UNITED WAY OF GREATER KNOXVILLE, INC.
AND ITS OPERATING DIVISIONS

Financial Statements

March 31, 2023 and 2022

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AND ITS OPERATING DIVISIONS
Financial Statements
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RODEFER MOSS

Independent Auditors' Report

To the Board of Directors
United Way of Greater Knoxville, Inc. and
Its Operating Divisions
Knoxville, Tennessee

Opinion

We have audited the accompanying financial statements of United Way of Greater Knoxville, Inc. and Its Operating Divisions (collectively, the "Organization"), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2023, and the changes in 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted 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, 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 generally accepted 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 the Organization's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's March 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rodefer Moss & Co, PLLC

Knoxville, Tennessee
August 16, 2023

UNITED WAY OF GREATER KNOXVILLE, INC.
AND ITS OPERATING DIVISIONS
Statements of Financial Position
March 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,715,929	$ 11,252,129
Restricted cash (Note 7)	396,073	364,521
Certificates of deposit	252,203	251,573
Pledges receivable (net of allowance for uncollectible pledges of $601,599 and $1,195,979 for 2023 and 2022, respectively)	2,725,463	3,601,812
Grants receivable	-	324,195
Prepaid expenses and other current assets	222,024	112,965
Other receivables	662,893	25,174
Total current assets	7,974,585	15,932,369
Property and equipment, net (Note 4)	2,722,886	2,675,936
Beneficial interest in assets held by others - live united fund (Note 10 & 11)	16,265,453	17,134,385
Beneficial interest in assets held by others - endowment (Note 10 & 11)	8,033,158	8,446,074
Total assets	$ 34,996,082	$ 44,188,764
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 519,464	$ 336,526
Grants and allocations payable	1,704,568	4,258,886
Contract liability	14,550	5,765
Amounts designated by donors to specific organizations (Note 2)	705,171	1,755,158
Total liabilities	2,943,753	6,356,335
Net Assets		
Without Donor Restrictions		
Designated by the Board for stabilization reserve and quasi endowment (Note 10)	28,746,945	30,031,567
Undesignated	657,699	5,412,135
Total without donor restrictions	29,404,644	35,443,702
With Donor Restrictions		
Purpose restricted	632,447	364,521
Perpetual in nature	2,015,238	2,024,206
Total with donor restrictions (Note 7)	2,647,685	2,388,727
Total net assets	32,052,329	37,832,429
Total liabilities and net assets	$ 34,996,082	$ 44,188,764

See notes to financial statements.

UNITED WAY OF GREATER KNOXVILLE, INC.
AND ITS OPERATING DIVISIONS
Statement of Activities and Changes in Net Assets
Year Ended March 31, 2023
(with summarized financial information for the year ended March 31, 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Campaign revenue, support and other				
Campaign revenue				
Campaign results	$ 8,518,830	$ 236,374	$ 8,755,204	$ 8,398,433
Less amounts designated by donors to specific organizations (Note 2)	(459,124)	-	(459,124)	(2,254,231)
Less provision for uncollectible pledges receivable	(347,369)	-	(347,369)	(322,814)
Net campaign revenue	7,712,337	236,374	7,948,711	5,821,388
Support and other				
Donated in-kind services (Note 1)	177,397	-	177,397	276,169
Management fee income	139,167	-	139,167	78,614
Other contributions	27,664	-	27,664	37,500
Grant income	1,869,569	-	1,869,569	702,306
Paycheck Protection Program forgiveness	-	-	-	280,827
Lease Income (Note 3)	2,500	109,018	111,518	106,849
Miscellaneous	421,274	-	421,274	175,743
Investment (loss) gain, net (Note 3)	(1,297,326)	(8,967)	(1,306,293)	106,625
Total support and other	1,340,245	100,051	1,440,296	1,764,633
Total net campaign revenue, support and other	9,052,582	336,425	9,389,007	7,586,021
Grants and designations				
Community impact grants and designations	8,925,073	-	8,925,073	9,345,602
Less amounts designated by donors to specific organizations (Note 2)	(459,124)	-	(459,124)	(2,254,231)
Net grants	8,465,949	-	8,465,949	7,091,371
Functional expenses				
Program services	3,201,190	-	3,201,190	1,557,348
Support services	3,501,968	-	3,501,968	3,068,487
Total functional expenses	6,703,158	-	6,703,158	4,625,835

