

United Way of Sumner County

Financial Statements
For the Years Ended June 30, 2023 and 2022

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Financial Statements
For the Years Ended June 30, 2023 and 2022

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Independent Auditor's Report

Board of Directors
United Way of Sumner County

Opinion

We have audited the financial statements of United Way of Sumner County (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 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 with GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
September 8, 2023

United Way of Sumner County
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 315,419	\$ 321,070
Investments	106,960	23,810
Employee Retention Credits receivable	94,268	-
Pledges receivable, net of allowance of \$47,581 and \$50,229, respectively	392,834	292,403
Prepaid expenses	6,579	9,649
Furniture and equipment, net	5,941	4,521
Operating lease right-of-use assets	2,356	-
Deposits	1,200	1,200
Total assets	\$ 925,557	\$ 652,653
Liabilities and Net Assets		
Liabilities		
Allocations to agencies	\$ 664,087	\$ 494,102
Accrued expenses	8,870	4,732
Other payables	122	791
Operating lease liabilities	2,351	-
Deferred revenues	3,976	950
Total liabilities	679,406	500,575
Net assets		
Without donor restrictions		
Undesignated	31,360	29,796
Board-designated	194,421	101,912
With donor restrictions	20,370	20,370
Total net assets	246,151	152,078
Total liabilities and net assets	\$ 925,557	\$ 652,653

United Way of Sumner County
Statement of Activities
For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Campaign revenues			
Gross campaign results	\$ 941,946	\$ 6,224	\$ 948,170
Less: donor designations	(96,218)	-	(96,218)
Less: provision for uncollectible accounts	(56,624)	-	(56,624)
Net campaign revenues	<u>789,104</u>	<u>6,224</u>	<u>795,328</u>
Special events, net of \$41,255 in direct benefit to donors	80,893	-	80,893
Contributions of nonfinancial assets	55,499	-	55,499
Designations from other United Ways, net of fees of \$7,369	26,010	-	26,010
Employee retention credits	94,268	-	94,268
Service fees	4,300	-	4,300
Other contributions	6,797	-	6,797
Interest income	3,811	-	3,811
Release of restrictions	6,224	(6,224)	-
Total public support and revenues	<u>1,066,906</u>	<u>-</u>	<u>1,066,906</u>
Expenses			
Program services			
Allocations and designations, agencies	696,447	-	696,447
Less: donor designations	(96,218)	-	(96,218)
Net allocations and designations, agencies	<u>600,229</u>	<u>-</u>	<u>600,229</u>
Allocations and designations, operating expenses	40,575	-	40,575
Community building	72,698	-	72,698
Total program services	<u>713,502</u>	<u>-</u>	<u>713,502</u>
Supporting services			
Management and general	116,791	-	116,791
Campaign development	142,540	-	142,540
Total supporting services	<u>259,331</u>	<u>-</u>	<u>259,331</u>
Total expenses	<u>972,833</u>	<u>-</u>	<u>972,833</u>
Change in net assets	94,073	-	94,073
Net assets, beginning of year	<u>131,708</u>	<u>20,370</u>	<u>152,078</u>
Net assets, end of year	<u>\$ 225,781</u>	<u>\$ 20,370</u>	<u>\$ 246,151</u>

United Way of Sumner County
Statement of Activities
For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Campaign revenues			
Gross campaign results	\$ 760,396	\$ 4,144	\$ 764,540
Less: donor designations	(99,432)	-	(99,432)
Less: provision for uncollectible accounts	(43,152)	-	(43,152)
Net campaign revenues	<u>617,812</u>	<u>4,144</u>	<u>621,956</u>
Special events, net of \$34,550 in direct benefit to donors	57,924	-	57,924
Contributions of nonfinancial assets	43,902	-	43,902
Designations from other United Ways, net of fees of \$6,889	19,527	-	19,527
Service fees	5,121	-	5,121
Other contributions	7,174	-	7,174
Interest income	844	-	844
Gain on sale of assets	75	-	75
Release of restrictions	4,144	(4,144)	-
Total public support and revenues	<u>756,523</u>	<u>-</u>	<u>756,523</u>
Expenses			
Program services			
Allocations and designations, agencies	514,401	-	514,401
Less: donor designations	(99,432)	-	(99,432)
Net allocations and designations, agencies	<u>414,969</u>	<u>-</u>	<u>414,969</u>
Allocations and designations, operating expenses	20,757	-	20,757
Community building	<u>77,737</u>	<u>-</u>	<u>77,737</u>
Total program services	<u>513,463</u>	<u>-</u>	<u>513,463</u>
Supporting services			
Management and general	151,975	-	151,975
Campaign development	91,083	-	91,083
Total supporting services	<u>243,058</u>	<u>-</u>	<u>243,058</u>
Total expenses	<u>756,521</u>	<u>-</u>	<u>756,521</u>
Change in net assets	2	-	2
Net assets, beginning of year	<u>131,706</u>	<u>20,370</u>	<u>152,076</u>
Net assets, end of year	\$ 131,708	\$ 20,370	\$ 152,078

