

United Way of Sumner County

Financial Statements
For the Years Ended June 30, 2021 and 2020

United Way of Sumner County
Financial Statements
For the Years Ended June 30, 2021 and 2020

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13



Independent Auditor's Report

Board of Directors
United Way of Sumner County

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Sumner County (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Sumner County as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
August 6, 2021

United Way of Sumner County
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 267,172	\$ 393,113
Investments	23,669	23,605
Pledges receivable, net of allowance of \$50,229 and \$71,900, respectively	268,507	275,949
Prepaid expenses	1,526	1,483
Furniture and equipment, net	4,730	4,258
Deposits	<u>1,200</u>	<u>1,200</u>
Total assets	\$ 566,804	\$ 699,608
Liabilities and Net Assets		
Liabilities		
Allocations to agencies	\$ 393,066	\$ 537,585
Accrued expenses	20,560	8,623
PPP loan	-	35,000
Other payables	<u>1,102</u>	<u>-</u>
Total liabilities	414,728	581,208
Net assets		
Without donor restrictions		
Undesignated	43,849	(368)
Board-designated	87,857	87,857
With donor restrictions	<u>20,370</u>	<u>30,911</u>
Total net assets	<u>152,076</u>	<u>118,400</u>
Total liabilities and net assets	\$ 566,804	\$ 699,608

United Way of Sumner County
Statement of Activities
For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Campaign revenues			
Gross campaign results	\$ 737,939	\$ 8,717	\$ 746,656
Less: donor designations	(109,933)	-	(109,933)
Less: provision for uncollectible accounts	(30,906)	-	(30,906)
Net campaign revenues	<u>597,100</u>	<u>8,717</u>	<u>605,817</u>
Special events	4,200	-	4,200
In-kind contributions	26,198	-	26,198
Designations from other United Ways, net of fees of \$6,889	13,137	-	13,137
Service fees	4,546	-	4,546
Other contributions	42,033	-	42,033
Interest income	753	-	753
Release of restrictions	19,258	(19,258)	-
Total public support and revenues	<u>707,225</u>	<u>(10,541)</u>	<u>696,684</u>
Expenses			
Program services			
Allocations and designations, agencies	419,224	-	419,224
Less: donor designations	(109,933)	-	(109,933)
Net allocations and designations, agencies	<u>309,291</u>	<u>-</u>	<u>309,291</u>
Allocations and designations, operating expenses	24,818	-	24,818
Community building	63,286	-	63,286
Total program services	<u>397,395</u>	<u>-</u>	<u>397,395</u>
Supporting services			
Management and general	167,706	-	167,706
Campaign development	97,907	-	97,907
Total supporting services	<u>265,613</u>	<u>-</u>	<u>265,613</u>
Total expenses	<u>663,008</u>	<u>-</u>	<u>663,008</u>
Change in net assets	44,217	(10,541)	33,676
Net assets, beginning of year	<u>87,489</u>	<u>30,911</u>	<u>118,400</u>
Net assets, end of year	\$ 131,706	\$ 20,370	\$ 152,076

United Way of Sumner County
Statement of Activities
For the Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Campaign revenues			
Gross campaign results	\$ 794,953	\$ 44,464	\$ 839,417
Less: donor designations	(120,286)	-	(120,286)
Less: provision for uncollectible accounts	(61,575)	-	(61,575)
Net campaign revenues	<u>613,092</u>	<u>44,464</u>	<u>657,556</u>
Special events	61,643	-	61,643
In-kind contributions	47,082	-	47,082
Designations from other United Ways, net of fees of \$8,627	29,688	-	29,688
Service fees	7,930	-	7,930
Other contributions	8,280	-	8,280
Interest income	1,522	-	1,522
Release of restrictions	45,072	(45,072)	-
Total public support and revenues	<u>814,309</u>	<u>(608)</u>	<u>813,701</u>
Expenses			
Program services			
Allocations and designations, agencies	616,529	-	616,529
Less: donor designations	(120,286)	-	(120,286)
Net allocations and designations, agencies	<u>496,243</u>	<u>-</u>	<u>496,243</u>
Allocations and designations, operating expenses	30,000	-	30,000
Community building	61,558	-	61,558
Total program services	<u>587,801</u>	<u>-</u>	<u>587,801</u>
Supporting services			
Management and general	126,014	-	126,014
Campaign development	124,134	-	124,134
Total supporting services	<u>250,148</u>	<u>-</u>	<u>250,148</u>
Total expenses	<u>837,949</u>	<u>-</u>	<u>837,949</u>
Change in net assets	(23,640)	(608)	(24,248)
Net assets, beginning of year	<u>111,129</u>	<u>31,519</u>	<u>142,648</u>
Net assets, end of year	\$ 87,489	\$ 30,911	\$ 118,400