UNITED WAY OF GREATER KNOXVILLE, INC.
AND ITS OPERATING DIVISIONS
Statement of Activities and Changes in Net Assets (Continued)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Total grants, designations, and functional expenses	$ 15,169,107	$ -	$ 15,169,107	$ 11,717,205
Net assets released from restrictions	77,467	(77,467)	-	-
Change in net assets	(6,039,058)	258,958	(5,780,100)	(4,131,185)
Merger of Volunteer East Tennessee (Note 15)	-	-	-	1,474
Merger of Alliance for Better Nonprofits (Note 15)	-	-	-	344,944
Net assets at the beginning of the year	35,443,702	2,388,727	37,832,429	41,617,196
Net assets at the end of the year	$ 29,404,644	$ 2,647,685	$ 32,052,329	$ 37,832,429

UNITED WAY OF GREATER KNOXVILLE, INC.

AND ITS OPERATING DIVISIONS

Statement of Functional Expenses

Year Ended March 31, 2023

(with summarized financial information for the year ended March 31, 2022)

	PROGRAM SERVICES								SUPPORT SERVICES			2023	Total 2022
	Education	Financial Stability	Housing	Capacity Building	East TN Collaborative	Health & Food	Community Impact	Total Program Services	Resource Development	Management and General	Total Support Services	Total Program and Support Services	Total Program and Support Services
Personnel expenses													
Salaries and related expenses	$ 83,744	$ 41	$ 143,602	$ 238,725	$ 139,991	$ 65,171	$ 941,902	$ 1,613,176	$ 872,141	$ 1,191,191	$ 2,063,332	$ 3,676,508	$ 2,506,641
Non-personnel expenses													
Professional and contract fees	61,784	-	1,622	124,547	611,783	106,939	68,239	974,914	215,539	172,632	388,171	1,363,085	546,091
Rental and maintenance of equipment	9,006	648	8,279	33,403	1,975	3,427	72,330	129,068	47,432	80,058	127,490	256,558	266,140
Meetings and events	20,108	-	229	1,202	4,903	4,513	34,884	65,839	152,888	16,976	169,864	235,703	150,400
Membership dues and permits	4,350	-	9,599	15,214	-	3,833	56,504	89,500	50,089	71,219	121,308	210,808	199,653
Supplies	15,368	2,040	3,058	5,644	15,212	2,898	27,069	71,289	58,438	63,058	121,496	192,785	157,985
Donated services	-	-	-	-	-	-	-	-	177,397	-	177,397	177,397	276,169
Media, brochures and advertising	22,066	620	4,503	4,039	405	-	7,480	39,113	94,774	11,865	106,639	145,752	254,685
Depreciation	3,006	-	6,592	9,991	-	2,649	39,044	61,282	34,407	47,237	81,644	142,926	94,742
Building occupancy	2,610	-	7,705	41,024	3,085	2,300	33,900	90,624	29,929	41,641	71,570	162,194	71,998
Staff development and travel	-	-	618	6,726	2,172	2,807	14,034	26,357	10,135	18,270	28,405	54,762	61,710
Insurance	867	-	1,901	2,882	6,933	764	11,618	24,965	9,925	13,625	23,550	48,515	23,434
Auto allowances and car	224	-	559	3,284	1,923	430	4,324	10,744	11,040	1,051	12,091	22,835	6,984
Postage and shipping	-	-	-	10	252	-	1,382	1,644	4,627	24	4,651	6,295	7,185
Telephone	2	-	209	468	167	-	1,829	2,675	1,379	2,141	3,520	6,195	2,018
Recruitment	-	-	-	-	-	-	-	-	-	840	840	840	-
Total non-personnel expenses	139,391	3,308	44,874	248,434	648,810	130,560	372,637	1,588,014	897,999	540,637	1,438,636	3,026,650	2,119,194
Total functional expenses	$ 223,135	$ 3,349	$ 188,476	$ 487,159	$ 788,801	$ 195,731	$ 1,314,539	$ 3,201,190	$ 1,770,140	$ 1,731,828	$ 3,501,968	$ 6,703,158	$ 4,625,835

