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## INDEPENDENT AUDITORS' REPORT

To Management and the Board of Directors  
United Way of West Tennessee, Inc.  
Jackson, Tennessee

### Report on the Audit of the Financial Statements

#### *Qualified Opinion*

We have audited the financial statements of the United Way of West Tennessee, Inc. ("United Way") (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of United Way as of March 31, 2025, 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 Qualified Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 qualified audit opinion.

#### *Matters Giving Rise to the Qualified Opinion*

We did not obtain sufficient appropriate audit evidence about pledge receivable, pledge revenue, allowance for doubtful accounts, designation payable, accounts payable, compensated absences, or accounts receivable as of March 31, 2025. Due to insufficient documentation, we could not verify whether adjustments were required for these accounts. We were unable to obtain sufficient appropriate audit evidence pledge receivable, pledge revenue, allowance for doubtful accounts, designation payable, accounts payable, compensated absences, or accounts receivable by other auditing procedures.

#### *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.

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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's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of 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 and *Government Auditing Standards* 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. 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 and *Government Auditing Standards*, 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'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'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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise United Way's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards and state financial

assistance is fairly stated, in all material respects , in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the schedule of officers – unaudited but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report January 30, 2026 on our consideration of the United Way's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the United Way's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the United Way's internal control over financial reporting and compliance.

**CRS CPAs**

CRS CPAs, P.C.  
Jackson, Tennessee  
January 30, 2026

**UNITED WAY OF WEST TENNESSEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**March 31, 2025**

**Assets**

Current assets:

Cash and cash equivalents	\$ 998,663
Pledges receivable, net of allowance for uncollectible \$368,656	507,369
Grant receivable	405,421
Other receivables	68,275
Prepaid expenses	35,836
Total current assets	<u>2,015,564</u>

Property and equipment:

Furniture and equipment	84,389
Less: Accumulated depreciation	(61,064)
Total property and equipment	<u>23,325</u>

Other assets:

Cash and cash equivalents of investments - restricted	119,865
Investments	1,928,220
Total other assets	<u>2,048,085</u>

**Total Assets**

\$ 4,086,974

**Liabilities, Deferred Inflows of Resources, and Net Assets**

Current liabilities:

Accounts payable and accrued expenses	\$ 8,599
Accounts payable - agencies	388,330
Designations payable - agencies	720,907
Prepaid sponsorships	63,278
Compensated absences - current	10,246
Line of credit	128,906
Total current liabilities	<u>1,320,266</u>

Noncurrent liabilities:

Compensated absences - noncurrent	7,733
Total noncurrent liabilities	<u>7,733</u>

Total liabilities

1,327,999

**Deferred Inflows of Resources**

Deferred revenue - state grant	<u>35,601</u>
Total deferred inflows of resources	<u>35,601</u>

**Net Assets**

Without donor restrictions	(370,543)
With donor restrictions	3,093,917
Total net assets	<u>2,723,374</u>

**Total Liabilities, Deferred Inflows of Resources, and Net Assets**

\$ 4,086,974

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

**UNITED WAY OF WEST TENNESSEE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED**  
**March 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support, revenues, and reclassifications:</b>			
Promises to give, net provisions for uncollectibles	\$ 594,632	\$ -	\$ 594,632
Corporate sponsorship	-	268,500	268,500
Realized gain (loss) return on investments	75,384	60,719	136,103
Unrealized gain (loss) on investments	(23,877)	(25,099)	(48,976)
Special events, net of expenses \$80,411	144,766	-	144,766
Program revenue:			
The Read Team	-	46,144	46,144
Financial Empowerment Center	-	298,858	298,858
Grants	32,461	1,811,091	1,843,552
Tutor U grant - federal revenue	-	1,003,774	1,003,774
Other federal revenue	-	421,473	421,473
State grant revenue	-	14,399	14,399
Miscellaneous income	5,273	-	5,273
Interest income	17,753	-	17,753
Endowment income, net expenses	29,719	-	29,719
Net assets released from restrictions:			
Satisfaction of program requirements	2,633,748	(2,633,748)	-
<b>Total public support, revenues, and reclassifications</b>	<b>3,509,859</b>	<b>1,266,111</b>	<b>4,775,970</b>
<b>Expenses:</b>			
Program services	2,644,308	-	2,644,308
Management and general	1,053,728	-	1,053,728
Fundraising	287,029	-	287,029
<b>Total expenses and losses</b>	<b>3,985,065</b>	<b>-</b>	<b>3,985,065</b>
<b>Change in net assets</b>	<b>(475,206)</b>	<b>1,266,111</b>	<b>790,905</b>
Net assets, beginning of the year	128,269	1,827,806	1,956,075
Correction of error	(23,606)	-	(23,606)
Net assets, beginning of the year, restated	104,663	1,827,806	1,932,469
Net assets, end of the year	<u>\$ (370,543)</u>	<u>\$ 3,093,917</u>	<u>\$ 2,723,374</u>

