



United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

**Financial Statements
and
Independent Auditors' Report**

For the Year Ended December 31, 2023



United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

Table of Contents
For the Year Ended December 31, 2023

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL INFORMATION	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

• t: (909) 307-2323
• f: (909) 825-9900
• 1940 orange tree lane #100
• redlands, ca 92374



Board of Directors
United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County
Oak Ridge, TN

Independent Auditors' Report

Report on the Financial Statements

Opinion

We have audited the financial statements of United Way Clinch-Powell Valley, Inc., dba United Way Anderson County, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way Clinch-Powell Valley, Inc., dba United Way Anderson County as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way Clinch-Powell Valley, Inc., dba United Way Anderson County, 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 United Way Clinch-Powell Valley, Inc., dba United Way Anderson County's ability to continue as a going concern for one year after the date that the financial statements are 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 United Way Clinch-Powell Valley, Inc., dba United Way Anderson County's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way Clinch-Powell Valley, Inc., dba United Way Anderson County'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.

Smith Marion & Co.

August 23, 2024
Redlands, CA

United Way Clinch-Powell Valley, Inc.**dba United Way Anderson County**

Statement of Financial Position

December 31, 2023

ASSETS**Current Assets**

Cash and cash equivalents	\$ 345,127
Pledges receivable (net)	760,603
Prepaid expenses	8,465
Total Current Assets	<u>1,114,195</u>

Other Assets

Fixed assets (net)	884
Beneficial interest in assets held by East Tennessee Foundation	78,194
Total Other Assets	<u>79,078</u>

TOTAL ASSETS	<u>\$ 1,193,273</u>
---------------------	----------------------------

LIABILITIES AND NET ASSETS**Current Liabilities**

Accounts payable	\$ 11,221
Accrued liabilities	3,874
Designations payable	1,320
Allocations payable	703,125
Total Current Liabilities	<u>719,540</u>
Total Liabilities	<u>719,540</u>

Net Assets

Without donor restrictions	
Undesignated	145,539
Board designated	250,000
Beneficial interest in assets held by East Tennessee Foundation	78,194
Total Net Assets	<u>473,733</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,193,273</u>
---	----------------------------

United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Campaign results	\$ 1,003,771	\$ -	\$ 1,003,771
Less: amount designated by donors for specific organizations	-	-	-
Campaign contributions	1,003,771	-	1,003,771
Campaign revenue - prior campaign, net	-	-	-
Total Campaign Revenue	1,003,771	-	1,003,771
Special events (net)	33,360	-	33,360
Initiatives income	95,486	-	95,486
Grant income	32,266	-	32,266
Other income	4,800	-	4,800
Net investment income	10,788	-	10,788
Net assets released from restrictions	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,180,471	-	1,180,471
EXPENSES			
Program Services			
Allocations to agencies	747,420	-	747,420
Other program services	142,338	-	142,338
Total Program Services	889,758	-	889,758
Support Services			
Management and general	65,075	-	65,075
Campaign	76,530	-	76,530
Total Support Services	141,605	-	141,605
TOTAL EXPENSES	1,031,363	-	1,031,363
NET INCREASE (DECREASE) IN NET ASSETS	149,108	-	149,108
BEGINNING NET ASSETS	324,625	-	324,625
ENDING NET ASSETS	\$ 473,733	\$ -	\$ 473,733

United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services		Support Services		Total Expenses
	Program	Subtotal	Management and General	Campaign	
Gross funds awarded/distributed	\$ 747,420	\$ 747,420	\$ -	\$ -	\$ 747,420
Salaries	58,374	58,374	19,437	48,108	125,919
Payroll taxes	4,594	4,594	1,530	3,786	9,910
Employee benefits	4,792	4,792	1,596	3,949	10,337
Bank charges	-	-	1,350	-	1,350
Board meeting expenses	-	-	515	-	515
Conferences and travel	5,327	5,327	1,774	-	7,101
Information technology	5,190	5,190	1,728	-	6,918
Insurance	3,741	3,741	1,246	-	4,987
Meetings	120	120	40	-	160
Membership and fees	1,750	1,750	583	1,442	3,775
Occupancy	22,450	22,450	7,475	18,502	48,427
Postage	102	102	34	84	220
Printing	127	127	42	105	274
Professional fees	16,805	16,805	5,595	-	22,400
Public relations	499	499	166	411	1,076
Subscriptions	2,476	2,476	824	-	3,300
Supplies	15,779	15,779	5,254	-	21,033
Taxes, licenses, and fees	-	-	245	-	245
Telephone	174	174	58	143	375
Training	38	38	12	-	50
Depreciation	-	-	2,000	-	2,000
United Way of America dues	-	-	13,571	-	13,571
	<u>\$ 889,758</u>	<u>\$ 889,758</u>	<u>\$ 65,075</u>	<u>\$ 76,530</u>	<u>\$ 1,031,363</u>

