uncollectibles	\$ 186,601	\$ -	\$ 186,601
Corporate sponsorship	-	465,690	465,690
Realized gain (loss) return on investments	52,544	25,538	78,082
Unrealized gain (loss) on investments	114,890	62,008	176,898
Special events, net of expenses	33,812	-	33,812
Program revenue:			
Bright Start	-	50,000	50,000
The Read Team	-	37,289	37,289
Financial Empowerment Center	-	167,071	167,071
Disaster Relief Funds	-	145,552	145,552
Pathways 2 Possibilities (P2P)	-	36,281	36,281
Grants	60,997	379,950	440,947
Tutor U - state grant	-	420,997	420,997
Miscellaneous income	17,426	-	17,426
Interest income	8,114	-	8,114
Endowment income, net expenses	(12,446)	-	(12,446)
Net assets released from restrictions:			
Satisfaction of program requirements	1,446,017	(1,446,017)	-
Total public support, revenues, and reclassifications	1,907,955	344,359	2,252,314
Expenses:			
Program services	1,541,840	-	1,541,840
Management and general	934,610	-	934,610
Fundraising	187,182	-	187,182
Unallocated payments to affiliated organizations	14,473	-	14,473
Total Expenses and losses	2,678,105	-	2,678,105
Change in net assets	(770,150)	344,359	(425,791)
Net assets, beginning of the year	897,661	1,483,447	2,381,108
Correction of error	758	-	758
Net assets, beginning of the year, restated	898,419	1,483,447	2,381,866
Net assets, end of the year	<u>\$ 128,269</u>	<u>\$ 1,827,806</u>	<u>\$ 1,956,075</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED
March 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 531,447	\$ 82,564	\$ 103,586	\$ 717,597
Payroll taxes	18,837	6,174	7,749	32,760
Employee benefits	32,474	10,644	13,359	56,477
Retirement benefits	7,219	2,366	2,970	12,555
Office supplies	2,151	705	885	3,741
Computer maintenance	12,452	4,081	5,122	21,655
Copier lease	2,656	870	1,093	4,619
Repairs and maintenance - equipment	199	65	82	346
Postage	555	183	228	966
Insurance	1,079	353	444	1,876
Utilities	6,443	2,112	2,650	11,205
Building security	767	252	315	1,334
Travel	12,361	4,052	5,085	21,498
Campaign operations and supplies	13,123	4,302	5,398	22,823
Marketing	39,895	13,076	16,411	69,382
Dues - local associations	5,893	1,931	2,424	10,248
Professional fees	24,524	8,040	10,086	42,650
Processing fees	5,187	1,699	2,134	9,020
Rent	13,800	4,523	5,677	24,000
Depreciation	3,608	1,183	1,484	6,275
Grant expenses	807,170	-	-	807,170
Disbursements to agencies	-	774,790	-	774,790
Miscellaneous	-	10,645	-	10,645
	<u>1,541,840</u>	<u>934,610</u>	<u>187,182</u>	<u>2,663,632</u>
Expenses before unallocated payments to affiliated organizations				
	-	-	-	14,473
Unallocated payments to affiliated organizations				
Total Expenses	<u><u>\$ 1,541,840</u></u>	<u><u>\$ 934,610</u></u>	<u><u>\$ 187,182</u></u>	<u><u>\$ 2,678,105</u></u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
March 31, 2024

Cash Flows from Operating Activities

Changes in Net Assets	\$ (425,791)
Adjustments to Reconcile Changes in Net Assets	
To Net Cash Provided by Operating Activities:	
Depreciation	6,275
(Increase) decrease in pledge receivable	234,395
(Increase) decrease in grants receivable	(174,857)
(Increase) decrease in other receivable	(56,650)
(Increase) decrease in Prepaids	(2,626)
Increase (decrease) in accounts payable and accrued expenses	65,240
Increase (decrease) in accounts payable - agencies	17,849
Increase (decrease) in designation payable - agencies	180,648
Increase (decrease) in prepaid sponsorships	55,043

Net Cash Provided (Used) by Operating Activities (100,474)

Cash Flows from Capital and Investing Activities

Purchase of Investments	<u>(190,345)</u>
-------------------------	------------------

Net Cash Provided (Used) by Capital and Investing Activities (190,345)

Cash Flows from Financing Activities

Drawdowns on line of credit	175,000
Payment on line of credit	<u>(75,000)</u>

Net Cash Provided (Used) by Financing Activities 100,000

Net Increase (Decrease) in Cash and Cash Equivalents (190,819)

Cash and cash equivalents, beginning of year 442,816

Cash and cash equivalents, end of year \$ 251,997

Cash and cash equivalents	\$ 163,856
Cash and cash equivalents of investments	88,141
Total cash and cash equivalents	<u><u>\$ 251,997</u></u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in preparation of the accompanying financial statements follows.