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

**UNITED WAY OF WEST TENNESSEE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED**  
**March 31, 2025**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 773,095	150,796	129,977	1,053,868
Payroll taxes	29,321	11,189	9,645	50,155
Employee benefits	63,769	24,336	20,976	109,081
Retirement benefits	6,283	2,397	2,067	10,747
Office supplies	6,539	2,495	2,151	11,185
Computer maintenance	20,819	7,946	6,848	35,613
Repairs and maintenance - equipment	7,016	2,677	2,308	12,001
Postage	338	129	111	578
Insurance	19,188	7,323	6,312	32,823
Utilities	10,240	3,908	3,368	17,516
Building security	918	351	301	1,570
Travel	28,265	10,786	9,298	48,349
Campaign operations and supplies	6,435	-	-	6,435
Marketing	62,393	23,811	20,524	106,728
Dues - local associations	17,339	6,617	5,703	29,659
Training	4,039	1,541	1,329	6,909
Professional fees	128,072	48,876	42,129	219,077
Processing fees	8,552	3,264	2,813	14,629
Investment expenses	39,024	14,892	12,837	66,753
Rent	17,304	6,604	5,692	29,600
Depreciation	5,111	1,951	1,681	8,743
Grant expenses	1,366,035	-	-	1,366,035
Disbursements to agencies	-	720,726	-	720,726
Miscellaneous	24,213	1,113	959	26,285
<b>Total Expenses</b>	<b>\$ 2,644,308</b>	<b>\$ 1,053,728</b>	<b>\$ 287,029</b>	<b>\$ 3,985,065</b>

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

UNITED WAY OF WEST TENNESSEE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
March 31, 2025

<b>Cash Flows from Operating Activities</b>	
Changes in net assets	\$ 790,905
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	8,743
(Increase) decrease in pledge receivable	3,647
(Increase) decrease in grants receivable	(230,564)
(Increase) decrease in other receivable	13,775
(Increase) decrease in prepaid expenses	(29,579)
Increase (decrease) in accounts payable and accrued expenses	(92,276)
Increase (decrease) in accounts payable - agencies	184,926
Increase (decrease) in designation payable - agencies	188,035
Increase (decrease) in prepaid sponsorships	(47,350)
Increase (decrease) in deferred revenue - state grant	35,601
	<hr/>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>825,863</b>
<b>Cash Flows from Capital and Investing Activities</b>	
Proceeds from redemption of investments	32,862
Purchase of Buildings & Equipment	(21,100)
	<hr/>
<b>Net Cash Provided (Used) by Capital and Investing Activities</b>	<b>11,762</b>
<b>Cash Flows from Financing Activities</b>	
Drawdowns on line of credit	614,633
Payment on line of credit	(585,727)
	<hr/>
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>28,906</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>866,531</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>251,997</b>
	<hr/>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,118,528</b>
	<hr/>
<b>Cash and cash equivalents</b>	<b>\$ 998,663</b>
<b>Cash and cash equivalents of investments</b>	<b>119,865</b>
<b>Total cash and cash equivalents</b>	<b>\$ 1,118,528</b>
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The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in preparation of the accompanying financial statements follows.

**A. Organization and Purpose**

The United Way of West Tennessee, Inc. ("United Way") was originally named Community Chest in Fall of 1941 and changed their name to United Way in 1958. United Way strives to promote cooperation between the citizens of West Tennessee included within its fourteen county service area and the various non-profit agencies serving the citizens. This is accomplished by providing leadership and guidance during a united campaign to solicit funds that can be disbursed to the various agencies in accordance with the directions and intentions of the donors.

