

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.

Financial Statements

March 31, 2025 and 2024

Audited by:



UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Financial Statements  
March 31, 2025 and 2024

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## Independent Auditors' Report

To the Board of Directors  
United Way of East Tennessee Highlands, Inc.

### **Opinion**

We have audited the accompanying financial statements of United Way of East Tennessee Highlands, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 United Way of East Tennessee Highlands, Inc., as of March 31, 2025 and 2024, 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.

### **Basis for Opinion**

We conducted our audits 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 United Way of East Tennessee Highlands, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of East Tennessee Highlands, Inc.'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 United Way of East Tennessee Highlands, Inc.'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 of East Tennessee Highlands, Inc.'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.

*ClearPoint CPAs, PC*

Greeneville, Tennessee  
January 26, 2026

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.

Statements of Financial Position

March 31, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Current Assets		
Cash	\$ 711,197	\$ 474,844
Restricted cash	2,347,719	113,252
Certificates of deposit	104,527	101,845
Unconditional promises to give, net	228,812	308,508
Other receivables	1,150	1,150
Prepaid expenses	-	1,031
Total current assets	<u>3,393,405</u>	<u>1,000,630</u>
Non-current Assets		
Property and equipment, net	10,423	10,764
Operating lease right-of-use asset, net	<u>38,124</u>	<u>30,748</u>
Total non-current assets	<u>48,547</u>	<u>41,512</u>
Total assets	<u>\$ 3,441,952</u>	<u>\$ 1,042,142</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 22,387	\$ 13,287
Allocations to agencies	230,375	280,000
Designations payable	74,387	57,502
Accrued compensation	10,366	9,044
Operating lease liability, due within one year	<u>23,127</u>	<u>11,991</u>
Total current liabilities	360,642	371,824
Operating lease liability, due within more than one year	<u>15,765</u>	<u>19,129</u>
Total liabilities	<u>376,407</u>	<u>390,953</u>
Net Assets		
Without donor restrictions	398,616	453,930
With donor restrictions	<u>2,666,929</u>	<u>197,259</u>
Total net assets	<u>3,065,545</u>	<u>651,189</u>
Total liabilities and net assets	<u>\$ 3,441,952</u>	<u>\$ 1,042,142</u>

See accompanying notes to financial statements.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Statements of Activities  
Years Ended March 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Public support, net	\$ 588,631	\$ 97,777	\$ 686,408	\$ 610,934	\$ 96,224	\$ 707,158
Emergency relief fund	-	3,402,218	3,402,218	-	-	-
Administrative fees	2,929	-	2,929	2,975	-	2,975
In-kind donations	-	24,115	24,115	-	23,038	23,038
Interest income	11,975	1,063	13,038	8,700	1,322	10,022
Miscellaneous	3,403	-	3,403	521	-	521
Net assets released from restrictions	1,055,503	(1,055,503)	-	274,679	(274,679)	-
Less designations	(4,278)	-	(4,278)	(7,576)	-	(7,576)
Total revenues and other support	<u>1,658,163</u>	<u>2,469,670</u>	<u>4,127,833</u>	<u>890,233</u>	<u>(154,095)</u>	<u>736,138</u>
Expenses						
Program services	1,336,446	-	1,336,446	915,589	-	915,589
Cost of direct benefits to donors	730	-	730	513	-	513
Management and general	75,261	-	75,261	74,641	-	74,641
Fundraising	301,040	-	301,040	298,557	-	298,557
Total expenses	<u>1,713,477</u>	<u>-</u>	<u>1,713,477</u>	<u>1,289,299</u>	<u>-</u>	<u>1,289,299</u>
Change in net assets	(55,314)	2,469,670	2,414,356	(399,066)	(154,095)	(553,161)
Net assets at the beginning of the year	<u>453,930</u>	<u>197,259</u>	<u>651,189</u>	<u>852,996</u>	<u>351,354</u>	<u>1,204,350</u>
Net assets at the end of the year	<u>\$ 398,616</u>	<u>\$ 2,666,929</u>	<u>\$ 3,065,545</u>	<u>\$ 453,930</u>	<u>\$ 197,259</u>	<u>\$ 651,189</u>

See accompanying notes to financial statements.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.

