

MONROE COUNTY UNITED WAY FUND, INC.  
**(a Tennessee corporation)**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**MONROE COUNTY UNITED WAY FUND, INC.**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
MONROE COUNTY UNITED WAY FUND, INC.

### **Report on the Financial Statements**

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, 2019, and the related statements of activities, cash flows, and functional expenses for the year 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 audit. We conducted our audit 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 Company'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 Company'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 Monroe County United Way Fund, Inc. as of December 31, 2019, and the results of its operations, changes in shareholder's equity, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Burkhalter & Associate, PC  
Certified Public Accountants  
June 1, 2020

MONROE COUNTY UNITED WAY FUND, INC.

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019**

<b><u>ASSETS</u></b>	UNRESTRICTED	TEMPORARILY RESTRICTED	COMBINED TOTALS 2019
CURRENT ASSETS			
Cash and cash equivalents	\$ 18,452	\$ 51,096	\$ 69,548
Investments	-	\$ -	-
Contributions receivable	23,755	\$ 42,131	65,886
Prepaid Insurance	<u>1,518</u>	<u>\$ -</u>	<u>1,518</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>\$ 43,725</u></b>	<b><u>\$ 93,227</u></b>	<b><u>\$ 136,952</u></b>
NONCURRENT ASSETS:			
Investments	\$ 59,366	\$ -	\$ 59,366
PROPERTY AND EQUIPMENTS, at cost:			
Land	\$ 40,413	\$ -	\$ 40,413
Building	236,515	-	236,515
Furniture and fixtures	<u>11,179</u>	<u>-</u>	<u>11,179</u>
Less Accumulated depreciation	<u>\$ (122,360)</u>	<u>\$ -</u>	<u>\$ (122,360)</u>
Total property and equipment	<u>\$ 165,747</u>	<u>\$ -</u>	<u>\$ 165,747</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 268,838</u></b>	<b><u>\$ 93,227</u></b>	<b><u>\$ 362,065</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
CURRENT LIABILITIES			
Accounts Payable	\$ 820	\$ -	\$ 820
Payroll Taxes	676	-	676
Accrued Expenses	-	-	-
Accrued Payroll	<u>1,323</u>	<u>-</u>	<u>1,323</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>\$ 2,820</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,820</u></b>
LONG TERM LIABILITIES			
Refundable deposits by lessees	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 1,750</u>
<b>TOTAL LONG TERM LIABILITIES</b>	<b><u>\$ 1,750</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,750</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 4,570</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,570</u></b>
NET ASSETS			
Unrestricted	\$ 264,269	\$ -	\$ 264,269
Temporarily restricted	<u>-</u>	<u>93,227</u>	<u>93,227</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 264,269</u></b>	<b><u>\$ 93,227</u></b>	<b><u>\$ 357,496</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 268,838</u></b>	<b><u>\$ 93,227</u></b>	<b><u>\$ 362,065</u></b>

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

MONROE COUNTY UNITED WAY FUND, INC.

**STATEMENT OF ACTIVITIES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

	UNRESTRICTED	TEMPORARILY RESTRICTED	COMBINED TOTALS 2019
REVENUE AND OTHER SUPPORT			
Contributions	\$159,435	\$ 93,227	\$ 252,662
Rental Income	(4,748)	-	(4,748)
Interest & Investment Income	18,837	-	18,837
Net assets released from restrictions	<u>102,672</u>	<u>(102,672)</u>	-
Total Revenue and support	<u>\$276,195</u>	<u>\$ (9,445)</u>	<u>\$266,750</u>
EXPENSES			
Program service	\$236,199	\$ -	\$236,199
Fundraising	26,186	-	26,186
Management & General	<u>30,596</u>	-	<u>30,596</u>
TOTAL EXPENSES	<u>\$292,982</u>	<u>\$ -</u>	<u>\$292,982</u>
CHANGE IN NET ASSETS	\$(16,787)	<u>\$ (9,445)</u>	\$(26,231)
NET ASSETS			
Beginning	\$281,055	\$102,672	\$383,727
Ending	\$264,268	\$93,227	\$357,496

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

MONROE COUNTY UNITED WAY FUND, INC.

**STATEMENT OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2019**

CASH FLOW FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (26,231)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Flows from Operating Activities:	
Changes in Assets and Liabilities:	
Depreciation Expense	6,064
(Increase) decrease in assets -	
Pledges	(2,743)
Net unrealized gain/loss on investments	<u>(17,305)</u>
	<u>(20,048)</u>
Increase (decrease) in liabilities -	
Accounts payable and accrued expenses	(9,279)
Refundable Deposits by Lessee	(500)
Payroll taxes	<u>(444)</u>
	<u>(10,223)</u>
 NET CASH USED IN OPERATIONS	 <u>\$ (56,503)</u>

CASH FLOW FROM INVESTING

Sales of Investments	\$ 28,177
Income from Investments	<u>\$ 1,381</u>

NET CASH USED IN INVESTING ACITVITIES	\$ 29,558
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,945)
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Beginning	<u>96,493</u>
Ending	<u>\$ 69,548</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	0
Cash paid for income taxes	<u>0</u>

