

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)

Financial Statements and Supplementary Information

March 31, 2021 and 2020

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)
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Independent Auditors' Report

To the Board of Directors
United Way of East Tennessee Highlands, Inc. (f/k/a United Way of Washington County, TN, Inc.)

We have audited the accompanying financial statements of United Way of East Tennessee Highlands, Inc. (f/k/a United Way of Washington County, TN, Inc.) (a nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of East Tennessee Highlands, Inc. as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 14 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rodger Moss & Co, PLLC

Greeneville, Tennessee
September 8, 2021

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)
Statements of Financial Position
March 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 901,129	\$ 266,058
Restricted cash	94,101	43,440
Certificates of deposit	64,998	-
Unconditional promises to give, net	580,143	653,490
Other receivables	2,851	2,701
Prepaid expenses	-	5,696
Total current assets	1,643,222	971,385
Property and Equipment		
Property and equipment	71,649	69,384
Less accumulated depreciation	(64,708)	(62,648)
Total property and equipment	6,941	6,736
Total assets	\$ 1,650,163	\$ 978,121
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 9,343	\$ 11,240
Allocations to agencies	612,600	485,585
Designations payable	69,822	48,465
Accrued compensation	13,895	13,453
Paycheck protection program	54,462	-
Total current liabilities	760,122	558,743
Total liabilities	760,122	558,743
Net Assets		
Without donor restrictions	429,777	275,057
With donor restrictions	460,264	144,321
Total net assets	890,041	419,378
Total liabilities and net assets	\$ 1,650,163	\$ 978,121

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)

Statements of Activities

Years Ended March 31, 2021 and 2020

	2021		2020		Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Revenues and other support					
Public support	\$ 1,023,544	\$ 535,000	\$ 1,558,544	\$ 204,301	\$ 1,289,466
Cares funding	-	143,193	143,193	-	-
Paycheck Protection Program	49,680	-	49,680	-	-
Administrative fees	1,237	-	1,237	-	2,546
In-kind donations	-	25,435	25,435	116,489	116,489
Interest income	7,987	1,287	9,274	805	7,412
Miscellaneous	2,362	-	2,362	-	1,655
Net assets released from restrictions	388,972	(388,972)	-	(259,273)	-
Less designations	(22,703)	-	(22,703)	-	(11,251)
Total revenues and other support	1,451,079	315,943	1,767,022	62,322	1,406,317
Expenses					
Program services	1,077,281	-	1,077,281	-	825,459
Cost of direct benefits to donors	2,074	-	2,074	-	4,056
Management and general	69,079	-	69,079	-	86,554
Fundraising	276,315	-	276,315	-	346,220
Total expenses	1,424,749	-	1,424,749	-	1,262,289
Change in net assets	26,330	315,943	342,273	81,706	144,028
Net assets at the beginning of the year	275,057	144,321	419,378	193,351	275,350
Net assets acquired from merger with Elizabethton/Carter County	128,390	-	128,390	-	-
Net assets at the end of the year	\$ 429,777	\$ 460,264	\$ 890,041	\$ 144,321	\$ 419,378

See accompanying notes to financial statements.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)

Statements of Cash Flows
Years Ended March 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	\$ 342,273	\$ 144,028
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities		
Depreciation expense	2,059	2,002
Bad debt expense	33,629	101,856
Decrease (increase) in operating assets:		
Unconditional promises to give	61,965	(48,521)
Other receivables	(150)	-
Prepaid expenses	5,696	(3,414)
(Decrease) Increase in liabilities:		
Accounts payable	(1,897)	11,240
Allocations payable	89,801	(249,168)
Accrued compensation	442	4,826
Designations payable	24,696	(22,744)
Net cash flows from operating activities	558,514	(59,895)
Cash Flows From Investing Activities		
Purchase of property and equipment	(2,264)	(3,518)
Net cash flows from investing activities	(2,264)	(3,518)
Cash Flows From Financing Activities		
Proceeds from Paycheck protection program loan	54,462	-
Net cash flows from financing activities	54,462	-
Net change in cash	610,712	(63,413)
Cash at the beginning of the year	309,498	372,911
Cash acquired from merger with Elizabethton/Carter County	75,020	-
Cash at the end of the year	\$ 995,230	\$ 309,498