Statements of Functional Expenses

Year Ended March 31, 2025

	Program Services	Management and General	Fund- Raising	Cost of Direct Benefit to Donors	2025 Total
Disaster relief	\$ 860,670	\$ -	\$ -	\$ -	\$ 860,670
Salaries	97,454	45,986	183,943	-	327,383
Direct support - allocations	246,500	-	-	-	246,500
Keeping Warm	72,626	-	-	-	72,626
Professional fees	12,188	7,312	29,250	-	48,750
Payroll taxes	6,213	3,728	14,912	-	24,853
Employee benefits	4,781	2,868	11,475	-	19,124
Lease expense	3,522	2,113	8,453	-	14,088
Occupancy	2,989	1,794	7,175	-	11,958
Advertising and marketing	2,653	1,592	6,367	325	10,937
Travel	2,341	1,405	5,619	-	9,365
National dues	2,341	1,404	5,617	-	9,362
Campaign	2,266	1,358	5,438	-	9,062
Computer	2,171	1,303	5,210	-	8,684
Utilities	2,009	1,206	4,823	-	8,038
Equipment lease	6,187	334	1,334	-	7,855
Insurance	1,337	802	3,209	405	5,753
ALICE	3,181	-	-	-	3,181
Depreciation	769	461	1,845	-	3,075
Miscellaneous	707	427	1,697	-	2,831
Membership dues	649	389	1,558	-	2,596
Office supplies	585	351	1,404	-	2,340
Maintenance	408	245	979	-	1,632
Postage and shipping	275	165	659	-	1,099
Immediate impact	1,000	-	-	-	1,000
Meals	594	-	-	-	594
Interest expense	30	18	73	-	121
Totals	<u>\$ 1,336,446</u>	<u>\$ 75,261</u>	<u>\$ 301,040</u>	<u>\$ 730</u>	<u>\$ 1,713,477</u>

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.

Statements of Functional Expenses

Year Ended March 31, 2024

	Program	Management	Fund-	Cost of	2024
	Services	and General	Raising	Direct Benefit	Total
				to Donors	
Direct support - allocations	\$ 606,500	\$ -	\$ -	\$ -	\$ 606,500
Salaries	68,848	41,308	165,234	-	275,390
Keeping Warm	84,349	-	-	-	84,349
Social Innovation	44,599	-	-	-	44,599
Professional fees	11,026	6,616	26,462	-	44,104
Occupancy	7,358	4,415	17,658	-	29,431
Financial Empowerment	29,000	-	-	-	29,000
Loss on sale of property and equipment	6,465	3,879	15,516	-	25,860
Payroll taxes	5,222	3,134	12,534	-	20,890
Employee benefits	3,923	2,354	9,417	-	15,694
TN afterschool network program	10,000	-	-	-	10,000
Disaster relief	9,988	-	-	-	9,988
Computer	2,355	1,413	5,651	-	9,419
National dues	2,266	1,360	5,439	-	9,065
Interest expense	2,235	1,341	5,364	-	8,940
Utilities	1,765	1,059	4,235	-	7,059
Depreciation	1,582	949	3,798	-	6,329
Advertising and marketing	1,556	934	3,736	75	6,301
Maintenance	1,554	932	3,729	-	6,215
Lease expense	1,538	923	3,690	-	6,150
Miscellaneous	1,444	867	3,467	43	5,821
ALICE	5,418	-	-	-	5,418
Insurance	1,219	731	2,924	395	5,269
Office supplies	1,239	744	2,974	-	4,957
Travel	801	480	1,921	-	3,202
Membership dues	798	479	1,916	-	3,193
Campaign	499	299	1,197	-	1,995
Equipment lease	381	229	914	-	1,524
Postage and shipping	326	195	781	-	1,302
Immediate impact	1,000	-	-	-	1,000
Meals	335	-	-	-	335
Totals	<u>\$ 915,589</u>	<u>\$ 74,641</u>	<u>\$ 298,557</u>	<u>\$ 513</u>	<u>\$ 1,289,299</u>

See accompanying notes to financial statements.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.

Statements of Cash Flows

Years Ended March 31, 2025 and 2024

	2025	2024
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 2,414,356	\$ (553,161)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities		
Depreciation expense	3,075	6,329
Amortization of operating lease right-of-use asset	14,088	6,150
Bad debt expense	72,217	72,796
Loss on sale of property and equipment	-	25,860
Decrease (increase) in operating assets:		
Unconditional promises to give	7,479	(29,418)
Other receivables	-	3,455
Prepaid expenses	1,031	(1,031)
(Decrease) increase in liabilities:		
Accounts payable	9,100	10,295
Allocations payable	(49,625)	280,000
Accrued compensation	1,322	(489)
Operating lease liabilities	(13,691)	-
Designations payable	16,885	38,970
Net cash flows from operating activities	2,476,237	(140,244)
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(2,735)	(7,347)
Proceeds from sale of property and equipment	-	44,063
Purchase of certificate of deposits	(2,682)	(1,560)
Net cash flows from investing activities	(5,417)	35,156
<b>Cash Flows From Financing Activities</b>		
Principal payment on long-term debt	-	(6,627)
Net cash flows from financing activities	-	(6,627)
Net change in cash	2,470,820	(111,715)
Cash at the beginning of the year	588,096	699,811
Cash at the end of the year	\$ 3,058,916	\$ 588,096
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>		
Cash	\$ 711,197	\$ 474,844
Restricted cash	2,347,719	113,252
Total cash and restricted cash	\$ 3,058,916	\$ 588,096
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 121	\$ 8,940
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of right-of-use assets via lease obligation	\$ 21,463	\$ 36,898
Settlement of note payable through sale of building	\$ -	\$ 362,728