The main source of revenue for United Way is public contributions.

**B. Financial Statement Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time or may be maintained permanently by United Way. 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 restriction.

**C. Contributions**

Contributions, including unconditional promises to give, are recognized as income. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

**D. 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 and disclosures. Accordingly, actual results could differ from those estimates.

**E. Property and Equipment**

Land, buildings, and equipment are recorded at cost if purchased or at estimated fair value at the date of gift if donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Property and Equipment (Continued)

United Way follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is provided using the straight-line method over three to seven years of the estimated useful life of the assets.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, United Way considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

G. Functional Expenses

The costs of providing United Way's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. Marketing

Marketing expenses are expensed as incurred. The advertising expense for the year ended March 31, 2025 was \$106,728.

I. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted prices in active markets (all Level 2 measurements). The investments consist primarily of money market accounts and stock mutual funds. Investment income or loss (including gains and losses, interest and dividends) is included in the statement of changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

J. Prepaid Sponsorships

Income from fundraising events that are for a specific purpose are recognized as revenue when the event occurs. Amounts received but not yet recognized are recorded as prepaid sponsorships in the accompanying Statement of Net Position.

K. Income Tax Status

The United Way qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and classified as a public charity under section 509(a)(1) of the Code. Therefore, it has no provision for federal income taxes.

L. Investment Expenses

External and direct internal expenses of \$0 have been netted against endowment revenues of \$29,719 in the accompanying Statement of Activities.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

United Way maintains cash balances in financial institutions, including banks. The following is a summary of cash and cash equivalents at March 31, 2025:

<u>Unrestricted:</u>	
Cash on hand	\$ 100
Demand deposits	998,563
Total unrestricted cash and cash equivalents	998,663
 <u>Restricted:</u>	
Government obligations (Investment Income)	18,846
Government obligations (Principal)	101,019
Total restricted cash and cash equivalents	119,865
 Total cash and cash equivalents	 \$ 1,118,528

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges are made in the fall of each year during the annual campaign. These pledges are paid in the next year or by March 31 of the following year. Uncollected pledges not received by March 31 of the following year are written off using the allowance method. For the total pledges made in the fall of 2024 in the amount of \$876,025, there is an uncollectible balance of \$368,656. This uncollectible balance was estimated based on prior years' experience.

**NOTE 4 – COMMITMENTS**

United Way receives pledges from individuals and corporations for their fiscal year (April 1 through March 31). However, United Way makes commitments to fund its agencies on a different yearly basis (July 1 through June 30). Therefore, on April 1 of each year, United Way has commitments for three months longer than the pledges it received to cover the commitments.

**NOTE 5 – DEFINED CONTRIBUTION PLAN**

United Way has a simplified employee pension (SEP) plan covering all employees with more than one year of service. United Way contributes 5% of each participant's compensation to this defined contribution plan. The total expense for the year March 31, 2025 was \$10,747.

**NOTE 6 – COMPENSATED ABSENCES**

Compensated absences are absences for which employees will be paid, i.e. vacation and other approved leaves. United Way accrues the liability for those absences for which the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation in varying amounts to specified maximums depending on tenure with United Way. Vacation is recorded as an expense and related liability in the year earned by employees. The following is a summary of compensated absences:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Compensated Absences	\$ 17,979	\$ -	\$ -	\$ 17,979

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 7 – OPERATING LEASE**

As of March 31, 2019, United Way adopted FASB USC 842, Lease Accounting Standard, replacing ASC 840 requiring lessees to recognize all material leases as a right of use asset and a lease liability. As of March 31, 2025, the following leases fall under FASB USC 842, however, these are not material to the financials and therefore, are not recorded as an asset or a liability in the Statement of Financial Position.

In January 2018, United Way entered into a 36 month lease with Town and Country for the rental of office space for \$1,800 per month. The lease agreement expired in December 2020; however, United Way continues to lease the space for \$1,800 per month on a month to month basis. In January 2024, United Way added a suite for an additional cost of \$800 per month. As of March 31, 2025, monthly payments are \$2,600.