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)
Statements of Functional Expenses
Year Ended March 31, 2021

	Program Services	Management and General	Fund- Raising	Cost of Direct Benefit to Donors	2021 Total
Direct support	\$ 762,001	\$ -	\$ -	\$ -	\$ 762,001
Salaries	64,426	38,656	154,624	-	257,706
Cares Act - Financial Empowerment	117,356	-	-	-	117,356
Keeping Warm	67,643	-	-	-	67,643
Professional fees	10,216	6,129	24,518	-	40,863
Bad debt	8,407	5,044	20,178	-	33,629
Occupancy	8,104	4,863	19,451	-	32,418
Employee benefits	5,047	3,028	12,113	-	20,188
Payroll taxes	4,781	2,868	11,473	-	19,122
National dues	3,982	2,389	9,556	-	15,927
Miscellaneous	2,854	1,713	6,851	157	11,575
Vello program	11,378	-	-	-	11,378
Advertising and marketing	2,075	1,245	4,980	-	8,300
Insurance	1,249	750	2,999	341	5,339
Utilities	948	569	2,276	-	3,793
Equipment lease	789	473	1,893	-	3,155
Membership dues	774	464	1,857	-	3,095
United We Recover	3,000	-	-	-	3,000
Depreciation	515	309	1,235	-	2,059
Postage and shipping	511	307	1,226	-	2,044
Entertainment	-	-	-	1,576	1,576
Campaign	313	188	752	-	1,253
Travel	134	81	322	-	537
FEMA	485	-	-	-	485
Meals	289	-	-	-	289
Maintenance	4	3	11	-	18
Totals	<u>\$ 1,077,281</u>	<u>\$ 69,079</u>	<u>\$ 276,315</u>	<u>\$ 2,074</u>	<u>\$ 1,424,749</u>

See accompanying notes to financial statements.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a UNITED WAY OF WASHINGTON COUNTY, TN, INC.)
Statements of Functional Expenses
Year Ended March 31, 2020

	Program Services	Management and General	Fund- Raising	Cost of Direct Benefit to Donors	2020 Total
Direct support	\$ 519,063	\$ -	\$ -	\$ -	\$ 519,063
Salaries	61,848	37,109	148,435	-	247,392
Bad debt	25,464	15,278	61,114	-	101,856
Keeping Warm	57,022	-	-	-	57,022
Advertising and marketing	13,676	8,205	32,822	32	54,735
Vello program	47,800	-	-	-	47,800
Special events	44,940	-	-	-	44,940
Occupancy	8,276	4,965	19,861	-	33,102
Professional fees	8,013	4,807	19,230	-	32,050
Campaign	5,442	3,266	13,062	-	21,770
Payroll taxes	4,637	2,783	11,130	-	18,550
Employee benefits	4,523	2,714	10,855	-	18,092
National dues	4,030	2,418	9,673	-	16,121
Miscellaneous	2,671	1,603	6,410	-	10,684
Women's Leadership	6,079	-	-	-	6,079
Insurance	1,446	867	3,470	-	5,783
Alice	5,000	-	-	-	5,000
Travel	1,226	735	2,940	-	4,901
Membership dues	927	557	2,226	-	3,710
Meals	929	-	-	1,664	2,593
Equipment lease	630	378	1,512	-	2,520
Entertainment	-	-	-	2,304	2,304
Postage and shipping	518	311	1,245	-	2,074
Depreciation	501	300	1,201	-	2,002
Telephone	431	258	1,034	-	1,723
FEMA	233	-	-	-	233
Tennessee afterschool network program	134	-	-	-	134
Supplies	-	-	-	56	56
Totals	<u>\$ 825,459</u>	<u>\$ 86,554</u>	<u>\$ 346,220</u>	<u>\$ 4,056</u>	<u>\$ 1,262,289</u>