See accompanying notes to financial statements.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

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 are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Topic 958 improves the current net asset classification, and the related information presented in the financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

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.

**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, 2025 and 2024.

**Support and Revenue** - 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.

The Organization recognizes 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.

**Unconditional Promises to Give** - Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivables collectability. Amortization of the discounts is included in support from contributions.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Notes to Financial Statements (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Unconditional Promises to Give (Continued)** - Conditional promises to give are recognized when the conditions on which they depend are substantially met. 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 \$63,500 and \$71,000 at March 31, 2025 and 2024, respectively.

**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 for business services. When the criteria for recognition have been satisfied, the in-kind contributions are recorded at fair value.

**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 2025, 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, 2025 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, 2025.

**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.

**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.

**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, 2025 and 2024 were \$4,278 and \$7,576, respectively.

**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 that remain open.

**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.

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Notes to Financial Statements (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Advertising** - Advertising costs are charged to operations when incurred.

**Leases** - The Organization records operating and finance lease activity in accordance with FASB ASC 842, *Leases*. The Organization determines if a contractual agreement 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 not recorded using a right-of-use asset and lease liability, rather the related payments are recognized in the statements of income on a straight-line basis over the term of the lease. The Organization has one lease that meets the capitalization requirements of ASC 842.

**Reclassification** - Certain amounts have been reclassified for the year ended March 31, 2024 to conform to the presentation for the year ended March 31, 2025. The reclassifications had no impact on previously reported net assets.

**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 January 26, 2026, 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:

	2025	2024
Cash	\$ 711,197	\$ 474,844
Unconditional promises to give (net)	228,812	308,508
Other receivables	1,150	1,150
Total financial assets available to meet general expenditures within the next 12 months	\$ 941,159	\$ 784,502

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 Emergency Relief, Keeping Warm and Live Well have been restricted for specific purposes.

	2025	2024
General	\$ 815,725	\$ 576,689
Emergency Relief Fund	2,251,097	-
Keeping Warm	91,960	108,637
Live Well	4,661	4,615
	\$ 3,163,443	\$ 689,941

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Notes to Financial Statements (Continued)

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	2025	2024
Furniture and equipment	\$ 35,881	\$ 33,146
Less accumulated depreciation	25,458	22,382
Total property and equipment, net	\$ 10,423	\$ 10,764

Depreciation expense totals \$3,075 and \$6,329 for the years ended March 31, 2025 and 2024, respectively.

NOTE 6 - LEASES

In October 2023, the Organization signed a new lease agreement to lease office space under an operating lease and has elected the practical expedient not to separate lease and non-lease components of all lease transactions. The lease provides for monthly payments of \$1,100 and ends on September 1, 2026. The Organization has the option to renew the lease for 3 renewal options for 3 years each. The lease contract does not provide information about the discount rate implicit in the lease. The Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liability.

In January 2025, the Organization signed a lease agreement for a vehicle under an operating lease. The lease provides for monthly payments of \$946 and ends on January 10, 2027. The Organization has the option to purchase the vehicle at the end of the lease. The Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liability.

The Organization signed a lease agreement on July 1, 2023 for office space located at 546 East Elk Avenue, Elizabethton, Tennessee. The lease is for 12 months, commencing on July 1, 2023 and ending on July 1, 2024. Monthly rent will be \$750. A new lease had not been signed as of the date these financial statements were available to be issued and is on a month-to-month basis.

Additional information about the Organization's lease is as follows:

	2025	2024
ROU lease assets	\$ 58,361	\$ 36,898
ROU lease assets - accumulated amortization	(20,237)	(6,150)
Lease liabilities, current	23,127	11,991
Lease liabilities, non-current	15,765	19,129

**The components of lease cost are as follows:**

Operating lease cost	\$ 14,088	\$ 6,150
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**The following table presents supplemental lease disclosures:**

Operating cash outflows from leases	\$ 15,093	\$ 6,600
ROU lease assets obtained in exchange for lease liabilities	21,463	36,898
Weighted average remaining lease term (in years)	1.42	2.00
Weighted average discount rate	5.21%	4.92%

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Notes to Financial Statements (Continued)

NOTE 6 - LEASES (Continued)

The aggregate maturity of the lease payments is as follows:

Year Ending March 31,	
2026	\$ 24,557
2027	16,064
Total minimum lease payments	40,621
Less amounts representing interest	(1,729)
Present value of lease liabilities	\$ 38,892

NOTE 7 - RETIREMENT PLAN

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, 2025, and 2024 were \$6,988 and \$6,857, respectively.