United Way Clinch-Powell Valley, Inc.**dba United Way Anderson County**

Statement of Cash Flows

For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 149,108
Adjustments to reconcile net income to net cash provided by operating activities:	
Non-cash items:	
Depreciation expense	2,000
Unrealized (gain)/loss	(1,623)
(Increase) decrease in:	
Prepays	46,270
Pledges receivable	(217,279)
Increase (decrease) in:	
Accounts payable	8,471
Accrued liabilities	(305)
Allocations payable	32,896
Designations payable	(650)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	18,888

CASH FLOWS FROM INVESTING ACTIVITIES

Reinvested gains on investments	(7,271)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(7,271)

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-
---	----------

Net increase (decrease) in cash	11,617
Beginning cash	333,510
Ending Cash	\$ 345,127

NOTE 1 – ORGANIZATION AND PURPOSE

Entity

United Way Clinch-Powell Valley, Inc., dba United Way Anderson County (the Organization), is a nonprofit corporation organized under the laws of the State of Tennessee in 1957. The Organization is governed by a volunteer board of directors. The Organization conducts an annual campaign to raise support through individual, corporate, and other donor contributions. Funds are subsequently allocated to participating agencies.

In 2006, the Organization changed its name to emphasize the growing support that it provides to areas outside of Anderson County, specifically Campbell County.

The Organization's mission is to improve lives by mobilizing the caring power of our community to create lasting change.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Organization are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The following provides an explanation of net assets categories included in the accompanying financial statements:

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 the 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization had no assets with donor restrictions at December 31, 2023.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

Notes to Financial Statements
For the Year Ended December 31, 2023

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents investments. The Organization maintains its cash and cash equivalents in various financial institutions located in Oak Ridge, Tennessee that, at times, may exceed federally insured limits.

The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

The Organization maintains Certificates of Deposit at various financial institutions located in Oak Ridge, Tennessee, which are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) up to \$250,000 for each institution. As of December 31, 2023, the reported amount of our deposits with these institutions did not exceed the insurance limits.

Credit risk associated with pledge receivables is considered to be limited due to high historical collection rates and because outstanding amounts are due from organizations and individuals supportive of the Organization's mission.

Pledge Receivable

Pledge receivables are reported at the unpaid balance, less an allowance for doubtful accounts. The Organization provides for losses on pledge receivable using the allowance method. The allowance is based on prior years' experience and management's analysis of specific promises made, applied to gross campaign, including donor designations. It is the Organization's policy to charge off uncollectible pledge receivable when management determines the receivable will not be collected. The loss allowance was \$80,000, for the year ended December 31, 2023.

Fixed Assets

Acquisitions of property and equipment in excess of \$1,000 are capitalized and recorded at cost. Donated property is recorded at the estimated fair value at the date of the gift. All capitalized fixed assets are depreciated over the estimated useful lives of the assets. The straight-line method of depreciation is used for all depreciable assets. The estimated useful lives of equipment are as follows:

<u>Class</u>	<u>Useful Life</u>
Office equipment	5 years

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less) or if they are donated in-kind. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Investments

Investments are recorded at cost, if purchased or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statements of activities. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization also follows a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards three levels of inputs that may be used to measure fair value:

Level 1: Observable prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Due to their short-term nature, the carry value of the Organization's assets and liabilities approximate fair value.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Allocations

The annual fund-raising campaign is the source of funds to partner agencies through the allocation process. The expense for allocations to partner agencies includes amounts that have been authorized for payment to partner agencies during the next fiscal year. We evaluate making additional allocations when the increase in unrestricted net assets exceeds the amount the Board considers necessary for reserves.

Designations

Amounts designated to specific agencies are not considered revenue of the Organization. The Organization does not obtain unilateral power to redirect the use of the amounts designated, therefore, the Organization is acting as an agent on behalf of the donor. Designations are recorded as both an asset (cash or pledge receivable and a liability (designations payable). However, for purposes of calculating campaign results, designated amounts are included as part of the total campaign. We charge an administrative fee for distributing designations. For the year ended December 31, 2023, the County campaign fee was 10% and all other campaigns were charged 16.34%.

Donated Services and Goods

Contributed services are reported in the financial statements when those services: (1) Create or enhance non-financial assets; or (2) Require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation.

Contributions of donated non-cash assets are recorded at their fair values in the year received. In-kind contributions are comprised of office space. This in-kind revenue was recognized in the prior period and amortized over the period ending December 31, 2023. The office space is valued at \$49,992 for the year ended December 31, 2023.

A substantial number of volunteers have donated significant amounts of their time to the Organization. However, no amounts for donated services have been reported as contributions in the accompanying financial statements because they do not meet the requirements for recognition.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The Organization may be subject to tax on income from any unrelated business operations.

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by the Organization, management believes that all of the positions taken by the Organization in its federal and state income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal jurisdiction. The Organization's federal income tax returns for the prior three tax years remain subject to examination by the Internal Revenue Service.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Functional Expenses

The costs of the Organization's programs and supporting services have been reported on a functional basis in the statement of functional expenses. Salaries and wages have been allocated to the Organization's functions based on time sheets prepared by personnel. Indirect expenses have been allocated based on payroll costs. The expenses that are allocated include conferences and travel, information technology, insurance, memberships and fees, miscellaneous expenses, occupancy, postage, printing, professional fees, public relations, subscriptions, supplies, taxes, licenses and fees, telephone, and training.