A. Organization and Purpose

The United Way of West Tennessee, Inc. (United Way) (the Organization) was originally named Community Chest in Fall of 1941 and changed their name to United Way in 1958. United Way strives to promote cooperation between the citizens of West Tennessee included within its fourteen county service area and the various non-profit agencies serving the citizens. This is accomplished by providing leadership and guidance during a united campaign to solicit funds that can be disbursed to the various agencies in accordance with the directions and intentions of the donors.

The main source of revenue for United Way is public contributions.

B. Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time or may be maintained permanently by United Way. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

C. Contributions

Contributions, including unconditional promises to give, are recognized as income. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Property and Equipment

Land, buildings, and equipment are recorded at cost if purchased or at estimated fair value at the date of gift if donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Property and Equipment (Continued)

United Way follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is provided using the straight-line method over the three to seven years of the estimated useful life of the assets.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

G. Functional Expenses

The costs of providing United Way's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. Marketing

Marketing expenses are expensed as incurred. The advertising expense for the year ended March 31, 2024 was \$69,382.

I. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted prices in active markets (all Level 2 measurements). The investments consist primarily of money market accounts and stock mutual funds. Investment income or loss (including gains and losses, interest and dividends) is included in the statement of changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

J. Prepaid Sponsorships

Income from fundraising events that are for a specific purpose are recognized as revenue when the event occurs. Amounts received but not yet recognized are recorded as prepaid sponsorships in the accompanying Statement of Net Position.

K. Income Tax Status

The United Way qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and classified as a public charity under section 509(a)(1) of the Code. Therefore, it has no provision for federal income taxes.

L. Investment Expenses

External and direct internal expenses of \$85,440 have been netted against endowment revenues of \$56,812 in the accompanying Statement of Activities.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS

United Way maintains cash balances in financial institutions, including banks. The following is a summary of cash and cash equivalents at March 31, 2024:

<u>Unrestricted:</u>	
Cash on hand	\$ 100
Demand deposits	163,756
Total unrestricted cash and cash equivalents	163,856
 <u>Restricted:</u>	
Government obligations (Investment Income)	11,037
Government obligations (Principal)	77,104
Total restricted cash and cash equivalents	88,141
 Total cash and cash equivalents	 \$ 251,997

NOTE 3 – PLEDGES RECEIVABLE

Pledges are made in the fall of each year during the annual campaign. These pledges are paid in the next year or by March 31 of the following year. Uncollected pledges not received by March 31 of the following year are written off using the allowance method. For the total pledges made in the fall of 2023 in the amount of \$879,672, there is an uncollectible balance of \$368,656. This uncollectible balance was estimated based on prior years' experience.

NOTE 4 – COMMITMENTS

United Way receives pledges from individuals and corporations for their fiscal year (April 1 through March 31). However, United Way makes commitments to fund its agencies on a different yearly basis (July 1 through June 30). Therefore, on April 1 of each year, United Way has commitments for three months longer than the pledges it received to cover the commitments.

NOTE 5 – DEFINED CONTRIBUTION PLAN

United Way has a simplified employee pension (SEP) plan covering all employees with more than one year of service. United Way contributes 5% of each participant's compensation to this defined contribution plan. The total expense for the year March 31, 2024 was \$12,555.

NOTE 6 – COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, i.e. vacation and other approved leaves. United Way accrues the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation in varying amounts to specified maximums depending on tenure with the Organization. Vacation is recorded as an expense and related liability in the year earned by employees. The following is a summary of compensated absences:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Compensated Absences	\$ 17,979	\$ -	\$ -	\$ 17,979

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 7 – OPERATING LEASE

In January 2018, United Way entered into a 36 month lease with Town and Country for the rental of office space for \$1,800 per month. The lease agreement expired in December 2020; however, United Way continues to lease the space for \$1,800 per month on a month to month basis. In January 2024, United Way added a suite for an additional cost of \$800 per month. As of March 31, 2024, monthly payments are \$2,600.

In May 2021, United Way entered into a postage meter lease with Quadient Leasing for \$75 per month for 63 months expiring in August 2026.

In January 2023, United Way entered into a 36 month lease with ADT for security monitoring for \$62 per month expiring in December 2026.

In July 2022 United Way entered into a 63 month lease for a Toshiba Color System Copier with monthly payments of \$270 with the lease expiring in September 2027. In May 2023, United Way entered into a 63 month lease for another Toshiba Color System Copier with monthly payments of \$312 with the lease expiring in August 2028.

