

# **MONROE COUNTY UNITED WAY FUND, INC**

Audited Financial Statements  
Fiscal 12 month year ending December 31, 2022

**MONROE COUNTY UNITED WAY FUND, INC**  
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# **ENCOMPASS CPAS, PC**

*Certified Public Accountants*

**1500 West Broadway**

**Maryville, Tennessee 37801**

## **Independent Auditor's Report**

MONROE COUNTY UNITED WAY FUND, INC

695 New Highway 68

Sweetwater, Tennessee 37874

### ***Opinion***

We have audited the accompanying financial statements of Monroe County United Way Fund, Inc. (a nonprofit Tennessee Corporation), which comprise the Statement of Financial Position as of December 31, 2022, and the related statements of activities, cash flows, and functional expenses 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 Monroe County United Way Fund, Inc as of December 31, 2022, and the results of its operations 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). 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 ABC Company 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 Monroe County United Way Fund's to continue as a going concern for next 12 months.

## *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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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
- 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 Monroe County United Way Fund, Inc'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.



ENCOMPASS CPAS, PC  
MARYVILLE, TENNESSEE  
September 14, 2023

# MONROE COUNTY UNITED WAY FUND, INC

## Statement of Financial Position as of December 31, 2022

<u>ASSETS</u>	UNRESTRICTED	TEMPORARILY RESTRICTED	COMBINED TOTALS 2022
CURRENT ASSETS			
Cash and cash equivalents	\$ 87,435	\$ 19,236	\$ 106,671
Investments	\$ -	\$ -	\$ -
Contributions receivable	\$ 13,683	\$ 11,410	\$ 25,093
Prepaid Insurance	<u>\$ 2,028</u>	<u>\$ -</u>	<u>\$ 2,028</u>
TOTAL CURRENT ASSETS	<u>\$ 103,145</u>	<u>\$ 30,647</u>	<u>\$ 133,792</u>
NONCURRENT ASSETS:			
Investments	\$ 30,404	\$ -	\$ 30,404
PROPERTY AND EQUIPMENTS, at cost:			
Land	\$ 40,413	\$ -	\$ 40,413
Building	\$ 236,515	\$ -	\$ 236,515
Furniture and fixtures	<u>\$ 14,920</u>	<u>\$ -</u>	<u>\$ 14,920</u>
Less Accumulated depreciation	<u>\$ (141,300)</u>	<u>\$ -</u>	<u>\$ (141,300)</u>
Total property and equipment	<u>\$ 150,548</u>	<u>\$ -</u>	<u>\$ 150,548</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 284,097</u></u>	<u><u>\$ 30,647</u></u>	<u><u>\$ 314,744</u></u>
 <u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 451	\$ -	\$ 451
Payroll Liabilities Payable	\$ 1,363	\$ -	\$ 1,363
Accrued Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CURRENT LIABILITIES	<u>\$ 1,815</u>	<u>\$ -</u>	<u>\$ 1,815</u>
LONG TERM LIABILITIES			
Refundable deposits by lessees	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 2,200</u>
TOTAL LONG TERM LIABILITIES	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 2,200</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 4,015</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,015</u></u>
 NET ASSETS			
Unrestricted	\$ 280,083	\$ -	\$ 280,083
Temporarily Restricted	<u>\$ -</u>	<u>\$ 30,647</u>	<u>\$ 30,647</u>
TOTAL NET ASSETS	<u>\$ 280,083</u>	<u>\$ 30,647</u>	<u>\$ 310,730</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 284,097</u></u>	<u><u>\$ 30,647</u></u>	<u><u>\$ 314,744</u></u>