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

MONROE COUNTY UNITED WAY FUND, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>FUNDRAISING</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>TOTAL</u>
Agency allocation	\$ 201,116	\$ -	\$ -	\$ 201,116
Salaries	21,127	7,957	12,381	41,465
Retirement	1,636	640	1,423	3,699
Payroll taxes	6,210	2,431	5,402	14,042
Professional fees	-	-	2,750	2,750
Fundraising	-	12,601	-	12,601
Advertising	440	787	337	1,565
Office expenses	350	774	867	1,991
Occupancy	-	-	3,103	3,103
Travel and Conferences	2,238	448	1,792	4,478
Conferences/meetings	-	-	389	389
Insurance	-	-	1,103	1,103
Dues	3,150	-	725	3,875
Bad Debt Expense	-	-	-	-
Supplies	<u>374</u>	<u>747</u>	<u>125</u>	<u>1,246</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 236,639</u></b>	<b><u>\$ 26,386</u></b>	<b><u>\$ 30,396</u></b>	<b><u>\$ 293,422</u></b>

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

MONROE COUNTY UNITED WAY FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2018

**NOTE 1-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

General. 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.

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.

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 \$6,064 was charged to operations for the year ended December 31, 2019.

Valuation of donated services. During the year ended December 31, 2019, 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.

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.

MONROE COUNTY UNITED WAY FUND, INC.

**NOTE 1-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED).**

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, 2017, 2018 and 2019 are open to examination by the Internal Revenue Service.

Functional Expense.

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

Concentration of credit risk. 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.

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.

Advertising.

The Organization expenses advertising costs as incurred. For the year ended December 31, 2019, advertising costs were \$1,565.

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.

**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 \$65,886 as of December 31, 2019.

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

MONROE COUNTY UNITED WAY FUND, INC.

**NOTE 3-LEASES.**

The Organization leases part of its building to other companies. All leases are month-to-month as of December 31, 2019. The leases provide for monthly payments ranging from \$125 to \$1000. Rental income under these leases totaled \$20,250 for the year ended December 31, 2019. The rental income generated a net loss of <\$4,748.34>, but a positive cash flow of \$1,315.67 (removal of \$6,064 depreciation expense).

**NOTE 4-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:

	<u>Level 1</u>
Certificates of Deposit	\$ 0
Mutual Funds	<u>59,366</u>
Total Investments	<u>\$59,366</u>

The Organization had no Level 2 or Level 3 investments as of December 31, 2019.

The following is a summary of the net income (losses) from investments for the year ended December 31, 2019:

Investment income, net of expenses of \$662.99	\$ 1,381
Unrealized Gain	<u>17,305</u>

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

MONROE COUNTY UNITED WAY FUND, INC.

\$ 18,686

**NOTE 5-TEMPORARY RESTRICTED NET ASSETS.**

Temporarily restricted net assets include cash held for others under agency agreements. These contributions were made in 2019 to fund the 2020 agency allocations at December 31, 2019, temporarily restricted net assets were \$93,227.

**NOTE 6-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, 2019, \$0.00 was available for distribution in 2019. The Fund has an overall balance on December, 31, 2019 of \$29,907.30.

**NOTE 7-DEFINED CONTRIBUTION PLAN.**

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 employer contributions were \$1,987.62 and the plan members' contributions were \$1,711.62 for the period ended December 31, 2019.

MONROE COUNTY UNITED WAY FUND, INC.

**NOTE 9-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		\$ 20,250
Cash Expenses:		
Property Taxes	\$ 5,034.00	
Building Insurance	1,650.99	
Misc Expenses	2,699.78	
Repairs	1,840.49	
Landscaping	840.00	
Payroll Allocation (15%)	5,301.09	
Utilities (50%)	<u>1,567.99</u>	
Total Cash Expenses		(18,934.34)
Depreciation		<u>(6,064.00)</u>
Net Income		\$ (4,748.34)

**NOTE 10-LIVES TOUCHED.**

The Organization touched the lives of 41,325 in calendar year 2019.

**NOTE 11-SUBSEQUENT EVENTS.**

The Organization has evaluated subsequent event through June 1, 2020, the date on which the financial statements were available to be issues.

MONROE COUNTY UNITED WAY FUND, INC.

**SUPPLEMENTAL DATA**

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

MONROE COUNTY UNITED WAY FUND, INC.

MONROE COUNTY UNITED WAY FUND, INC.  
SCHEDULE OF AGENCY ALLOCATIONS DISBURSED  
FOR THE YEAR ENDED DECEMBER 31, 2019

<b>Boys and Girls Club</b>	\$ 28,000.00
<b>Boy Scouts of America</b>	2,500.00
<b>DC Head Start</b>	10,800.00
<b>DC Neighborhood Services Center</b>	12,000.00
<b>DC Senior Nutrition</b>	10,500.00
<b>Imagination Library</b>	10,000.00
<b>Cancer Fund</b>	4,500.00
<b>Rescue Squad</b>	19,000.00
<b>SAM</b>	10,000.00
<b>SCHAS</b>	4,000.00
<b>Tri-County Center</b>	10,000.00
<b>Young Life</b>	5,000.00
<b>CASA Monroe</b>	12,000.00
<b>Good Shepherd Center</b>	13,000.00
<b>Monroe County Seniors</b>	12,000.00
<b>Project R.E.D.</b>	8,702.86
<b>MACA</b>	5,000.00
<b>UW Children's Fund Allocation</b>	2,800.00
<b>Homeless Management allocation</b>	5,000.00
<b>Other United Way Designations</b>	1,863.85
	\$ 186,666.71

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