

UNITED WAY OF THE OCOEE REGION & AFFILIATE

FINANCIAL STATEMENTS

December 31, 2020 and 2019

UNITED WAY OF THE OCOEE REGION & AFFILIATE

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December 31, 2020 and 2019

FINANCIAL STATEMENTS

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of the Ocoee Region

We have audited the accompanying consolidated financial statements of United Way of the Ocoee Region (a nonprofit organization) and affiliate, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Ocoee Region and affiliate as of December 31, 2020 and 2019, and the changes in their net assets and their 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 consolidated financial statements as a whole. The schedule of allocations to member agencies on page 29 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

Harting, Bishop + Arrendale, PLLC

Cleveland, Tennessee

May 21, 2021

UNITED WAY OF THE OCOEE REGION & AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020			2019		
	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 712,868	\$ -	\$ 712,868	\$ 316,662	\$ -	\$ 316,662
Receivables						
Pledges, net of the allowance for uncollectible accounts of \$78,000 and \$120,000 for 2020 and 2019, respectively	659,065	-	659,065	847,430	-	847,430
Loan receivable, current	4,677	-	4,677	6,237	-	6,237
Other receivable	22,411	-	22,411	1,230	-	1,230
Prepaid expenses	10,973	-	10,973			
Investments	855,179	245,153	1,100,332	973,627	227,317	973,627
Investments, Bradley Memorial Endowment	<u>31,880,687</u>	<u>-</u>	<u>31,880,687</u>	<u>29,417,349</u>	<u>-</u>	<u>29,417,349</u>
Total Current Assets	34,145,860	245,153	34,391,013	31,562,535	227,317	31,789,852
Property and Equipment						
Land, buildings and equipment, net of depreciation	464,115	-	464,115	508,398	-	508,398
Other Assets						
Loan receivable, long-term	-	-	-	4,677	-	4,677
TOTAL ASSETS	<u>\$ 34,609,975</u>	<u>\$ 245,153</u>	<u>\$ 34,855,128</u>	<u>\$ 32,075,610</u>	<u>\$ 227,317</u>	<u>\$ 32,302,927</u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$ 19,474	\$ -	\$ 19,474	\$ 53,693	\$ -	\$ 53,693
Allocations payable	<u>1,101,933</u>	<u>-</u>	<u>1,101,933</u>	<u>1,323,399</u>	<u>-</u>	<u>1,323,399</u>
Total Current Liabilities	<u>1,121,407</u>	<u>-</u>	<u>1,121,407</u>	<u>1,377,092</u>	<u>-</u>	<u>1,377,092</u>
Net Assets						
Without donor restrictions						
Undesignated	1,500,287	-	1,500,287	1,341,215	-	1,341,215
Designated	147,146	-	147,146	-	-	-
With donor restrictions	<u>31,841,135</u>	<u>245,153</u>	<u>32,086,288</u>	<u>29,357,303</u>	<u>227,317</u>	<u>29,584,620</u>
Total Net Assets	<u>33,488,568</u>	<u>245,153</u>	<u>33,733,721</u>	<u>30,698,518</u>	<u>227,317</u>	<u>30,925,835</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,609,975</u>	<u>\$ 245,153</u>	<u>\$ 34,855,128</u>	<u>\$ 32,075,610</u>	<u>\$ 227,317</u>	<u>\$ 32,302,927</u>