UNITED WAY OF GREATER KNOXVILLE, INC.
AND ITS OPERATING DIVISIONS
Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	$ (5,780,100)	$ (4,131,185)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	142,926	94,742
Unrealized loss on investments	1,776,030	518,195
Realized gain on investments	(12,761)	(379,619)
Dividends received on investments, net of fees	(390,379)	(252,554)
Paycheck Protection Program loan forgiveness	-	(280,827)
Loss on disposal of property and equipment	55,758	-
Decrease in allowance for uncollectible pledges	(594,380)	(27,239)
Mergers of nonprofit organizations	-	346,418
Decrease (increase) in assets:		
Pledges receivable	1,470,729	2,581,162
Prepaid items and other current assets	(109,059)	(4,007)
Other receivables	(637,719)	98,144
Grants receivable	324,195	(324,195)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	182,938	214,853
Contract liabilities	8,785	5,765
Grants payable	(2,554,318)	3,036,601
Amounts designated by donors for specific organizations	(1,049,987)	877,926
Net cash from operating activities	(7,167,342)	2,374,180
Cash Flows From Investing Activities		
Purchases of investments	(91,042)	(17,412,651)
Maturities of certificates of deposit	(630)	499,145
Acquisition of property and equipment	(245,634)	(298,342)
Net cash from investing activities	(337,306)	(17,211,848)
Net change in cash, cash equivalents, and restricted cash	(7,504,648)	(14,837,668)
Cash, cash equivalents, and restricted cash at the beginning of the year	11,616,650	26,454,318
Cash, cash equivalents, and restricted cash at the end of the year	$ 4,112,002	$ 11,616,650
Cash and cash equivalents consists of:		
Unrestricted	$ 3,715,929	$ 11,252,129
Restricted	396,073	364,521
Total cash and cash equivalents	$ 4,112,002	$ 11,616,650

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The United Way of Greater Knoxville, Inc. and Its Operating Divisions, the United Ways of Union, Jefferson, and Grainger Counties (collectively, the "Organization"), is a non-profit organization which provides supporting services and other assistance to public and private agencies and community organizations to meet the human service needs of the general public of Greater Knoxville, Union County, Jefferson County, Claiborne County, and Grainger County, Tennessee. The Organization strives to unite people and resources to strengthen communicates and solve systemic issues.

Financial Statements - The financial statements include United Way of Greater Knoxville, Inc., and Its Operating Divisions: the United Ways of Union, Jefferson, Claiborne, and Grainger Counties. All interdivisional transactions have been eliminated.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation - The Organization is required to report 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 financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles ("GAAP"). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2022, from which the summarized information was derived.

Cash and Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash - Restricted cash consists of funds held by the Monday Trustees as further described in Note 7 to the financial statements.

Net Asset Classification - Net assets are classified into two components as defined below:

- *Without Donor Restrictions* - This component of net assets consists of net assets that do not meet the definition of "restricted". These net assets are available for current use by the Board.

- *With Donor Restrictions* - This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations or other governments or restrictions imposed by law through constitutional provisions or enabling legislation. At March 31, 2023 and 2022, net assets with donor restrictions totaled $2,647,685 and $2,388,727 respectively are restricted for the use of the prescribed fund.

Revenue Recognition - The Organization records pledges and contributions received as without donor restrictions or with donor restrictions support depending on the existence and nature of any donor restrictions. Pledges receivable are recognized when the donors makes a promise to give to the Organization that is, in substance, unconditional. All other donor-restricted pledges are reported as increases in net assets with donor restrictions. When a restriction expires (i.e. when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "other net assets released from restrictions."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Allowance for Uncollectible Pledges - The Organization uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior experience and management's analysis of specific pledges made. Periodically, management reviews pledges receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

Functional Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the cost of staff time identified to those specific programs and activities.

Property and Equipment - Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or time of use. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Organization capitalizes property and equipment with an original cost of at least $750. Depreciation is computed on the straight-line method over the estimated useful lives of the assets and is considered a cost of operations. Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the coast and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in net assets without donor restrictions.

Leases - The Organization records operating and finance lease activity in accordance with FASB ASC 842, *Leases*. The Organization determines if contractual agreements contain a lease at inception. A lease is identified when a contract allows for the right to control an identified asset for a period of time in exchange for consideration. Lease liabilities are recognized at lease commencement, measured using the present value of cash payments expected to be made during the lease term, and represent the Organization's obligation to make the lease payments arising from a lease. Right-of-use lease assets are recognized upon lease commencement, measured using the initial lease liability plus any payments made at or before commencement of the lease term, and represent the right to use an underlying asset for the lease term. Certain leases with a term of 12 months or less are not recorded using a right-of-use asset and lease liability, rather the related payments are recognized in the statement of activities and changes in net assets on a straight-line basis over the term of the lease.