In May 2021, United Way entered into a postage meter lease with Quadient Leasing for \$75 per month for 63 months expiring in August 2026.

In January 2023, United Way entered into a 36 month lease with ADT for security monitoring for \$62 per month expiring in December 2026 for Suite B. In April 2024, United Way added on an additional monthly charge \$51 per month for Suite D.

In July 2022 United Way entered into a 63 month lease for a Toshiba color system copier with monthly payments of \$270 with the lease expiring in September 2027. In May 2023, United Way entered into a 63 month lease for another Toshiba color system copier with monthly payments of \$312 with the lease expiring in August 2028.

In December 2024 United Way entered into a 63 month lease for a Toshiba copier with monthly payments of \$135 with a lease expiring in March 2030.

As of March 31, 2025, the copier lease and security system are the only leases with future payments. The future minimum lease payments are as follows:

Year Ending March :	Total	Stanton	Administrative	Tutor U	Security	Postage
		Copier	Copier	Copier	System	Meter
2026	\$ 9,176	\$ 540	\$ 3,240	\$ 3,744	\$ 749	\$ 903
2027	7,847	1,620	1,620	3,744	562	301
2028	4,428	1,620	-	2,808	-	-
2029	1,620	1,620	-	-	-	-
2030	1,485	1,485	-	-	-	-
	<u>\$ 24,556</u>	<u>\$ 6,885</u>	<u>\$ 4,860</u>	<u>\$ 10,296</u>	<u>\$ 1,311</u>	<u>\$ 1,204</u>

For the year ended March 31, 2025, the United Way paid \$5,077 for the copier and postage lease, \$1,570 for security, and \$29,600 for the lease of office space.

**NOTE 8 – SHORT TERM LEASE**

The following lease does not fall under FASB ASC 842 due to the original contract and the extension not exceeding 12 months.

In August 2024 United Way entered into a 10 month lease with Willscot for a mobile unit with monthly payments of \$7,544 with a lease expiring in June 2025. There was an extension added to the contract of extending the contract terms through April 2026. For the year ended March 31, 2025, the United Way paid \$84,749 for the mobile unit.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 9 – PROPERTY AND EQUIPMENT**

The following changes in fixed assets occurred during the period April 1, 2024, through March 31, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, depreciable	\$ 63,288	\$ 21,101	\$ -	\$ 84,389
Less: Accumulated Depreciation	(52,321)	(8,743)	-	(61,064)
	<u>\$ 10,967</u>	<u>\$ 12,358</u>	<u>\$ -</u>	<u>\$ 23,325</u>

Properties are reported at acquisition cost. Cost of maintenance and repairs are charged to expense. As of March 31, 2025, depreciation expense is \$8,743 using the straight-line method.

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects United Way’s financial assets as of March 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalent	\$ 998,663
Pledges receivable, current, net of allowance	507,369
Grants receivable	405,421
Other receivables	68,275
Cash and cash equivalents of investments - restricted	119,865
Investments	1,928,220
Total financial assets	<u>4,027,813</u>
Less those unavailable for general expenditures with one year, due to:	
Donor-imposed restrictions	<u>(3,093,917)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 933,896</u>

As of March 31, 2025, \$3,093,917 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. United Way has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$664,178. As part of the United Way’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 11 – ENDOWMENT FUNDS**

The endowment funds consist of several contributions, with different types of restrictions. The Robertson Brothers principal was originally restricted in perpetuity and the interest earned was originally restricted for the benefit of the underprivileged children of Jackson, Tennessee (the “City”). However, this restriction has been legally released and is now considered unrestricted. The Sawyer principal is restricted in perpetuity and the interest earned on the principal is restricted for payment of administrative expenses. The Hallock endowment principal is restricted in perpetuity and the interest earned on the principal is restricted to annually purchase a plaque honoring a volunteer.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 11 – ENDOWMENT FUNDS (CONTINUED)**

	March 31, 2025		
	Without Donor Restrictions		
	Sawyer Endowment	Hallock Endowment	Totals
Fair market value at April 1, 2024	\$ 720,781	\$ 1,000	\$ 721,781
Investment Income	27,429	-	27,429
Net appreciation (depreciation) of investments	7,002	-	7,002
Amounts appropriated for expenditures	(4,500)	-	(4,500)
Fair market value at March 31, 2025	\$ 750,712	\$ 1,000	\$ 751,712