United Way of Sumner County
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program services			Supporting services			Grand total
	Allocations and designation	Community building	Total	Management and general	Campaign development	Total	
Personnel Costs							
Salaries	\$ 14,987	\$ 24,354	\$ 39,341	\$ 106,266	\$ 54,329	\$ 160,595	\$ 199,936
Payroll taxes	1,172	1,905	3,077	7,328	4,250	11,578	14,655
Employee benefits	1,439	2,339	3,778	8,995	5,217	14,212	17,990
Total personnel costs	17,598	28,598	46,196	122,589	63,796	186,385	232,581
Days of Action							
Stuff the Bus	-	12,535	12,535	-	-	-	12,535
Coat drive	-	2,400	2,400	-	-	-	2,400
Community leadership	-	7,645	7,645	-	-	-	7,645
Total Days of Action	-	22,580	22,580	-	-	-	22,580
Business insurance	429	695	1,124	2,674	1,551	4,225	5,349
Dues to United Way Worldwide and others	1,332	2,165	3,497	8,327	4,830	13,157	16,654
Maintenance, equipment rental, and other contracts	978	1,590	2,568	6,115	3,547	9,662	12,230
Meetings and events	-	292	292	-	11	11	303
Occupancy	2,734	4,441	7,175	17,082	9,908	26,990	34,165
Office expense	561	912	1,473	3,506	2,034	5,540	7,013
Printing and promotional	-	86	86	-	7,930	7,930	8,016
Professional services	1,072	1,742	2,814	6,700	3,886	10,586	13,400
Total other operating expenses	24,704	63,101	87,805	166,993	97,493	264,486	352,291
Depreciation of property and equipment	114	185	299	713	414	1,127	1,426
Total operating expenses	24,818	63,286	88,104	167,706	97,907	265,613	353,717
Net allocations and designations, agencies	309,291	-	309,291	-	-	-	309,291
Total	\$ 334,109	\$ 63,286	\$ 397,395	\$ 167,706	\$ 97,907	\$ 265,613	\$ 663,008

See notes to financial statements

United Way of Sumner County
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program services			Supporting services			Grand total
	Allocations and designation	Community building	Total	Management and general	Campaign development	Total	
Personnel Costs							
Salaries	\$ 17,488	\$ 20,985	\$ 38,473	\$ 73,448	\$ 62,956	\$ 136,404	\$ 174,877
Payroll taxes	1,355	1,626	2,981	5,688	4,877	10,565	13,546
Employee benefits	1,827	2,192	4,019	7,672	6,576	14,248	18,267
Total personnel costs	20,670	24,803	45,473	86,808	74,409	161,217	206,690
Days of Action							
Stuff the Bus	-	19,497	19,497	-	-	-	19,497
Coat drive	-	1,506	1,506	-	-	-	1,506
Community leadership	-	4,048	4,048	-	-	-	4,048
Total Days of Action	-	25,051	25,051	-	-	-	25,051
Business insurance	589	707	1,296	2,476	2,122	4,598	5,894
Dues to United Way Worldwide and others	1,231	1,477	2,708	5,171	4,432	9,603	12,311
Maintenance, equipment rental, and other contracts	1,146	1,375	2,521	4,812	4,125	8,937	11,458
Meetings and events	16	361	377	15	76	91	468
Occupancy	3,311	3,973	7,284	13,906	11,920	25,826	33,110
Office expense	988	1,186	2,174	4,149	3,557	7,706	9,880
Printing and promotional	-	100	100	104	15,781	15,885	15,985
Professional services	1,830	2,196	4,026	7,686	6,588	14,274	18,300
Travel and training	26	97	123	74	428	502	625
Total other operating expenses	29,807	61,326	91,133	125,201	123,438	248,639	339,772
Depreciation of property and equipment	193	232	425	813	696	1,509	1,934
Total operating expenses	30,000	61,558	91,558	126,014	124,134	250,148	341,706
Net allocations and designations, agencies	496,243	-	496,243	-	-	-	496,243
Total	\$ 526,243	\$ 61,558	\$ 587,801	\$ 126,014	\$ 124,134	\$ 250,148	\$ 837,949