Donated In-Kind Advertising Services - The value of donated in-kind advertising services, consisting of media time, has been recorded as in-kind revenue and expensed in the amounts of $177,397 and $276,169 for 2023 and 2022, respectively, and is included in the Statement of Activities and Changes in Net Assets. Advertising services were valued and reported at estimated fair value in the financial statements based on current rates for similar media services. Donations with explicit donor restrictions are reported in the net assets with donor restrictions until the restriction is met. Absent of explicit donor stipulations on long-live assets, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assts are placed in service. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Throughout the year, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. No value has been assigned to this volunteer time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Income Tax Status - The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code ("IRC") §501(c)(3). Accordingly, no provision for federal income taxes has been made. Management is not aware of any uncertain tax positions as of March 31, 2023.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

The Organization is not aware of any unrelated business income that would trigger a taxable event for the tax years still open for examination.

Grants and Designations - The Organization routinely provides grant dollars to partner agencies in the Knox County area. Donors, at their discretion, may make designations to these specific organizations. Grants are reviewed and approved by the board preceding the grant year in which they would be paid. Any unpaid designations or allocations are recorded as Grants and allocations payable. During November 2021, the Organization received money to be disbursed to another organization from an outside source. The intention was for the Organization to only hold the money and oversee the disbursement. The amount still outstanding and included in grants and allocations payable at March 31, 2022 was $2,422,087 with the remainder being paid out throughout the next fiscal year. See additional information related to designations to specific organizations in Note 2.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from those estimates.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and promises to give receivable. The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Organization's contributor base and their dispersion across different industries and geographic areas. Insurance coverage is limited to $250,000 per depositor at each financial institution, and the Organization's cash balances may exceed federally insured limits.

For the years ended March 31, 2023 one donor group made up 14% of contributions, and for the years ended March 31, 2022 two donor groups made up 34% of contributions.

Recently Adopted Accounting Pronouncements - Effective April 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right of use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt ASC 842 using the alternative transition method that allows the Organization to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Recently Adopted Accounting Pronouncements - (Continued) - The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The Organization has determined that there were no leases that met the requirements of capitalization under ASC 842 upon implementation. As such, the adoption of FASB ASC 842 resulted in no recognition of right-of-use-assets nor operating lease liabilities of as of April 1, 2022.

The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations or cash flows.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, and the disclosure of the amounts recognized that reflects qualitative information about the utilization or monetization of the contribution, along with any donor-imposed restrictions, and valuation techniques or inputs used to arrive at fair value. The Organization adopted ASU 2020-07 effective for the year ended March 31, 2023. The adoption had no impact on total beginning net assets.

Reclassifications - Certain reclassifications have been made to the 2022 balances in order to conform to the 2023 presentation with no effect on the previously reported net assets or change in net assets.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the statement of financial position date for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the independent auditors' report, which is the date these financial statements were available to be issued.

NOTE 2 - AMOUNTS DONATED BY DONORS FOR SPECIFIC ORGANIZATIONS

The Organization has included $459,124 and $2,254,231 of amounts designated by donors for specific organizations as a portion of total campaign results on the Statements of Activities and Changes in Net Assets for the fiscal years ended March 31, 2023 and 2022, respectively. These amounts include funds pledged to the Organization but designated by the donor to other organizations.

The Organization does not retain variance power related to these designations. They are treated as agency transactions rather than contributions and are reflected as liabilities of the Organization. The Statements of Activities and Changes in Net Assets show a reduction of campaign results for these pledges and also a reduction of grant expense for the pledges.