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a) UNITED WAY OF WASHINGTON COUNTY, TN, INC.
Notes to Financial Statements
March 31, 2021 and 2020

NOTE 1 - ORGANIZATION

United Way of East Tennessee Highlands, Inc. (the "Organization"), is a local, non-profit 501(c)3 organization formed to break the cycle of poverty by uniting people and resources to strengthen the health, education, and financial stability of every person in our community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to non-profit organizations. The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions are not restricted by donors or the donor-imposed restrictions have expired. Net assets without donor restrictions represent funds that are fully available, at the discretion of management and the board of directors, for the Organization to utilize in any of its programs or supporting services.

Net assets with donor restrictions are comprised of funds that are restricted by donors for specific purposes or time periods. When donor restrictions expire, that is, when a time restriction ends, or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as support and revenue.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents - For the purposes of the statements of cash flows, the Organization considers all cash in bank, cash held with investment companies, and cash on hand to be cash and cash equivalents, including highly liquid certificates of deposits with original maturities of three months or less. Concentrations of credit risk consist primarily of bank deposits in excess of federally insured limits. Management does not believe significant credit risk exists at March 31, 2021 and 2020.

Unconditional promises to give - Provision for uncollectible pledges is primarily based upon a three year historical average, applied to gross campaign revenues, including donor designations. The allowance is affected by management's evaluation of the quality, character, current trends, and inherent risks associated with the receivables. Management has recorded an allowance for uncollectible pledges of \$90,000 and \$87,759 at March 31, 2021 and 2020, respectively.

Revenue and Contribution 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. The Organization recognizes grant revenue based on the terms of the grant.

Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization's financial statements reflect the application of ASC 606 guidance.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a) UNITED WAY OF WASHINGTON COUNTY, TN, INC.
Notes to Financial Statements (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Donated Materials and Services - Donated assets and services are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Donations with explicit donor restrictions are reported in the net assets with donor restrictions until the restriction is met. Absent explicit donor stipulations on long-lived assets, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization receives donated services from unpaid volunteers who assist in fundraising, which do not meet the requirements to report as in-kind contributions on the financial statements, as well as donated professional services, such as advertising and business services. When the criteria for recognition has been satisfied, the in-kind contributions are recorded at fair value. Summarized below are in-kind contributions for the years ended March 31, 2021 and 2020.

	2021	2020
Professional fees	\$ 25,278	\$ 17,500
Special events	157	40,500
Campaign	-	14,000
Advertising/marketing	-	44,489
	\$ 25,435	\$ 116,489

Property and Equipment - Property and equipment with a cost greater than \$500 and an estimated useful life of one or more years are capitalized and are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various classes of assets. The cost of maintenance and repairs is recorded as expense as incurred.

Allocations to Agencies - In March 2021 and 2020, the Board of Directors approved a pledged amount to be allocated to specific agencies. This pledged amount is reflected in the accompanying Statement of Financial Position as allocations to agencies. Amounts committed for periods after March 31, 2021 and 2020 are subject to further review and approval by the Board and success of the current year campaign. Accordingly, such additional funds are not reflected as a liability as of March 31, 2021 and 2020.

Designations Payable - Funds are distributed to not-for-profit agencies in accordance with donor instructions. To be eligible to receive these funds, a not-for-profit organization must have been granted exemption under 501(c)3 of the Internal Revenue Code and must comply with the U.S. Patriot Act requirements.

Assets Held as Fiscal Agent - The Organization acts as a fiscal agent for community initiatives. These funds are not recorded as revenue and are included in designations payable in the Statement of Financial Position. The amounts recorded for the years ended March 31, 2021 and 2020 were \$23,821 and \$11,251 respectively.

Advertising - Advertising costs are charged to operations when incurred.