Advertising Expense

Advertising costs are expensed as incurred.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 345,127
Pledges receivable (net)	760,603
Less net assets with donor restrictions	-
Total	<u>\$ 1,105,730</u>

The Organization regularly monitors liquidity required to meet its ongoing operating needs and other contractual commitments.

United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

Notes to Financial Statements
For the Year Ended December 31, 2023

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable at December 31, 2023, consisted of the following:

Pledge receivable - 2022 campaign	\$ -
Pledge receivable - 2023 campaign	840,603
	<u>840,603</u>
Less: allowance for uncollectibles	<u>(80,000)</u>
Total	<u><u>\$ 760,603</u></u>

Pledges receivable at December 31, 2023, are expected to be collected within the current accounting period. Therefore, all receivables are classified as current assets for financial presentation.

NOTE 5 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2023:

	Balance at 12/31/2022	Additions	Deletions	Balance at 12/31/2023
Depreciable Assets				
Equipment	\$ 41,700	\$ -	\$ -	\$ 41,700
Total Fixed Assets	<u>41,700</u>	<u>-</u>	<u>-</u>	<u>41,700</u>
Accumulated depreciation	(38,816)	(2,000)	-	(40,816)
	<u>(38,816)</u>	<u>(2,000)</u>	<u>-</u>	<u>(40,816)</u>
Net Fixed Assets	<u><u>\$ 2,884</u></u>	<u><u>\$ (2,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 884</u></u>

Depreciation expense for the year ended amounted to:	<u><u>\$ 2,000</u></u>
--	------------------------

NOTE 6 – INVESTMENTS

Investments consist of the following at December 31, 2023:

Beneficial interest in assets held by East Tennessee Foundation	\$ 78,194
Total	<u><u>\$ 78,194</u></u>

The components of net investment return from investments for December 31, 2023, is reflected below:

Interest and dividends	\$ 979
Realized gains (losses)	1,684
Unrealized gains (losses)	7,271
Administrative fees	<u>(1,040)</u>
Total	<u><u>\$ 8,894</u></u>

United Way Clinch-Powell Valley, Inc.
dba United Way Anderson County

Notes to Financial Statements
For the Year Ended December 31, 2023

The Organization has transferred assets to East Tennessee Foundation (Foundation) which is holding them as an endowed fund (Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundations' investment and spending policies. The Organization reports the fair value of the Fund as beneficial interest in assets held by the Foundation in the statement of financial position and reports changes in the value of the Fund and any distributions received with the appropriate line items in the statement of activities.

The purpose of the Fund is to provide on-going financial support to the Organization to fulfill its ever-evolving mission. The principle is restricted, and the earnings may only be used for general support. It cannot be used to make up for shortfalls in campaign revenues. Earnings that are used for general support will become unrestricted when used.

NOTE 7 – LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The Organization does not report right-of-use assets and lease liabilities for its short-term leases (leases with a term of 12 months or less) or if the lease is an in-kind donation.

The Organization entered into the following lease for office space:

301 Broadway Condominiums, from 7 L.L.C., located in Oak Ridge, Tennessee, for exclusive use of Unit Number 1B. The lease was effective January 1, 2022 through December 31, 2026, with a monthly cost of \$4,166. Lease costs were waived by 7 L.L.C., and were considered an in-kind donation.

For the year ended December 31, 2023, total short-term lease costs were \$49,992.

NOTE 8 – NET ASSETS

During 2006, the Board established a reserve of \$227,500 to provide funding stability to member agencies in the event of a major economic downturn. The total designated net assets at December 31, 2023, were \$250,000.

NOTE 9 – SPECIAL EVENTS

Special events for the year ended December 31, 2023, are as follows:

Special event income	\$ 46,833
Direct benefit to donors	<u>(13,473)</u>
Total	<u><u>\$ 33,360</u></u>

NOTE 10 – PENSION PLAN

The Organization participates in a defined contribution pension plan (Plan), which covers full-time employees who are at least 21 years of age. Mutual of America administers the Plan, and the Organization contributes 7% of employees' annual salary. Employer contributions are vested immediately. The Plan covered one employee at December 31, 2023. Expenses related to the Plan consist of employer contributions for the year ended December 31, 2023, were \$4,988.

Employees also have the option of participating in a supplemental deferred compensation plan made available by Internal Revenue Code Section 403(b). Mutual of America also administers this plan.

NOTE 11 – SUBSEQUENT EVENTS

Accounting standards require that United Way Clinch-Powell Valley, Inc., dba United Way Anderson County assess and disclose the date and the basis for that date through which potential subsequent events have been evaluated. The date represents the date the financial statements were issued or were available to be issued. The Organization evaluated all potential subsequent events as of August 23, 2024, when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after the balance sheet date or as of August 23, 2024, that require disclosure in the financial statements.

*

*

*

*

*