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

UNITED WAY OF THE OCOEE REGION & AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total
WITHOUT DONOR RESTRICTIONS						
PUBLIC SUPPORT AND REVENUE						
Donations	\$ 10,000	\$ -	\$ 10,000	\$ 15,730	\$ -	\$ 15,730
In-Kind revenue	27,180	-	27,180	38,570	-	38,570
Paycheck Protection Program grant revenue	136,639	-	136,639	-	-	-
OTHER REVENUE						
Investment return	81,551	-	81,551	156,972	-	156,972
Development income	19,228	-	19,228	19,625	-	19,625
Other income	8,874	-	8,874	3,256	-	3,256
	<u>283,472</u>	<u>-</u>	<u>283,472</u>	<u>234,153</u>	<u>-</u>	<u>234,153</u>
Net assets released from restrictions						
Restriction satisfied by allocation payable	1,389,769	-	1,389,769	1,735,660	-	1,735,660
Restriction satisfied by expiration of time	444,844	-	444,844	775,915	-	775,915
Restriction satisfied by payment	1,618,354	-	1,618,354	1,296,277	-	1,296,277
	<u>3,452,967</u>	<u>-</u>	<u>3,452,967</u>	<u>3,807,852</u>	<u>-</u>	<u>3,807,852</u>
Total Revenues and Support	<u>3,736,439</u>	<u>-</u>	<u>3,736,439</u>	<u>4,042,005</u>	<u>-</u>	<u>4,042,005</u>
Expenses						
Program services:						
Allocations and grants	1,575,312	-	1,575,312	1,903,322	-	1,903,322
Housing United	58,984	-	58,984	-	-	-
Impact	-	-	-	191,059	-	191,059
VISTA	362,503	-	362,503	432,431	-	432,431
Read United	110,557	-	110,557	109,531	-	109,531
WHR Christmas	65,177	-	65,177	33,207	-	33,207
Women United	19,324	-	19,324	78,152	-	78,152
Bradley Memorial Health Endowment	230,113	-	230,113	293,845	-	293,845
Community services	589,394	-	589,394	424,552	-	424,552
Support services:						
Management and general	135,281	-	135,281	148,190	-	148,190
Fundraising	245,232	-	245,232	246,418	-	246,418
Unallocated payments to national organization	38,344	-	38,344	53,096	-	53,096
Total Expenses	<u>3,430,221</u>	<u>-</u>	<u>3,430,221</u>	<u>3,913,803</u>	<u>-</u>	<u>3,913,803</u>
Increase in Net Assets Without Donor Restrictions	<u>306,218</u>	<u>-</u>	<u>306,218</u>	<u>128,202</u>	<u>-</u>	<u>128,202</u>

(Continued on Next Page)

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

UNITED WAY OF THE OCOEE REGION & AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019
(Continued from previous page.)

	2020			2019		
	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total
WITH DONOR RESTRICTIONS						
PUBLIC SUPPORT AND REVENUE						
Campaign contributions	\$ 1,177,421	\$ -	\$ 1,177,421	\$ 1,798,527	\$ -	\$ 1,798,527
Less uncollectible contributions	(88,013)	-	(88,013)	(113,059)	-	(113,059)
Project Round Up Contributions	248,997	-	248,997	208,878	-	208,878
Community Projects contributions	90,929	-	90,929	-	40,000	40,000
Read United Impact	51,281	-	51,281	75,322	-	75,322
LTRO contributions	12,228	-	12,228	-	-	-
TN CARES Grant	277,845	-	277,845	-	-	-
WHR Christmas	32,001	-	32,001	34,093	-	34,093
Women United	33,500	-	33,500	297,762	-	297,762
Women United Donor-Designated Contributions	-	-	-	(273,850)	-	(273,850)
VISTA Grant	302,795	-	302,795	356,885	-	356,885
Young Professionals	-	-	-	392	-	392
OTHER REVENUE						
VISTA support	43,987	-	43,987	52,577	-	52,577
Investment return	54	17,836	17,890	119	8,875	8,994
Investment return, Bradley Memorial Health Endowment	3,753,774	-	3,753,774	5,014,585	-	5,014,585
Net assets released from restrictions:						
Restriction satisfied by allocation payable	(1,389,769)	-	(1,389,769)	(1,735,660)	-	(1,735,660)
Restriction satisfied by expiration of time	(444,844)	-	(444,844)	(775,915)	-	(775,915)
Restriction satisfied by payment	(1,618,354)	-	(1,618,354)	(1,296,277)	-	(1,296,277)
Increase in Net Assets With Donor Restrictions	<u>2,483,832</u>	<u>17,836</u>	<u>2,501,668</u>	<u>3,795,380</u>	<u>48,875</u>	<u>3,844,255</u>
Increase in Net Assets	2,790,050	17,836	2,807,886	3,923,582	48,875	3,972,457
Net Assets, beginning of year	<u>30,698,518</u>	<u>227,317</u>	<u>30,925,835</u>	<u>26,774,936</u>	<u>178,442</u>	<u>26,953,378</u>
Net Assets, end of year	<u>\$ 33,488,568</u>	<u>\$ 245,153</u>	<u>\$ 33,733,721</u>	<u>\$ 30,698,518</u>	<u>\$ 227,317</u>	<u>\$ 30,925,835</u>