See notes to financial statements

United Way of Sumner County
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash, beginning of year	\$ 393,113	\$ 353,445
Cash flows from operating activities		
Change in net assets	33,676	(24,248)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,426	1,934
Increase in provision for uncollectible accounts	21,671	(8,019)
Forgiveness of PPP loan funds	(35,000)	-
Change in:		
Pledges receivable	(14,229)	55,388
Prepaid expenses	(43)	(93)
Allocations to agencies	(144,519)	(15,790)
Accrued expenses	11,937	1,305
Other payables	1,102	-
Net cash provided (used) by operating activities	<u>(123,979)</u>	<u>10,477</u>
Cash flows from investing activities		
Purchase of furniture and equipment	(1,898)	(5,233)
Interest income reinvested in certificates of deposit	(64)	(576)
Net cash provided (used) by investing activities	<u>(1,962)</u>	<u>(5,809)</u>
Cash flows from financing activities		
Proceeds from PPP loan	-	35,000
Net change in cash	<u>(125,941)</u>	<u>39,668</u>
Cash, end of year	\$ 267,172	\$ 393,113

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Activities

The United Way of Sumner County (the Organization) adopted by-laws in April 1985. Its purpose is to bring together in one united appeal all possible contribution campaigns of the community's health, welfare, and educational agencies. Additionally, the Organization is committed to deploy financial support to agencies, to maximize resources available for services aimed at the most urgent needs of the community, to muster community support and commitment, and to manage its operation effectively. A campaign is held annually for contributions from donors in Sumner County, which are then allocated as support to partner agencies and other charities in Sumner County based on the recommendation of a volunteer allocation committee.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Financial Statement Presentation

Financial statement presentation is reported in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are released from restrictions and reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

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

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies

Contributions, Pledges Receivable, and Campaign Expenses

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right to return of asset transferred or a right of release of a promisor's obligation to transfer assets exist. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Campaigns are conducted each year to raise support to member charities in the subsequent year. Unconditional pledges receivable are recognized in the period received, with an allowance provided for estimated uncollectible accounts. The allowance for uncollectible accounts is computed based on a three-year historical average write-off percentage, adjusted by management estimates of current economic factors, applied to gross campaign results including donor designations. Outstanding pledges receivable are considered collectible within one year.

Allocations to funded partner agencies are recognized as program service expenses in the period that corresponds to the campaign revenues recognized. All contributions are considered available for use as approved by the Board of Directors unless specifically restricted or designated by the donor. Amounts designated by donors include funds pledged to the Organization but designated by the donors to other organizations. The Organization does not retain variance power related to these designations. They are treated as agency transactions rather than contributions and reflected as liabilities of the Organization. The statements of activities show a reduction of campaign results for these pledges and also a reduction of grant expense for the pledges.

Cash

Cash includes cash on hand, demand deposits, money market, and investments with an initial maturity of three months or less.

Investments

Investments are comprised of certificates of deposit with maturities greater than three months.

Furniture and Equipment and Depreciation

Furniture and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Organization. The Organization's policy is to capitalize purchases with a cost of \$500 or more and an expected useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from 3 to 15 years.

Accrued Vacation and Sick Pay

Unused sick time can be accrued and carried forward from year-to-year up to a maximum of 90 days. Sick time is not paid upon termination and is not recorded on the financial statements. Vacation time is earned after 90 days of service. 5 days can be carried forward from year-to-year. Vacation time is paid upon termination and is accrued in the financial statements.

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Service

Allocations and designations – includes activities such as allocations to partner agencies and related planning and fund distribution costs. Donor designations represents the gross amount of campaign funding designated by donors to an eligible 501(c)(3) agency. Net allocations and designations represents the amount provided to agencies from unrestricted campaign funds. Other costs of allocations and designations include the other costs of processing and distributing allocations and designations to agencies.

Community building – costs associated with quarterly Days of Action in the community, including the Stuff the Bus program, coat drive, and community leadership.

Supporting Services

Management and general – relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or event or with fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, human resources, finance, budgeting, information technology, and other administrative activities.

Campaign development – includes costs of activities directed toward appeals for financial support. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Salaries and other operating expenses have been allocated on the basis of time and effort.