Federal Income Tax - The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)3; accordingly, no provision has been made for federal income tax in the accompanying financial statements. It is management's opinion that no significant uncertain tax positions remain open at March 31, 2021.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a) UNITED WAY OF WASHINGTON COUNTY, TN, INC.
Notes to Financial Statements (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The majority of expenses generally can be identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have to be allocated among program and supporting services classifications on the basis of full-time equivalent employees, salaries and other bases determined by management of the Organization. This is consistent with the standards for allocation of functional expenses adopted by United Way of America to promote consistency in reporting among the United Ways.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

New Accounting Pronouncements - The FASB has also issued the following accounting standards, which will be effective in subsequent years: 1) ASU No. 2016-02, Leases, effective for fiscal years beginning after December 15, 2021; and 2) ASU No. 2016-13, Financial Instruments-Credit Losses, effective for fiscal years beginning after December 15, 2022.

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

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FUNDS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2021	2020
Cash	\$ 966,127	\$ 266,058
Unconditional promises to give (net)	580,143	653,490
Total financial assets available to meet general expenditures within the next 12 months	\$ 1,546,270	\$ 919,548

The Organization maintains financial assets, consisting of cash and accounts receivable from the prior year campaign that are collected throughout the year, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budget expenses on a monthly basis and financial assets on hand are adjusted as necessary.

NOTE 4 - CASH

All cash is held in demand deposits and certificates of deposit at banks and are insured up to \$250,000 by the FDIC. Assets have not been pledged for excess deposits. Management does not believe that it is exposed to significant credit risk regarding cash. The cash accounts for Keeping Warm and Live Well have been restricted for specific purposes.

	2021	2020
General	\$ 966,127	\$ 266,058
Keeping Warm	89,568	38,983
Live Well	4,533	4,457
	\$ 1,060,228	\$ 309,498

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a) UNITED WAY OF WASHINGTON COUNTY, TN, INC.
Notes to Financial Statements (Continued)

NOTE 5 - RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan for each of its employees. The plan was underwritten by Mutual of America through May 2019. Contributions and costs are determined as 7.5% of each covered employee's salary. The employer contributions for the year ended March 31, 2020 were \$756.

Starting in May 2019, the Organization provides a Simple IRA retirement plan through American Funds. The Organization will match employee contributions up to 3%. The employer contributions for the year ended March 31, 2021 and 2020 were \$6,505 and \$5,252, respectively.

NOTE 6 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<u>Subject to expenditure for a specific purpose:</u>		
Financial Empowerment	\$ 93,067	\$ -
Hands up	89,468	35,430
Social innovation	84,067	-
Disaster relief	84,067	21,310
Subsequent year's campaign	46,303	31,765
Vello program	24,942	28,820
Tennessee afterschool	16,009	4,366
Alice	13,673	13,673
Ladies leadership	6,343	6,343
Meals	<u>2,325</u>	<u>2,614</u>
 Total net assets with donor restrictions	 <u>\$ 460,264</u>	 <u>\$ 144,321</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<u>Purpose restrictions accomplished:</u>		
Financial Empowerment - Cares funding	\$ 143,193	\$ -
Disaster relief	95,372	-
Hands up	67,643	57,022
Vello program	11,377	67,800
Special events	5,719	9,634
Meals	289	929
Ladies leadership	<u>-</u>	<u>6,079</u>
 Total purpose restrictions accomplished	 323,593	 141,464
<u>Time restrictions expired:</u>		
Passage of specified time	<u>65,379</u>	<u>117,809</u>
 Total restrictions released	 <u>\$ 388,972</u>	 <u>\$ 259,273</u>

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a) UNITED WAY OF WASHINGTON COUNTY, TN, INC.
Notes to Financial Statements (Continued)

NOTE 7 - DESIGNATIONS PAYABLE

Resolutions for agency appropriations approved by the Board of Directors are included as net assets without donor restrictions program services on the Statement of Activities. For the years ended March 31, 2021 and 2020 agency appropriations are as follows:

	2021	2020
Boy's & Girl's Club of Johnson City/Washington County	\$ 110,000	\$ 110,000
Coalition for Kids	100,000	100,000
Salvation Army	94,500	90,000
Girls, Inc. of Johnson City/Washington County	69,600	69,600
Frontier Health	40,000	25,000
Carter County Senior Center	22,000	-
American Red Cross of Northeast Tennessee	21,000	20,000
Family Promise of Greater Johnson City, Tennessee	21,000	20,000
Boys and Girls Club Elizabethton/Carter County	20,000	-
Appalachia Service Project	20,000	-
Contact 211 - Washington County	10,500	10,000
Second Harvest	10,000	-
Arc of Washington County	9,000	9,000
Adult Day Services	8,000	9,400
Second Harvest	8,000	-
Carter County Drug Prevention	7,000	-
Girl Scouts of the Appalachian Council	5,250	5,000
Jonesborough Senior Center	5,250	5,000
Project Access	5,000	5,000
Sequoyah Boy Scouts	5,000	-
ARM	5,000	-
Red Legacy Recovery	5,000	-
Contact 211 - Carter County	4,500	-
Johnson County Senior Center	3,000	-
Change is Possible	2,000	-
Johnson County Cancer Charity	1,000	-
Johnson County Community Center	1,000	-
Unspecified	-	7,585
	\$ 612,600	\$ 485,585
Total		

NOTE 8 - BUILDING LEASE

During 2019, the Organization signed a new lease agreement with Home Trust Bank for office space located at 1907 North Roan Street, Johnson City, Tennessee. The lease is for a period of 63 months, commencing on August 1, 2018 and ending on October 31, 2023. Monthly rent will be \$2,701. The rental expense for the years ended March 31, 2021 and 2020 was \$32,415 and \$32,415, respectively.

The Organization signed a new lease agreement on April 1, 2021 for office space located at 546 East Elk Avenue, Elizabethton, Tennessee. The lease is for 24 months, commencing on April 1, 2021 and ending on April 1, 2023. Monthly rent will be \$650.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.
(f/k/a) UNITED WAY OF WASHINGTON COUNTY, TN, INC.
Notes to Financial Statements (Continued)

NOTE 8 - BUILDING LEASE (Continued)

The future minimum rental payments are as follows:

2022	\$	40,215
2023		<u>26,709</u>
	\$	<u>66,924</u>

NOTE 9 - PAYCHECK PROTECTION PROGRAM

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The Cares Act appropriated funds for the SBA Paycheck Protection Program (“PPP”) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. The Organization obtained a PPP loan during the year of \$49,680 that was forgiven in full before March 31, 2021. Subsequent to year end, the Organization obtained a second PPP loan for \$54,462 that management expects to be forgiven in full.

NOTE 10 - MERGER AND NAME CHANGE

On June 26, 2020, United Way of Washington County, Tennessee, Inc. changed its name to United Way of East Tennessee Highlands, Inc. due to the merger whereas the Organization merged with United Way of Elizabethton/Carter County, Tennessee. As a result of the merger, assets and net position for increased \$128,390, and revenues and expenditures from that data are reflected in the statement of activities.

NOTE 11 - CARES FUNDING

On September 3, 2020, the Organization was approved to receive a reimbursable grant through the Tennessee Community CARES Program through United Way of Greater Knoxville to provide a Financial Empower Program. In addition to the grant, the Organization will also partner with Appalachian Opportunity Fund to provide this program to the community. The Program will provide financial coaches to assist participants to improve their financial health and decrease their financial stress. The Organization was reimbursed \$143,193 for the year ended March 31, 2021.

NOTE 12 - EFFECTS OF COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based upon the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the COVID-19 outbreak on its financial condition, liquidity, fundraising events, and contributors. Given the daily evolution of the COVID-19 outbreak, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022. However, management believes the Organization’s financial condition and liquidity will not be adversely affected.