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

UNITED WAY OF THE OCOEE REGION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services						Support Services				Total
	Allocations and Grants	Housing United	VISTA	Read United	WHR Christmas	Women United	Bradley Memorial Health Endowment	Community Services	Management and General	Fund-Raising	
Allocations - United Way agencies	\$ 568,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,757
Allocations - Project Round Up	157,089	-	-	-	-	-	-	-	-	-	157,089
Allocations - Bradley Memorial Endowment	849,466	-	-	-	-	-	-	-	-	-	849,466
	<u>1,575,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575,312</u>
Personnel Expenses:											
Salaries	-	26,166	286,767	8,862	18,716	14,358	106,234	211,824	72,020	139,804	884,751
Payroll taxes	-	1,884	6,309	485	1,166	1,045	7,066	11,461	3,897	7,564	40,877
Employee benefits	-	4,516	19,862	1,777	3,359	2,261	20,464	37,194	13,629	25,864	128,926
	<u>-</u>	<u>32,566</u>	<u>312,938</u>	<u>11,124</u>	<u>23,241</u>	<u>17,664</u>	<u>133,764</u>	<u>260,479</u>	<u>89,546</u>	<u>173,232</u>	<u>1,054,554</u>
Other Expenses:											
Professional fees	-	-	2,545	-	-	-	6,067	4,791	11,519	2,722	27,644
Contract labor	-	-	44,828	-	-	-	-	1,080	-	-	45,908
Information technology	-	-	-	-	-	-	10,543	11,058	8,969	20,025	50,595
Supplies	-	22	78	257	196	-	1,906	2,060	1,643	5,047	11,209
Development expense	-	-	1,456	266	-	200	6,332	7,947	503	11,132	27,836
Advertising	-	-	-	-	-	-	-	18,117	-	6,039	24,156
Telephone	-	1,438	-	-	-	-	2,258	2,375	2,258	2,258	10,587
Postage	-	-	-	522	-	-	136	977	810	806	3,251
Insurance	-	-	-	-	-	-	2,879	2,879	2,879	2,879	11,516
Occupancy	-	-	-	-	-	-	4,862	9,259	4,862	4,862	23,845
Repairs and maintenance	-	-	-	-	-	-	1,516	2,165	1,516	2,165	7,362
Printing and photography	-	-	-	-	226	-	-	-	-	1,573	1,799
Dues and subscriptions	-	-	-	-	-	-	408	2,922	408	408	4,146
Travel	-	79	274	-	-	-	113	167	91	264	988
Conferences and meetings	-	-	249	-	-	460	249	764	249	262	2,233
Program expenses	-	24,879	135	98,388	41,514	1,000	48,131	247,810	-	-	461,857
Miscellaneous	-	-	-	-	-	-	631	728	418	1,019	2,796
Depreciation	-	-	-	-	-	-	10,318	13,816	9,610	10,539	44,283
	<u>-</u>	<u>26,418</u>	<u>49,565</u>	<u>99,433</u>	<u>41,936</u>	<u>1,660</u>	<u>96,349</u>	<u>328,915</u>	<u>45,735</u>	<u>72,000</u>	<u>762,011</u>
	<u>\$ 1,575,312</u>	<u>\$ 58,984</u>	<u>\$ 362,503</u>	<u>\$ 110,557</u>	<u>\$ 65,177</u>	<u>\$ 19,324</u>	<u>\$ 230,113</u>	<u>\$ 589,394</u>	<u>\$ 135,281</u>	<u>\$ 245,232</u>	<u>\$ 3,391,877</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF THE OCOEE REGION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services							Support Services			Total
	Allocations and Grants	Impact	VISTA	Read United	WHR Christmas	Women United	Bradley Memorial Health Endowment	Community Services	Management and General	Fund-Raising	
Allocations - United Way agencies	\$ 894,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 894,131
Allocations - Project Round Up	183,790	-	-	-	-	-	-	-	-	-	183,790
Allocations - Bradley Memorial Endowment	<u>825,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,401</u>
	<u>1,903,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,903,322</u>
Personnel Expenses:											
Salaries	-	-	341,636	8,128	8,361	44,208	193,080	203,974	73,040	128,952	1,001,379
Payroll taxes	-	-	3,702	477	492	3,225	12,069	12,533	4,600	7,696	44,794
Employee benefits	-	-	15,566	1,261	1,303	7,509	31,702	40,485	15,637	27,793	141,256
	<u>-</u>	<u>-</u>	<u>360,904</u>	<u>9,866</u>	<u>10,156</u>	<u>54,942</u>	<u>236,851</u>	<u>256,992</u>	<u>93,277</u>	<u>164,441</u>	<u>1,187,429</u>
Other Expenses:											
Professional fees	-	-	5,373	-	-	-	5,580	4,820	10,947	2,884	29,604
Contract labor	-	-	57,250	-	-	-	-	-	-	-	57,250
Information technology	-	20	109	-	-	-	10,091	9,944	8,941	19,413	48,518
Supplies	-	-	350	267	-	60	1,796	2,727	4,654	13,222	23,076
Development expense	-	-	2,037	-	-	-	7,655	8,133	352	4,578	22,755