Printing and Promotional

Printing and promotional costs are expensed as incurred.

Service Fees

Service fees are amounts charged by the Organization for raising, processing, and transferring donor-designated gifts to non-partner agencies and other United Way organizations. Donor-designated pledges are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with United Way Worldwide's Membership Requirements as outlined in its publication titled *Cost Deduction Requirements for Membership Requirement M*. The Organization is committed to complying with that requirement in assessing these service fees. Amounts designated by donors are presented at the gross amount in the statements of activities prior to such changes.

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 2. Summary of Significant Accounting Policies

Donated Services and In-kind Contributions

A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities; however, no values for in-kind amounts have been included in the financial statements. Donated property and other in-kind amounts have been included in the financial statements. Donated property and other in-kind contributions are recognized in the financial statements at fair value when received.

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided. The Organization files a US federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken or expected to be taken in the course of preparing the Organization's income tax return to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there were no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Note 3. Availability and Liquidity

The following represents the Organization's financial assets at June 30:

	2021	2020
Financial assets		
Cash	\$ 267,172	\$ 393,113
Investments	23,669	23,605
Pledges receivable, net	<u>268,507</u>	<u>275,949</u>
Total financial assets at year-end	559,348	692,667
Less amounts not available to be used within one year		
Allocations to agencies	(393,066)	(537,585)
Board-designated	(87,857)	(87,857)
With donor restrictions	<u>(20,370)</u>	<u>(30,911)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 58,055	\$ 36,314

The Organization's goal is to maintain financial assets to meet three months of operating expenses, which is estimated by the Organization to be approximately \$80,000. The Organization holds these funds in a board-designated operating reserve that could be made available for general expenditure, if necessary.

The Organization is a fund-raising organization and receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. Allocations to agencies are paid monthly over a 12-month period. During that same 12-month period, additional contributions are received from donors.

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 4. PPP Loan

On May 4, 2020, the Organization received a loan in the amount of \$35,000 in accordance with the Paycheck Protection Program section of the Coronavirus Air, Relief, and Economic Security Act (the CARES Act). Under this loan program, the entity may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. The Organization received forgiveness of this loan on June 6, 2021 and has recorded this amount as other contributions.

Note 5. Net Assets With and Without Donor Restrictions

Net assets at June 30 consist of the following:

	2021	2020
Net assets without donor restrictions		
Undesignated	\$ 43,849	\$ (368)
Board-designated		
Emerging needs	8,481	8,481
Operating reserve	<u>79,376</u>	<u>79,376</u>
Total board-designated	<u>87,857</u>	<u>87,857</u>
Total net assets without donor restrictions	\$ 131,706	\$ 87,489
 Net assets with donor restrictions		
Time restrictions	\$ -	\$ 10,541
Purpose restrictions		
Disaster relief	<u>20,370</u>	<u>20,370</u>
Total net assets with donor restrictions	\$ 20,370	\$ 30,911

Note 6. In-kind Contributions

In-kind contributions recognized by the Organization for the years ended June 30 are included as contributions revenue, with the related expenses as follows:

	2021	2020
Days of Action, coat drive	\$ 2,400	\$ 1,170
Days of Action, Stuff the Bus	5,990	12,554
Special event, Gala	-	9,100
Mom & Baby	4,482	-
Printing and promotional	2,430	12,815
Occupancy	10,110	10,110
Office expense	<u>786</u>	<u>1,333</u>
Total in-kind contributions	\$ 26,198	\$ 47,082

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 7. Operating Leases

The Organization leases office space for \$1,180 per month under a lease which expires August 2023. The Organization also leases office equipment under an operating lease expiring in 2023. Total cash rental payments made for the years ended June 30, 2021 and 2020 amounted to \$16,724 and \$16,846, respectively.

The following is a schedule, by year, of future minimum lease payments for equipment as of June 30, 2021:

Year ended June 31,		
2022	\$	16,724
2023		16,296
2024		<u>2,359</u>
Total	\$	35,379

Note 8. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash, pledges receivable, and investments.

The Organization holds cash and certificates of deposit with various financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation. The Organization's cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts, and management considers this to be a normal business risk. Pledges receivable consist of corporate and individual pledges for the annual campaign, which are widely dispersed to mitigate credit risk.

Note 9. Subsequent Events

Management has evaluated subsequent events through August 6, 2021, the date on which the financial statements were available for issuance.