The accompanying notes are an integral part of the financial statements

# MONROE COUNTY UNITED WAY FUND, INC

## Statement of Activities for the Twelve Months Ended December 31, 2022

	UNRESTRICTED	TEMPORARILY RESTRICTED	COMBINED TOTALS 2022
REVENUE AND OTHER SUPPORT			
Contributions	\$ 179,678	\$ 25,093	\$ 204,771
Rental Income	\$ 8,035	\$ -	\$ 8,035
Interest & Investment Income	\$ (4,721)	\$ -	\$ (4,721)
Net assets released from restrictio	\$ -	\$ (26,093)	\$ (26,093)
Total Revenue and support	<u>\$ 182,992</u>	<u>\$ (1,000)</u>	<u>\$ 181,992</u>
EXPENSES			
Program service	\$ 135,298	\$ -	\$ 135,298
Fundraising	\$ 20,985	\$ -	\$ 20,985
Management & General	\$ 30,465	\$ -	\$ 30,465
TOTAL EXPENSES	<u>\$ 186,748</u>	<u>\$ -</u>	<u>\$ 186,748</u>
CHANGE IN NET ASSETS	\$ (3,755)	\$ (1,000)	\$ (4,755)
NET ASSETS			
Beginning	\$ 283,838	\$ 31,647	\$ 315,485
Ending	\$ 280,083	\$ 30,647	\$ 310,730

The accompanying notes are an integral part of the financial statements

# MONROE COUNTY UNITED WAY FUND, INC

## Statement of Cash Flows for the Twelve Months Ended December 31, 2022

### CASH FLOW FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(4,755)
Adjustments to Reconcile Change in Net Assets to Net		
Changes in Assets and Liabilities:		
Depreciation Expense		6,812
(Increase) decrease in assets -		
Pledges		12,724
Prepaid Insurance		(510)
Net unrealized (gain)/loss on investments		<u>4,189</u>
		<u>23,216</u>
Increase (decrease) in liabilities -		
Accounts payable and accrued expenses		(3,423)
Refundable Deposits by Lessee		-
Payroll Liabilities		<u>(1,120)</u>
		<u>(4,543)</u>
NET CASH GAINED (USED) IN OPERATIONS	\$	<u>13,918</u>

### CASH FLOW FROM INVESTING

Sales of Investments	\$	-
Income from Investments	\$	<u>609</u>

NET CASH GAINED (USED) IN INVESTING ACITVITIES \$ 609

### CASH FLOW FROM FINANCING

Cash from Loan Proceeds	\$	<u>-</u>
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NET CASH FROM FINANCING ACTIVITIES \$ -

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 14,527

CASH BALANCE ON JANUARY 1, 2022 92,144

CASH BALANCE ON DECEMBER 31, 2022 \$ 106,671

The accompanying notes are an integral part of the financial statements

# MONROE COUNTY UNITED WAY FUND, INC

## Statement of Functional Expenses for the Twelve Months Ended December 31, 2022

<u>EXPENSES</u>	<u>PROGRAM</u> <u>SERVICES</u>	<u>FUND RAISING</u>	<u>MANAGEMENT &amp;</u> <u>GENERAL</u>	<u>TOTAL</u>
Agency allocation	\$ 100,329	\$ -	\$ -	\$ 100,329
Salaries	\$ 25,704	\$ 9,954	\$ 15,409	\$ 51,068
Retirement	\$ 659	\$ 255	\$ 568	\$ 1,483
Payroll taxes	\$ 1,966	\$ 762	\$ 1,695	\$ 4,423
Professional fees	\$ -	\$ -	\$ 3,555	\$ 3,555
Fundraising	\$ -	\$ 5,393	\$ -	\$ 5,393
Advertising	\$ -	\$ 353	\$ 151	\$ 505
Office expenses	\$ 245	\$ 658	\$ 1,042	\$ 1,945
Occupancy	\$ -	\$ -	\$ 2,777	\$ 2,777
Travel and Conferences	\$ 1,782	\$ 356	\$ 3,160	\$ 5,299
Insurance	\$ -	\$ -	\$ 1,370	\$ 1,370
Dues	\$ 2,986	\$ -	\$ 195	\$ 3,181
Supplies	\$ 1,626	\$ 3,252	\$ 542	\$ 5,421
<b>TOTAL EXPENSES</b>	<u>\$ 135,298</u>	<u>\$ 20,985</u>	<u>\$ 30,465</u>	<u>\$ 186,748</u>

The accompanying notes are an integral part of the financial statements



# **MONROE COUNTY UNITED WAY FUND, INC**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Fiscal 12 month year ending December 31, 2022**

### NOTE 1: ACCOUNTING POLICIES

#### **Company information**

Monroe County United Way Fund, Inc. (the Organization) is a nonprofit organization providing support to public and private agencies and community organizations which meet the human service needs of the general public in Monroe County, Tennessee. Contributions are collected through the calendar year from individuals and businesses in the local area based on their pledges received during the annual campaign in the preceding fall. Accordingly, the financial statements are prepared on an accrual basis of accounting.