NOTE 3 - NET INVESTMENT RETURN

The net investment returns for the years ended March 31, 2023 and 2022 is as follows:

	2023	2022
Dividends	$ 484,350	$ 335,302
Interest income	66,597	1,045
Unrealized loss	(1,776,030)	(518,195)
Realized gain	12,761	379,619
Lease income	111,518	106,849
Administrative fees	(93,971)	(91,146)
	$ (1,194,775)	$ 213,474

NOTE 4 - PROPERTY AND EQUIPMENT

The following table summarizes the estimated useful lives, cost of purchased land, building, and equipment and the fair value of the donated land:

	2023				
	Estimated Useful Life	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Land	N/A	$ 51,050	$ 1,839,520	$ 1,890,570	$ 1,890,570
Building	18 - 32 years	1,404,461	-	1,404,461	1,389,465
Leasehold Improvements	18 - 32 years	-	-	-	211,612
Construction in progress	N/A	-	-	-	46,254
Equipment and furniture	5 - 15 years	798,877	-	798,877	729,966
Fixtures & Fittings	7 years	160,703	-	160,703	-
Vehicles	5 - 7 years	105,557	-	105,557	105,557
		2,520,648	1,839,520	4,360,168	4,373,424
Accumulated depreciation		(1,637,282)	-	(1,637,282)	(1,697,488)
Property and equipment, net		$ 883,366	$ 1,839,520	$ 2,722,886	$ 2,675,936

NOTE 5 - BENEFIT PLAN

The Organization has a 401(k) defined contribution plan covering substantially all employees. The monthly employer contribution on behalf of a participant is 4.8% of the participant's compensation. Additionally, monthly employer contribution on behalf of a participant is a 100% match on participant's contributions up to 4% of the participant's compensation. The contribution will not exceed the maximum amount allowed by the Internal Revenue Service regulations. The amount contributed by the Organization to the defined contribution plan amounted to $272,377 and $199,992 for the fiscal years ended March 31, 2023 and 2022, respectively.

NOTE 6 - LAND LEASES AND RELATED LEASE INCOME

The Organization owns the following properties and other related operating leases:

	2023		2022	
	Recorded Value	Lease Income	Recorded Value	Lease Income
Northgate Shopping Center-Land (Tract I)	$ 478,800	$ 72,000	$ 478,800	$ 64,834
Northgate Shopping Center-Land (Tract II)	110,720	-	110,720	-
Papermill LaQuinta Inn/Fuse Church - Land	1,250,000	36,019	1,250,000	36,019
Other miscellaneous rents	-	3,499	-	5,996
	$ 1,839,520	$ 111,518	$ 1,839,520	$ 106,849

These land leases are classified as non-cancelable operating leases with remaining terms ranging from 14 to 40 years. The Organization maintains assets, accounted for in Note 4, that are available to lease through operating leases. The Organization's revenue on operating leases is in accordance with ASU 842. Future minimum rental receipts under the non-cancelable operating leases with remaining terms in excess of one year as of March 31, 2023 are as follows:

Year ending March 31,	
2024	$ 108,019
2025	108,019
2026	108,019
2027	113,849
2028	115,019
Thereafter	1,940,818
	$ 2,493,743

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods as of March 31, 2023 and 2022:

	2023	2022
Monday deed of gift	$ 1,839,520	$ 1,839,520
Endowment with donor restrictions	175,718	184,687
Net assets with donor restrictions - perpetual in nature	$ 2,015,238	$ 2,024,207
Net assets with donor restrictions - purpose restricted	$ 632,447	$ 364,521

NOTE 8 - CHANGE IN BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The change in beneficial interest in assets held by others is summarized as follows:

	2023	2022
Dividends	$ 484,350	$ 335,302
Realized gain	12,761	379,619
Unrealized loss	(1,776,030)	(518,195)
Administrative fees	(93,971)	(91,146)
Earnings on beneficial interest in assets held by others, net	$ (1,372,890)	$ 105,580

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

As discussed in Note 1, when a purpose restriction is accomplished, 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". During the years ended March 31, 2023 and 2022, net assets with donor restrictions of $345,392 and $106,849 were received by the Organization. Amounts totaling $77,467 were released from restriction and expended as of March 31, 2023. Accordingly, these funds are reflected as changes in net asset with donor restrictions in the accompanying Statement of Activities.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

The net assets without donor restrictions - board designated consists of $28,746,945 and $30,031,567 at March 31, 2023 and 2022, respectively, set aside by the Organization's Board of Directors in the Endowment Fund, Operating Stabilization Reserve (the "Reserve") and Organization Operating Reserves.

The Reserve was established by the Organization's Board of Directors on March 31, 2006. The Reserve had balances of $3,832,718 and $3,400,761 at March 31, 2023 and 2022, respectively. The Reserve assists in maintaining financial stability for the Organization and can be used to cover unanticipated expenses or pledge collection losses. The recommended balance of the Reserve is determined annually by the Operations Committee based upon a calculation that takes into consideration financial directives of the Organization's Board of Directors.