**NOTE 12 – LONG-TERM INVESTMENTS**

Fair values and unrealized appreciation (depreciation) at March 31, 2025 are summarized below:

	Cost	Estimated Fair Value	Unrealized Gain (Loss)
Mutual Funds	\$ 1,852,447	\$ 2,048,085	\$ 195,638
<b>Totals</b>	\$ 1,852,447	\$ 2,048,085	\$ 195,638

The following schedule summarizes investment return and its classification in the statement of activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 39,657	\$ 27,429	\$ 67,086
Net realized gains (losses)	35,727	33,290	69,017
Total realized return on investment	75,384	60,719	136,103
Net unrealized gains (losses)	(23,877)	(25,099)	(48,976)
Total investment return (loss)	\$ 51,507	\$ 35,620	\$ 87,127

**NOTE 13 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the United Way in estimating fair value disclosures for financial instruments:

	Carrying Amount	Fair Value
<u>Financial assets:</u>		
Cash and cash equivalents	\$ 1,118,528	\$ 1,118,528
Pledges receivable, net	507,369	507,369
Long-term investments	1,852,447	2,048,085

Cash, cash equivalents, and pledges receivable: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

Long-term investments: The fair values of investment securities are based on quoted market prices for those investments.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 13 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair values of investments measured on a recurring basis at March 31, 2025, were \$2,048,085 and are determined by reference to quoted market prices and other relevant information generated by market transactions. At present, United Way has no items carried or that will be carried at fair value on a non-recurring basis. The United Way does not currently have, nor expects to have, any non-financial assets or liabilities which could be carried at fair value.

United Way follows a policy that defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements regarding fair value measurements. This standard clarifies the principle that fair value should be based on assumptions market participants would use when pricing the asset or liability and establishes a hierarchy that prioritizes information used to develop these assumptions. The hierarchy is as follows:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Such inputs may include quoted prices for similar assets or liabilities in active markets, and inputs other than quoted market prices that are observable for the assets and liabilities such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 Inputs: Unobservable inputs for determining fair values of assets and liabilities that reflect an entity's own assumptions about the assumptions that market participants would use pricing the assets and liabilities.

Investments are the only balance sheet components reported at fair value. They are all valued using Level 2 Inputs. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and terms and conditions of bonds, and other factors. The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2025:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total Fair Value</u>
Investments	\$ -	\$ 2,048,085	\$ -	\$ 2,048,085

**NOTE 14 – DESIGNATIONS**

The United Way allows those who participate in its annual workplace fundraising campaign to designate where the pledge is to be directed. Contributions with donor-imposed restrictions are not reported as revenue. The revenue listed has been reduced by the amount of restricted contributions, in the amount of \$720,907 and reported as a liability, payable per donor instruction.

**NOTE 15 – CREDIT RISK**

Credit risk primarily relates to cash and cash equivalents, endowment investments, and receivables. Cash and cash equivalents are held in banks. All deposits in excess of FDIC insurance coverage are insured.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2025**

**NOTE 16 – NET ASSETS**

The net assets of United Way as of March 31, 2025, consist of the following:

	<u>Endowments</u>	<u>Non-Endowments</u>	<u>Other Unrestricted</u>	<u>Total</u>
<i>Funds with donor restrictions</i>				
Permanently restricted funds				
Sawyer	\$ 411,458	\$ -	\$ -	\$ 411,458
Hallock	1,000	-	-	1,000
Total permanently restricted funds	<u>412,458</u>	<u>-</u>	<u>-</u>	<u>412,458</u>
Temporarily restricted funds:				
Sawyer	339,254	-	-	339,254
Corporate Sponsorships	-	268,500	-	268,500
First Ladies Luncheon	-	63,278	-	63,278
Financial Empowerment Center	-	23,500	-	23,500
The Read Team	-	32,018	-	32,018
Shared Service Alliance	-	28,031	-	28,031
Disaster Relief Fund	-	165,355	-	165,355
Ford Motor Fund	-	1,743,254	-	1,743,254
Christmas partners revenue	-	120	-	120
Disaster recovery services	-	18,149	-	18,149
Total temporarily restricted funds	<u>339,254</u>	<u>2,342,205</u>	<u>-</u>	<u>2,681,459</u>
Total funds with donor restrictions	<u>751,712</u>	<u>2,342,205</u>	<u>-</u>	<u>3,093,917</u>
<i>Funds without donor restrictions</i>				
Investments	1,296,373	-	-	1,296,373
Other	-	-	(1,666,916)	(1,666,916)
Total funds without donor restrictions	<u>1,296,373</u>	<u>-</u>	<u>(1,666,916)</u>	<u>(370,543)</u>
Total funds	<u>\$ 2,048,085</u>	<u>\$ 2,342,205</u>	<u>\$ (1,666,916)</u>	<u>\$ 2,723,374</u>