As of March 31, 2024, the copier lease and security system are the only leases with future payments. The future minimum lease payments are as follows:

Year Ending March :	<u>Total</u>	<u>Copier</u>	<u>Tutor U Copier</u>	<u>Security System</u>	<u>Postage Meter</u>
2025	\$ 8,636	\$ 3,240	\$ 3,744	\$ 749	\$ 903
2026	\$ 8,636	\$ 3,240	\$ 3,744	\$ 749	\$ 903
2027	\$ 6,227	\$ 1,620	\$ 3,744	\$ 562	\$ 301
2028	\$ 2,808	\$ -	\$ 2,808	\$ -	\$ -
	<u>\$ 26,307</u>				

For the year ended March 31, 2024, the United Way paid \$4,619 for the copier and postage lease, \$4,099 for the Tutor U Copier, \$1,334 for security, and \$24,000 for the lease of office space.

NOTE 8 – PROPERTY AND EQUIPMENT

The following changes in fixed assets occurred during the period April 1, 2023, through March 31, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, depreciable	\$ 63,288	\$ -	\$ -	\$ 63,288
Less: Accumulated Depreciation	(46,045)	(6,275)	-	(52,320)
	<u>\$ 17,243</u>	<u>\$ (6,275)</u>	<u>\$ -</u>	<u>\$ 10,968</u>

Properties are reported at acquisition cost. Cost of maintenance and repairs are charged to expense. As of March 31, 2024, depreciation expense is \$6,275 using the straight-line method.

-Remainder of the page is intentionally left blank-

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects United Way’s financial assets as of March 31, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalent	\$	163,856
Pledges receivable, current, net of allowance		511,016
Grants receivable		174,857
Other receivables		82,050
Cash and cash equivalents of investments - donor restricted		88,141
Investments		<u>1,961,082</u>
Total financial assets		<u>2,981,002</u>
Less those unavailable for general expenditures with one year, due to:		
Donor-imposed restrictions		<u>(1,827,806)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>1,153,196</u>

As of March 31, 2024, \$1,513,196 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. United Way has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$446,351. As part of the United Way’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 – ENDOWMENT FUNDS

The endowment funds consist of several contributions, with different types of restrictions. The Robertson Brothers principal was originally restricted in perpetuity and the interest earned was originally restricted for the benefit of the underprivileged children of Jackson, Tennessee (the City). However, this restriction has been legally released and is now considered unrestricted. The Sawyer principal is restricted in perpetuity and the interest earned on the principal is restricted for payment of administrative expenses. The Hallock endowment principal is restricted in perpetuity and the interest earned on the principal is restricted to annually purchase a plaque honoring a volunteer.

	March 31, 2024		
	Without Donor Restrictions		Totals
	Sawyer Endowment	Hallock Endowment	
Fair market value at April 1, 2023	\$ 659,376	\$ 1,000	\$ 660,376
Investment Income	26,389	-	26,389
Net appreciation (depreciation) of investments	61,157	-	61,157
Amounts appropriated for expenditures	(26,141)	-	(26,141)
Fair market value at March 31, 2024	<u>\$ 720,781</u>	<u>\$ 1,000</u>	<u>\$ 721,781</u>

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 11 – LONG-TERM INVESTMENTS

Fair values and unrealized appreciation (depreciation) at March 31, 2024 are summarized below:

	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	\$ 1,804,609	\$ 2,049,223	\$ 244,614
Totals	<u>\$ 1,804,609</u>	<u>\$ 2,049,223</u>	<u>\$ 244,614</u>

The following schedule summarizes investment return and its classification in the statement of activities:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 37,852	\$ 26,389	\$ 64,241
Net realized gains (losses)	14,692	(851)	13,841
Total realized return on investment	52,544	25,538	78,082
Net unrealized gains (losses)	98,645	145,969	244,614
Total investment return (loss)	<u>\$ 151,189</u>	<u>\$ 171,507</u>	<u>\$ 322,696</u>

NOTE 12 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the United Way in estimating fair value disclosures for financial instruments:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial assets:</u>		
Cash and cash equivalents	\$ 251,997	\$ 251,997
Pledges receivable, net	511,016	511,016
Long-term investments	1,804,609	2,049,223

Cash, cash equivalents, and pledges receivable: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

Long-term investments: The fair values of investment securities are based on quoted market prices for those investments

NOTE 13 – FAIR VALUE MEASUREMENTS

Fair values of investments measured on a recurring basis at March 31, 2024, were \$2,049,223 and are determined by reference to quoted market prices and other relevant information generated by market transactions. At present, United Way has no items carried or that will be carried at fair value on a non-recurring basis. The United Way does not currently have, nor expects to have, any non-financial assets or liabilities which could be carried at fair value.