Advertising	-	-	-	-	-	-	-	25,088	-	8,363	33,451
Telephone	-	-	-	-	-	-	2,658	3,078	2,258	2,258	10,252
Postage	-	-	-	519	-	-	-	797	814	1,406	3,536
Insurance	-	290	-	-	-	-	2,736	2,736	2,736	2,736	11,234
Occupancy	-	45	-	-	-	-	4,962	9,206	5,029	4,962	24,204
Repairs and maintenance	-	-	3,357	-	-	-	2,547	5,038	2,924	2,924	16,790
Printing and photography	-	-	-	-	-	305	581	2,559	32	2,222	5,699
Dues and subscriptions	-	-	-	-	-	-	1,299	4,183	1,319	1,299	8,100
Travel	-	-	2,000	35	-	-	544	441	2,909	665	6,594
Conferences and meetings	-	-	343	-	-	836	1,748	3,280	1,509	1,411	9,127
Program expenses	-	190,289	701	98,844	23,051	21,644	3,283	69,964	-	1,051	408,827
Miscellaneous	-	415	7	-	-	365	256	491	4	1,083	2,621
Depreciation	-	-	-	-	-	-	11,258	15,075	10,485	11,500	48,318
	<u>-</u>	<u>191,059</u>	<u>71,527</u>	<u>99,665</u>	<u>23,051</u>	<u>23,210</u>	<u>56,994</u>	<u>167,560</u>	<u>54,913</u>	<u>81,977</u>	<u>769,956</u>
	<u>\$ 1,903,322</u>	<u>\$ 191,059</u>	<u>\$ 432,431</u>	<u>\$ 109,531</u>	<u>\$ 33,207</u>	<u>\$ 78,152</u>	<u>\$ 293,845</u>	<u>\$ 424,552</u>	<u>\$ 148,190</u>	<u>\$ 246,418</u>	<u>\$ 3,860,707</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total	United Way of the Ocoee Region	United Way of Bradley Co. Endowment Trust	Total
Cash Flows From Operating Activities						
Increase in net assets	\$ 2,790,050	\$ 17,836	\$ 2,807,886	\$ 3,923,582	\$ 48,875	\$ 3,972,457
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:						
Realized (gain) loss on investments, net	(589,460)	(1,646)	(591,106)	(216,151)	(1,008)	(217,159)
Unrealized (gain) loss on investments, net	(2,570,544)	(18,829)	(2,589,373)	(4,161,790)	(5,094)	(4,166,884)
Depreciation	44,283	-	44,283	48,318	-	48,318
Gain on sale of property held for sale	-	-	-	(60,788)	-	(60,788)
Loss on disposal of assets	-	-	-	5,242	-	5,242
Changes in operating assets and liabilities:						
Pledges receivable	188,365	-	188,365	14,329	-	14,329
Other receivable	(21,181)	-	(21,181)	79,801	-	79,801
Loan receivable	6,237	-	6,237	(10,914)	-	(10,914)
Prepaid expenses	(10,973)	-	(10,973)	-	-	-
Accounts payable	(34,219)	-	(34,219)	8,242	-	8,242
Allocations payable	(221,466)	-	(221,466)	(249,304)	-	(249,304)
Net Cash Provided (Used) by Operating Activities	<u>(418,908)</u>	<u>(2,639)</u>	<u>(421,547)</u>	<u>(619,433)</u>	<u>42,773</u>	<u>(576,660)</u>
Cash Flows From Investing Activities						
Proceeds from sale of property held for sale	-	-	-	120,787	-	120,787
Purchase of investments	(13,326,842)	(39,833)	(13,366,675)	(7,228,403)	(221,394)	(7,449,797)
Proceeds from sale of investments	14,141,956	42,472	14,184,428	7,642,105	179	7,642,284
Net Cash Provided (Used) by Investing Activities	<u>815,114</u>	<u>2,639</u>	<u>817,753</u>	<u>534,489</u>	<u>(221,215)</u>	<u>313,274</u>
Increase (Decrease) in Cash	396,206	-	396,206	(84,944)	(178,442)	(263,386)
Cash, beginning of year	316,662	-	316,662	401,606	178,442	580,048
Cash, end of year	<u>\$ 712,868</u>	<u>\$ -</u>	<u>\$ 712,868</u>	<u>\$ 316,662</u>	<u>\$ -</u>	<u>\$ 316,662</u>
SUPPLEMENTAL DISCLOSURE:						
Interest paid during the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES AND CONSOLIDATION POLICY: United Way of the Ocoee Region and affiliate (the Organizations) provide funds to member agencies, programs and special services whose common, underlying goal is to work together to help meet the needs of the community of Bradley County, TN, Polk County, TN and the greater Cleveland, TN area. United Way of the Ocoee Region is an independent, locally managed non-profit organization founded in 1971. The Organization and affiliate are supported primarily through donor contributions. The consolidated financial statements include the accounts of United Way of the Ocoee Region and United Way of Bradley County Endowment Trust. The Organizations have a common volunteer board of directors. There were no accounts or transactions between the affiliate and United Way of the Ocoee Region for the years ended December 31, 2020 and 2019.