**NOTE 17 – CORRECTION OF ERROR**

During the current fiscal year, management identified changes to previously reported amounts that were necessary to correct information provided after the auditor had received the client's original financial data. These adjustments relate to cash and were applied to prior periods to ensure comparability. Net Assets without donor restrictions were overstated by \$23,606.

**NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through January 30, 2026 which is the date the financial statements were available to be issued and determined that there were no subsequent events that necessitated disclosure.

**UNITED WAY OF WEST TENNESSEE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED**  
**March 31, 2025**

Federal Awards	Grantor Agency	Identifying Number	Assistance Listing Number	Balance 4/1/2024 (Receivable) Unearned	Adjustments	Cash Receipts	Expenditures	Balance 3/31/2025 (Receivable) Unearned
<b>U.S. DEPARTMENT OF EDUCATION</b>				\$ (174,857)	-	\$ 1,015,087	\$ 1,003,774	\$ (163,544)
<i>Passed through the Tennessee Department Education</i>				(174,857)	-	1,015,087	1,003,774	(163,544)
Connected Literacy Program Development and Delivery		77091	84.425B					
<b>Total U.S. Department of EDUCATION</b>				\$ (174,857)	-	\$ 1,015,087	\$ 1,003,774	\$ (163,544)
<b>U.S. DEPARTMENT OF TREASURY</b>								
<i>Passed through the Tennessee Department of Economic and Community Development</i>								
Broadband Connected Community Facilities Program (ARP-SLFRF)		33023-55825	21.029				121,553	(121,553)
Broadband Digital Skills Training, Education, and Workforce Development Program (ARP-SLFRF)		33023-52925	21.027			15,362	15,362	-
<b>Total U.S. Department of Treasury</b>						\$ 15,362	\$ 136,915	\$ (121,553)
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE (HHS) PROGRAM</b>								
<i>Passed through the Tennessee Department of Human Services</i>								
Two Generation (2 Gen) Community Grant		82527	93.558			145,244	254,705	(109,461)
<b>Total U.S. Department of Health and Human Service (HHS) Program</b>						\$ 145,244	\$ 254,705	\$ (109,461)
<b>Corporation for National and Community Service (CNCS) dba AmeriCorps</b>								
AmeriCorps Grant		31701-112518	94.006			18,990	29,853	(10,863)
<b>Total Corporation for National and Community Service (CNCS)</b>						\$ 18,990	\$ 29,853	\$ (10,863)
<b>Total Federal Awards</b>				(174,857)	-	1,194,683	1,425,161	(405,421)
<b>State Financial Assistance</b>								
<i>Passed through the State of Tennessee</i>								
<i>Passed to Weakley County</i>						50,000	14,399	35,601
Opioid Abatement Program								
<b>Total State Financial Assistance</b>						\$ 50,000	\$ 14,399	\$ 35,601
<b>Total Federal Awards and State Financial Assistance</b>				\$ (174,857)	-	\$ 1,244,683	\$ 1,439,560	\$ (369,820)

**Note 1:** Basis of Presentation: The schedule of expenditures of federal awards summarizes the activity of United Way of West Tennessee, Inc. under the federal award program for the year ended March 31, 2025, and is presented on the accrual basis of accounting.

**Note 2:** Summary of Significant Accounting Policies: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. United Way of West Tennessee, Inc. has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.