United Way of Sumner County
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program services			Supporting services			Grand total
	Allocations and designation	Community building	Total	Management and general	Campaign development	Total	
Personnel Costs							
Salaries	\$ 25,326	\$ 29,547	\$ 54,873	\$ 71,757	\$ 84,420	\$ 156,177	\$ 211,050
Payroll taxes	1,947	2,272	4,219	5,518	6,492	12,010	16,229
Employee benefits	<u>2,279</u>	<u>2,659</u>	<u>4,938</u>	<u>6,457</u>	<u>7,596</u>	<u>14,053</u>	<u>18,991</u>
Total personnel costs	29,552	34,478	64,030	83,732	98,508	182,240	246,270
Days of Action							
Community leadership	-	19,365	19,365	-	-	-	19,365
Business insurance	452	527	979	1,280	1,506	2,786	3,765
Dues to United Way Worldwide and others	1,312	1,530	2,842	3,716	4,372	8,088	10,930
Maintenance, equipment rental, and other contracts	622	726	1,348	1,762	2,072	3,834	5,182
Meetings and events	17	563	580	1,630	-	1,630	2,210
Occupancy	3,833	4,471	8,304	10,860	12,776	23,636	31,940
Office expense	2,347	2,739	5,086	6,651	7,825	14,476	19,562
Printing and promotional	-	5,344	5,344	417	7,501	7,918	13,262
Professional services	2,131	2,487	4,618	6,039	7,106	13,145	17,763
Travel and training	<u>163</u>	<u>299</u>	<u>462</u>	<u>293</u>	<u>390</u>	<u>683</u>	<u>1,145</u>
Total other operating expenses	40,429	72,529	112,958	116,380	142,056	258,436	371,394
Depreciation	<u>146</u>	<u>169</u>	<u>315</u>	<u>411</u>	<u>484</u>	<u>895</u>	<u>1,210</u>
Total operating expenses	40,575	72,698	113,273	116,791	142,540	259,331	372,604
Net allocations and designations, agencies	<u>600,229</u>	<u>-</u>	<u>600,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,229</u>
Total	\$ 640,804	\$ 72,698	\$ 713,502	\$ 116,791	\$ 142,540	\$ 259,331	\$ 972,833

United Way of Sumner County
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program services			Supporting services			Grand total
	Allocations and designation	Community building	Total	Management and general	Campaign development	Total	
Personnel Costs							
Salaries	\$ 12,232	\$ 29,707	\$ 41,939	\$ 94,728	\$ 50,677	\$ 145,405	\$ 187,344
Payroll taxes	1,027	2,495	3,522	6,897	4,255	11,152	14,674
Employee benefits	1,074	2,609	3,683	7,214	4,452	11,666	15,349
Total personnel costs	14,333	34,811	49,144	108,839	59,384	168,223	217,367
Days of Action							
Stuff the Bus	-	14,344	14,344	-	-	-	14,344
Community leadership	-	10,190	10,190	-	-	-	10,190
Total Days of Action	-	24,534	24,534	-	-	-	24,534
Business insurance	468	1,136	1,604	3,142	1,938	5,080	6,684
Dues to United Way Worldwide and others	1,107	2,689	3,796	7,435	4,587	12,022	15,818
Maintenance, equipment rental, and other contracts	315	764	1,079	2,113	1,304	3,417	4,496
Meetings and events	-	1,655	1,655	-	-	-	1,655
Occupancy	2,161	5,248	7,409	14,509	8,953	23,462	30,871
Office expense	1,282	3,114	4,396	8,610	5,312	13,922	18,318
Printing and promotional	-	67	67	-	5,083	5,083	5,150
Professional services	970	2,356	3,326	6,514	4,020	10,534	13,860
Travel and training	-	1,069	1,069	-	-	-	1,069
Total other operating expenses	20,636	77,443	98,079	151,162	90,581	241,743	339,822
Depreciation	121	294	415	813	502	1,315	1,730
Total operating expenses	20,757	77,737	98,494	151,975	91,083	243,058	341,552
Net allocations and designations, agencies	414,969	-	414,969	-	-	-	414,969
Total	\$ 435,726	\$ 77,737	\$ 513,463	\$ 151,975	\$ 91,083	\$ 243,058	\$ 756,521

United Way of Sumner County
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash, beginning of year	\$ 321,070	\$ 267,172
Cash flows from operating activities		
Change in net assets	94,073	2
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,210	1,730
Gain on sale of assets	-	(75)
Change in provision for uncollectible accounts	(5,355)	2,648
Noncash lease expense	(5)	-
Interest income reinvested in certificates of deposit	(1,988)	(141)
Change in:		
Employee Retention Credits receivable	(94,268)	-
Pledges receivable, net	(95,076)	(26,544)
Prepaid expenses	3,070	(8,123)
Allocations to agencies	169,985	101,036
Accrued expenses	4,138	(15,828)
Other payables	3,026	(311)
Deferred revenues	(669)	950
Net cash provided (used) by operating activities	78,141	55,344
Cash flows from investing activities		
Purchase of furniture and equipment	(2,630)	(1,521)
Proceeds from sale of assets	-	75
Purchase of investments	(81,162)	-
Net cash provided (used) by investing activities	(83,792)	(1,446)
Net change in cash	(5,651)	53,898
Cash, end of year	\$ 315,419	\$ 321,070

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

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 (ASC) 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, 2023 and 2022

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

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. Five 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, 2023 and 2022

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 Services

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, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized in the financial statements at fair value when received. A large number of volunteers donate substantial amounts of time toward the annual campaign and the various community activities; however, no values for these services have been included in the financial statements.