#### **Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if applicable.

#### **Cash and Cash Equivalents**

The Organization considers all investments purchased with a maturity of three months or less to be cash equivalents.

The Organization maintains cash balances at several local financial institutions. Balances in the accounts may at times exceed the federally insured limit of \$250,000. The Organization has not experienced any losses in such accounts. The Organization believes no significant cash credit risk exists.

#### **Investments**

Investments in certificates of deposit and investments in mutual funds with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Gains and losses are considered unrestricted or temporarily restricted depending on whether external restrictions were imposed on the gains and losses at the time of the initial investment.

#### **Promise to give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

## **NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

### NOTE 1: ACCOUNTING POLICIES (continued)

#### **Contributions**

Under FASB ASC 958-310, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

#### **Valuation of Donated Services**

During the year ended December 31, 2022, the value of contributed services meeting the requirements for financial statement recognition was not material and has not been recorded. A fair value calculation was deemed impractical. Many individuals volunteer time and perform a variety of tasks so as to assist Organization programs.

#### **Property and Equipment**

The Organization has a capitalization policy to capitalize long-lived assets with an original cost of \$1,000 or more. Donated property is recorded as a contribution at its estimated fair value at the date of donation. Donated property and equipment is recorded as unrestricted support in the absence of donor restrictions as to how long the asset must be used. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$6,812 was charged to operations for the year ended December 31, 2022.

#### **Employee benefits**

The costs of short-term employee benefits are recognized as a liability and an expense, unless those costs are required to be recognized as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognized in the period in which the employee's services are received. Termination benefits are recognized immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. The Organization maintains a simple IRA that covers all employees receiving at least \$5,000 in compensation annually. The plan is managed by financial advisor, James Fairweather and is part of a family of mutual funds called American Funds. Participants may voluntarily make qualified contributions to the simple IRA. The Employer makes matching contributions of up to 3% of the participant's contributions. The plan was effective January 2014. The Organization made matching contributions of \$1482.52 in 2022.

## **NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

### NOTE 1: ACCOUNTING POLICIES (continued)

#### **Functional Expenses**

Functional expenses have been allocated between Program Services, Fundraising and Supporting Services primarily based on an analysis of personnel time.

#### **Advertising**

The company engages in marketing and advertising campaigns. For the year ended December 31, 2022, the company recorded \$504.62 in marketing and advertising expenses.

#### **Income Tax Status**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made. In July 2006, The Financial Accounting Standards Board (FASB) issued ASC 740-10 (formerly known as FASB Interpretations No. 48, Accounting for Uncertainty in Income taxes). ASC 740-10 Clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with Statement No. 109, Accounting for Income Taxes, ASC 740-10 and provides guidance on de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The Organization does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending December 31, 2022, 2021 and 2020 are open to examination by the Internal Revenue Service.

#### **Estimates**

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

### NOTE 2. Promises to Give

Unconditional promises to give consist of the uncollected balances from the annual pledge drive, pledges due to be collected are \$25,093 as of December 31, 2022.

### NOTE 3. ACCOUNTS PAYABLE

The company is current on all accounts payable.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### NOTE 4. LEASES

The Organization leases part of its building to other companies. All leases are month-to-month as of December 31, 2022. The leases provide for monthly payments ranging from \$125 to \$1725. Rental income under these leases totaled \$26,420 for the year ended December 31, 2022. The rental income generated a net revenue of \$8,035.48, and a positive cash flow of \$14,847.68.