The Endowment Fund (the "Fund") is a Board designated vehicle used to accumulate funds over time with a long-term goal of funding the Organization's operating expenses from the earnings of the fund. The Fund is managed by the East Tennessee Foundation. Principal may only be removed from the Fund with two consecutive majority votes of the Board of Directors and approval by the East Tennessee Foundation Board of Directors.

The Live United Fund (the "Fund") is a Board designated vehicle used to accumulate funds over time with a long-term goal of funding the Organization's operating expenses from the earnings of the fund. The Fund consists of two investments in First Horizon Advisors and The Trust Company. Principal may only be removed from the Fund with one majority vote of the Board of Directors and approval.

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED - (Continued)

The activity in the fund for the years ended March 31, 2023 and 2022 is as follows:

	2023				
	Live United Fund - First Horizon Adivors	Live United Fund - The Trust Company	Endowment Fund	Total	2022 Total
Balance at the beginning of the year	$ 8,831,881	$ 8,889,854	$ 8,446,074	$26,167,809	$ 8,053,830
Contributions	-	-	-	-	18,000,001
Other income	-	2,231	-	2,231	8,398
Investment return, net (see Note 8)	(419,807)	(540,167)	(412,916)	(1,372,890)	105,580
Balance at the end of the year	$ 8,412,074	$ 8,351,918	$ 8,033,158	$24,797,150	$26,167,809

The balance of the Net Assets Without Donor Restrictions - Designated at March 31, 2023 and 2022 is as follows:

	2023					
	Operating Stabilization Reserve	Endowment Fund	Board Designated Funds	Other Reserves	Total	2022 Total
United Way of Greater Knoxville	$ 3,800,309	$ 8,033,158	$ 16,763,992	$ -	$ 28,597,459	$ 29,879,751
United Way of Union County	4,936	-	-	23,568	28,504	28,131
United Way of Jefferson County	15,266	-	-	63,429	78,695	82,273
United Way of Grainger County	12,207	-	-	30,080	42,287	41,412
	$ 3,832,718	$ 8,033,158	$ 16,763,992	$ 117,077	$ 28,746,945	$ 30,031,567

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization values investments using the guidance in Financial Accounting Standards Board Codification 820-10-50-5, which provides a hierarchy by which to measure fair value. Level 1 inputs are based value upon quoted prices for identical assets or liabilities in active markets. Level 2 inputs are based value upon quoted prices for similar assets or liabilities in active markets or other market-based information, and Level 3 inputs are based on pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgement or estimation. As of March 31, 2023, the Organization's long-term comingled investment pool consisted of 97.7% in Level 1, primarily mutual funds and 2.3% in Level 3, consisting of absolute return pool and private equity, resources and real estate.

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

Investments as of March 31, 2023 are as follows:

	Fair Value	Carrying Value
Net assets without donor restrictions	$ 24,621,432	$ 24,621,432
Net assets with donor restrictions	175,718	175,718
Total Investments	$ 24,797,150	$ 24,797,150

Investments as of March 31, 2022 are as follows:

	Fair Value	Carrying Value
Net assets without donor restrictions	$ 25,983,122	$ 25,983,122
Net assets with donor restrictions	184,687	184,687
Total Investments	$ 26,167,809	$ 26,167,809

The following schedule summarizes the investments return and activities for the years ended March 31, 2023 and 2022:

	2023	2022
Balance at the beginning of the year	$ 26,167,809	$ 8,053,830
Dividends and contributions	486,581	18,343,701
Realized gain	12,761	379,619
Unrealized loss	(1,776,030)	(518,195)
Administrative fees	(93,971)	(91,146)
Balance at the end of the year	$ 24,797,150	$ 26,167,809

The following is the aggregate carrying amounts by major types as of March 31, 2023:

	Level 1	Level 3	Total
Cash equivalent	$ 498,539	$ -	$ 498,539
Multi asset mutual fund	3,269,495	-	3,269,495
Equity mutual funds	11,407,074	-	11,407,074
Fixed income mutual funds	6,956,941	-	6,956,941
Keystone fund	2,104,687	-	2,104,687
Private real estate & natural resource funds	-	560,414	560,414
Total	$ 24,236,736	$ 560,414	$ 24,797,150

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS - (Continued)