NOTE 8 - CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended March 31, 2025 and 2024:

	2025	2024
Professional fees	\$ 24,115	\$ 23,038

The Organization recognized contributed nonfinancial assets within revenue for professional fees for accounting services. Contributed services are recognized as in-kind revenues at their estimated fair market value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Professional fees recognized are from accountants providing bookkeeping services and are reported at the estimated fair value in the financial statements based upon current rates for similar accounting services. All donated services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

NOTE 9 - NET ASSETS

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

	2025	2024
<u>Subject to expenditure for a specific purpose:</u>		
Disaster relief	\$ 2,546,049	\$ 32,579
Hands up	88,474	108,637
Vello program	13,760	13,760
Subsequent year's campaign	9,306	29,168
Tennessee afterschool	6,857	6,857
ALICE	2,074	5,255
Meals	409	1,003
Total net assets with donor restrictions	\$ 2,666,929	\$ 197,259

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, as follow:

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Notes to Financial Statements (Continued)

NOTE 9 - NET ASSETS (Continued)

	2025	2024
<u>Purpose restrictions accomplished:</u>		
Disaster relief	\$ 888,747	\$ 9,988
Hands up	72,626	84,349
ALICE	3,181	5,439
Meals	594	335
Financial Empowerment	-	28,851
Social Innovation	-	28,794
Tennessee afterschool	-	10,000
Total purpose restrictions accomplished	965,148	167,756
<u>Time restrictions expired:</u>		
Passage of specified time	90,355	106,923
Total restrictions released	\$ 1,055,503	\$ 274,679

NOTE 10 - 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, agency appropriations are as follows:

	2025	2024
Appalachian Opportunity Fund	\$ 24,500	\$ 19,500
Boy's & Girl's Club of Johnson City/Washington County	23,312	20,000
Coalition for Kids	23,313	20,000
Boys and Girls Club Elizabethton/Carter County	20,000	15,000
Frontier Health - Safe House	16,000	16,000
Elizabethton Senior Center	15,000	15,000
Family Promise of Greater Johnson City, Tennessee	15,000	15,000
American Red Cross of Northeast Tennessee	10,000	10,000
Carter County Drug Prevention	12,500	10,000
Change is Possible	10,000	10,000
A Step Ahead Foundation	6,250	5,000
Arc of Washington County	6,250	5,000
Jonesborough Senior Center	6,000	6,000
Salvation Army	6,000	24,000
Adult Day Services	5,000	5,000
Girl Scouts of the Appalachian Council	5,000	5,000
Project Access	5,000	5,000
Johnson County Senior Center	5,000	5,000
Johnson County Community Center	5,000	5,000
Personal Support Services	4,000	4,000
RISE, Healthy for Life	4,000	4,000

UNITED WAY OF EAST TENNESSEE HIGHLANDS, INC.  
Notes to Financial Statements (Continued)

NOTE 10 - DESIGNATIONS PAYABLE (Continued)

	2025	2024
Johnson County Cancer Support	2,000	2,000
Appalachia Service Project - Home Repair	1,250	5,000
Girls, Inc. of Johnson City/Washington County	-	26,500
Assistance Resource Ministry (ARM)	-	10,000
Second Harvest	-	8,000
Sequoyah Boy Scouts	-	5,000
Total	\$ 230,375	\$ 280,000

NOTE 11 - REVENUE CONCENTRATION

The Organization received a one time contribution from one donor that represented approximately 36% of total revenue for the year ended March 31, 2025. Management believes the loss of this donor would not result in a severe impact or result in a significant reduction in future contribution revenue.

NOTE 12 - RISK MANAGEMENT

United Way of East Tennessee Highlands, Inc. is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. The Organization carries commercial insurance coverage for risks of loss.

NOTE 13 - SUBSEQUENT EVENT

In September 2024, Hurricane Helene brought widespread flooding and devastation to Northeast Tennessee. United Way of East Tennessee Highlands, Inc. created a Disaster Relief Fund to provide additional funds to non-profits assisting with disaster response. Subsequent to year end, the Organization was awarded two Governor's Response Recovery awards. One award is for \$1,757,830 for Cocke County clean up projects and the other award is for \$47,475 for six months salary for regional director of long term recovery and a part-time program assistant.