United Way follows a policy that defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements regarding fair value measurements. This standard clarifies the principle that fair value should be based on assumptions market participants would use when pricing the asset or liability and establishes a hierarchy that prioritizes information used to develop these assumptions. The hierarchy is as follows:

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 13 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Such inputs may include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted market prices that are observable for the assets and liabilities such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 Inputs: Unobservable inputs for determining fair values of assets and liabilities that reflect an entity's own assumptions about the assumptions that market participants would use pricing the assets and liabilities.

Investments are the only balance sheet components reported at fair value. They are all valued using Level 2 Inputs. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and terms and conditions of bonds, and other factors. The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2024:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total Fair Value</u>
Investments	<u>\$ -</u>	<u>\$ 2,049,223</u>	<u>\$ -</u>	<u>\$ 2,049,223</u>

NOTE 14 – DESIGNATIONS

The United Way allows those who participate in its annual workplace fundraising campaign to designate where the pledge is to be directed. Contributions with donor-imposed restrictions are not reported as revenue. The revenue listed has been reduced by the amount of restricted contributions, in the amount of \$532,872 and reported as a liability, payable per donor instruction.

NOTE 15 – CREDIT RISK

Credit risk primarily relates to cash and cash equivalents, endowment investments, and receivables. Cash and cash equivalents are held in banks. All deposits in excess of FDIC insurance coverage are insured.

-Remainder of the page is intentionally left blank-

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 16 – NET ASSETS

The net assets of United Way as of March 31, 2024, consist of the following:

	<u>Endowments</u>	<u>Non-Endowments</u>	<u>Other Unrestricted</u>	<u>Total</u>
<i>Funds with donor restrictions</i>				
Permanently restricted funds				
Sawyer	\$ 411,458	\$ -	\$ -	\$ 411,458
Hallock	1,000	-	-	1,000
Total permanently restricted funds	<u>412,458</u>	<u>-</u>	<u>-</u>	<u>412,458</u>
Temporarily restricted funds:				
Sawyer	309,323	-	-	309,323
Kellog Grant	-	1,000	-	1,000
Spectrum Grant	-	2,000	-	2,000
Corporate Sponsorships	-	465,690	-	465,690
First Ladies Luncheon	-	110,628	-	110,628
Financial Empowerment Center	-	(19,858)	-	(19,858)
The Read Team	-	(8,764)	-	(8,764)
Bright Start Program	-	2,363	-	2,363
Shared Service Alliance	-	93,298	-	93,298
Disaster Relief Fund	-	216,689	-	216,689
Ford Motor Fund	-	224,710	-	224,710
Christmas partners revenue	-	120	-	120
Disaster recovery services	-	18,149	-	18,149
Total temporarily restricted funds	<u>309,323</u>	<u>1,106,025</u>	<u>-</u>	<u>1,415,348</u>
Total funds with donor restrictions	<u>721,781</u>	<u>1,106,025</u>	<u>-</u>	<u>1,827,806</u>
<i>Funds without donor restrictions</i>				
Investments	1,327,442	-	-	1,327,442
Other	-	-	(1,199,173)	(1,199,173)
Total funds without donor restrictions	<u>1,327,442</u>	<u>-</u>	<u>(1,199,173)</u>	<u>128,269</u>
Total funds	<u>\$ 2,049,223</u>	<u>\$ 1,106,025</u>	<u>\$ (1,199,173)</u>	<u>\$ 1,956,075</u>

NOTE 17 – CORRECTION OF ERROR

Payroll liabilities were overstated by \$758 in a prior period. Net assets, without donor restrictions, increased by \$758 as of year end.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through January 28, 2025 which is the date the financial statements were available to be issued and determined that there were no subsequent events that necessitated disclosure.



Independent Auditor's Report

To the Board of Directors
United Way of West Tennessee, Inc.

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 (*Government Auditing Standards*), the financial statements of United Way's of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the United Way's basic financial statements, and have issued our report thereon dated January 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the United Way'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 United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CRS CPAs

CRS CPAs, P.C.
Jackson, TN
January 28, 2025

**UNITED WAY OF WEST TENNESSEE, INC.
SCHEDULE OF CURRENT YEAR FINDINGS
MARCH 31, 2024**

There are no current year findings.

**UNITED WAY OF WEST TENNESSEE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
MARCH 31, 2024**

There are no prior year findings.