### NOTE 5. INVESTMENTS

The Organization reports under FASB Accounting Standards Codification (ASC) Topic 820, which defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States, and prescribes disclosures about fair value measurements. Fair Value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

FASB ASC Topic 820 requires the classification of assets and liabilities into three levels based upon the assumptions (inputs) used to value the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgement. The three levels are defined as follows:

Level 1 – Quotes prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect management's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Organization's investments are classified as follows, based on fair values:

Certificates of Deposit	\$	-
Mutual Funds		<u>30,404.02</u>
Total Investments	\$	30,404.02

The Organization had no Level 2 or Level 3 investments as of December 31, 2022.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### NOTE 5. INVESTMENTS (Continued)

The following is a summary of the net income (losses) from investments for the year ended

Realized Investment income	\$	609.49
Net Unrealized Investment Income covering Direct		
Investment Expenses		531.66
Unrealized Loss on Market Value		<u>(5,330.19)</u>
Total Net Income (Loss) from investments	\$	<u>(4,189.04)</u>

### NOTE 6. TEMPORARY RESTRICTED NET ASSETS

Temporarily restricted net assets include cash held for others under agency agreements. These contributions were made in 2022 to fund the 2023 agency allocations at December 31, 2022, temporarily restricted net assets were \$30,647.

### NOTE 7. ENDOWMENT AGREEMENT

The Organization entered into an agreement with East Tennessee Foundation (the Foundation) to establish an endowment fund. The endowment fund is the property of the Foundation, and the Foundation has ultimate authority and control of all property of the fund, and the income derived thereof, for the charitable purposes of the Foundation. The net income, or an amount equal to the annual spending rate (a percentage of fair value), is to be distributed to the Organization each year. Upon a majority vote of approval of the Board of Directors of the Organization, and with the Foundation, which approval shall not be unreasonably, withheld, the fund or some portion thereof may be distributed. The Board of Directors of the Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgement of the Board, such restriction or condition becomes, in effect, unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community served. As of December 31, 2022, \$0.00 was available for distribution in 2022. The Fund has an overall balance on December, 31, 2022 of \$33,273.11.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### NOTE 8. RENTAL ACTIVITY

The Organization has commercial space in its building that it rents to various tenants. As a method to reduce overhead, the organization charges rent to cover the operating costs of the rental property.

Rental Income		\$ 26,420.00
Cash Expenses:		
Property Taxes		
Building Insurance	\$ 2,001.00	
Misc Expenses	221.67	
Repairs	960.20	
Landscaping	700.00	
Payroll Allocation (15%)	6,749.96	
Utilities (50%)	939.49	
Total Cash Expenses		(11,572.32)
Depreciation		(6,812.20)
Net Income		\$ 8,035.48
Cash Flow	14,847.68	

### NOTE 9. LIVES TOUCHED

The Organization touched the lives of 44,783 in calendar year 2022.

### NOTE 7. SUBSEQUENT EVENTS

We have evaluated subsequent events through September 11, 2023 and are of the opinion there is nothing to report.

## **SUPPLEMENTAL DATA**

**MONROE COUNTY UNITED WAY FUND, INC**

**SCHEDULE OF AGENCY ALLOCATIONS DISBURSED**

**Fiscal 12 month year ending December 31, 2022**

<b>Birth-To-Three Program</b>	\$	4,800.00
<b>Boys and Girls Club</b>		15,000.00
<b>Boy Scouts of America</b>		2,000.00
<b>CASA Monroe</b>		7,200.00
<b>Cancer Fund</b>		2,400.00
<b>DC Head Start</b>		6,500.00
<b>DC Senior Nutrition</b>		8,500.00
<b>Good Shepherd Center</b>		8,000.00
<b>Rescue Squad</b>		12,800.00
<b>SAM</b>		10,000.00
<b>SCHAS</b>		2,400.00
<b>SVCA</b>		2,000.00
<b>Tri-County Center</b>		6,000.00
<b>UW Children's Fund Allocation</b>		3,000.00
<b>Homeless Management allocation</b>		<u>3,200.00</u>
	\$	93,800.00