Leases (New Accounting Standard Adopted in 2023)

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among entities related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies

Leases (New Accounting Standard Adopted in 2023)

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred.

The Organization has made an accounting policy election to use the risk-free rate as the discount rate if the rate implicit in the lease is not readily determinable. The risk-free rate is the rate of a zero coupon US Treasury instrument for the same period as the time of the lease term.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately \$16,000 at July 1, 2022. The adoption of the new lease standard did not materially impact net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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.

Employee Retention Credits

The Organization has recognized \$94,268 in employee retention credits to be applied against payroll taxes for the year ended June 30, 2023, in accordance with the Coronavirus Aid, Relief, and Economic Security Act. The Organization has elected to treat these credits as conditional contributions and has recorded them as income. The Board has voted to add such funds to the board reserve until such a time as the funds are received.

United Way of Sumner County
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 3. Availability and Liquidity

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

	2023	2022
Financial assets		
Cash	\$ 315,419	\$ 321,070
Investments	106,960	23,810
Accounts receivable	94,268	-
Pledges receivable, net	<u>392,834</u>	<u>292,403</u>
Total financial assets at year-end	909,481	637,283
Less amounts not available to be used within one year		
Allocations to agencies	(664,087)	(494,102)
With donor restrictions	<u>(20,370)</u>	<u>(20,370)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 225,024	\$ 122,811

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 \$92,000. 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.

Note 4. Net Assets With and Without Donor Restrictions

Net assets at June 30 consist of the following:

	2023	2022
Net assets without donor restrictions		
Undesignated	\$ 31,360	\$ 29,796
Board-designated		
Emerging needs	8,281	8,481
Operating reserve	<u>186,140</u>	<u>93,431</u>
Total board-designated	194,421	101,912
Total net assets without donor restrictions	\$ 225,781	\$ 131,708
Net assets with donor restrictions		
Disaster relief	\$ 20,370	\$ 20,370

United Way of Sumner County
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Note 5. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets for the years ended June 30 are as follows:

	2023	2022
Days of Action, Stuff the Bus	\$ -	\$ 9,204
Community leadership	26,190	6,807
Special events	13,506	16,351
Meetings and events	900	450
Printing and promotion	3,500	-
Professional services	250	-
Occupancy	11,114	10,790
Office expense	<u>39</u>	<u>300</u>
Total contributions of nonfinancial assets	\$ 55,499	\$ 43,902

Unless otherwise noted, the Organization did not recognize any contributions of nonfinancial assets with donor-imposed restrictions.

Contributed Days of Action and community leadership items include coats, school supplies, or gift cards to benefit community building programs and are estimated at fair value. Contributed special events includes space donated to hold events that raise money for allocations and designations to agency partners. Meetings and events and occupancy are donated space used for general and administrative activities. In valuing the contributed building and event space, the Organization estimated the fair value based on recent comparable prices in the local real estate market.

Note 6. Leases

The Organization leases office space for \$1,180 per month under an operating lease, which expires August 2023. These lease was subsequently renewed on a month-to-month basis.

Operating lease cost is recognized on a straight-line basis over the lease term. Rent expense applicable to operating leases was \$25,263 and \$24,740 for 2022 and 2021, respectively.

Supplemental cash flow information related to leases is as follows for the year ended June 30, 2023:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows – payments on operating leases	\$ 14,154

Supplemental statement of financial position information related to leases is as follows for the year ended June 30, 2023:

Operating lease right-of-use assets	\$ 2,356
Operating lease liabilities	\$ 2,351

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Note 6. Leases

Weighted-average remaining lease term for operating leases as of June 30, 2023 is 0.17 years.

Weighted-average discount rate for operating leases as of June 30, 2023 is 2.79%.

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the statement of financial position as of June 30, 2023 are as follows:

Year ended June 30,		
2024	\$	2,359
Imputed interest		<u>(8)</u>
Total present value of lease liabilities	\$	2,351

Future minimum lease commitments, as determined under Topic 840, for all leases as of June 30, 2022 are as follows:

Years ended June 30,		
2023	\$	16,296
2024		<u>2,359</u>
Total	\$	18,655

Note 7. 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 8. Subsequent Events

Management has evaluated subsequent events through September 8, 2023, the date on which the financial statements were available for issuance.