The following is the aggregate carrying amounts by major types as of March 31, 2022:

	Level 1	Level 3	Total
Cash equivalent	$ 587,350		$ 587,350
Multi asset mutual fund	3,454,444	-	3,454,444
Equity mutual funds	12,086,033	-	12,086,033
Fixed income mutual funds	7,176,818	-	7,176,818
Keystone fund	1,570,970	-	1,570,970
Private equity funds	-	608,117	608,117
Private real estate & natural resource funds	-	684,077	684,077
Total	$ 24,875,615	$ 1,292,194	$ 26,167,809

East Tennessee Foundation does not provide adequate information to separate the aggregate amounts that they report to the Organization for income, gains, expenses, and losses into amounts associated with Level 1 and Level 3. Consequently, the net change in Level 3 investments for the year is unable to be disclosed.

Endowment Agreement

The Organization entered into an agreement with the 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 75% vote of approval of the Board of Directors of the Organization, and with the approval of 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 judgment 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. At March 31, 2023 and 2022, $7,857,438 and $8,261,387 of contributions, accumulated earnings and unrealized gains of endowment fund assets were available to be spent, respectively. This amount is presented in unrestricted net assets. The amount of $175,719 and $184,687 at March 31, 2023 and 2022, respectively, of endowment fund assets represents donor contributions and is reported in net assets with restrictions based on the donors' restrictions on the amounts they contributed.

Live United Fund

The Organization entered into two new investments during fiscal year 2022 with First Horizon Advisors and The Trust Company in the amounts of $9,000,000 and $9,000,001, respectively. The funds were setup to set aside board designated dollars to support the Live United Fund initiative. Each institution holds investments in both fixed and variable stocks and bonds. Balances as of March 31, 2023 for First Horizon Advisors and The Trust Company were $8,412,074 and $8,351,918, respectively. Balances as of March 31, 2022 for First Horizon Advisors and The Trust Company were $8,831,881 and $8,889,854, respectively.

NOTE 12 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of March 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the quasi endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

Financial assets available to meet cash needs for general expenditures within one year as of March 31, 2023 and 2022 are as follows:

	2023	2022
Financial assets per statement of financial position	$ 32,051,172	$ 41,399,863
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Subject to appropriation and satisfaction of donor restrictions	(632,447)	(364,521)
Board designations:		
Quasi endowment	(8,033,158)	(8,446,074)
Board Designated	(16,763,992)	(18,067,655)
Amounts set aside for liquidity reserve	(3,949,795)	(3,517,838)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,671,780	$ 11,003,775

NOTE 13 - CARES ACT

On March 27, 2020, former President Trump signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. Management is currently evaluating how these provisions of the CARES Act will impact the Organization's financial position, results of operations, and cash flows.

The CARES Act also appropriated funds for the SBA Paycheck Protection Program ("PPP") loans that are forgivable in certain situations to promote continued employment to provide liquidity to small businesses and not-for-profit organizations harmed by COVID-19.

The Organization applied for a second draw, and in March 2021 received, funds under the Paycheck Protection Program. The Organization received funds in the amount of $280,827. The PPP loan was forgiven in full in August 2021, and reflected as income as of March 31, 2022.

NOTE 14 - MERGERS OF NONPROFITS

During July 2021 and November 2021, the Organization entered into agreements to merge with two other nonprofits Volunteer East Tennessee and Alliance for Better Nonprofits, respectively. Volunteer East Tennessee and Alliance for Better Nonprofits transferred their assets and liabilities, as a part of the agreement, to the Organization as the surviving entity. Net assets received and included in net assets on the Statement of Activities and Changes in Net Assets for the year ended March 31, 2022 totaled $1,474 and $344,944, respectively.

NOTE 15 - RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires an entity to utilize a new impairment model known as the current expected credit loss (CECL) model to estimate its lifetime "expected credit loss" and record an allowance that, when deducted from the amortized cost basis of the financial assets and certain other instruments, including but not limited to trade receivables. Credit losses relating to trade receivables will be recorded through an allowance for credit losses rather than as a direct write-down to the receivable. ASU 2016-13 requires a cumulative effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates*, which defers the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022 for all entities except SEC reporting companies that are not smaller reporting companies. ASU 2016-13 will be effective for the Organization beginning April 1, 2023. The Organization is currently evaluating the impact of the adoption of ASU 2016-13 on its financial statements.