BASIS OF ACCOUNTING: The financial statements of United Way of the Ocoee Region and affiliate have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

FINANCIAL STATEMENT PRESENTATION: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to specific, donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CASH AND CASH EQUIVALENTS: For purposes of reporting cash flows, the Organizations consider all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting endowment restrictions.

INVESTMENTS: The Organizations carry investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Net investment return/(loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REVENUE AND REVENUE RECOGNITION: Revenue is recognized when earned. Revenues from program services are recognized when the services are provided. All services are transferred at a point in time. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

DONOR-IMPOSED RESTRICTIONS: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor restricted support. Designated campaign contributions in which the Organizations retain variance power are recorded as revenue when received. Donors may designate their contributions to specific non-campaign activities. Donor designations to specific agencies in which the Organizations do not retain variance power are reduced from revenue to arrive at total revenues and other support in the accompanying statements of activities.

PLEDGES: Campaigns are conducted annually to raise support for the subsequent year. Pledges receivable at December 31, 2020 and 2019 are due within one year. Pledges receivable are recorded at net realizable value and recognized in the period received, with an allowance provided for estimated uncollectible amounts. The allowance for uncollectible pledges receivable represents an estimate of pledges receivable which may become uncollectible based upon historical collection experience and current conditions.

OTHER RECEIVABLE: Other receivables as of December 31, 2020 and 2019 represent amounts of \$22,411 and \$1,230 that have been billed for agency programs, but have not been collected as of the date of the financial statements. Other receivables are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2020 and 2019, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

PROPERTY AND EQUIPMENT: The Organizations capitalize all expenditures for property and equipment in excess of \$2,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

DONATED ASSETS: Donated marketable securities are recorded as contributions at their estimated fair values at the date of donation.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DONATED SERVICES AND IN-KIND CONTRIBUTIONS: Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide a variety of tasks that assist the Organizations with campaign solicitations and various committee assignments that are not recognized as contributions in the financial statements since the recognition criteria were not met. Contributed goods are recorded at fair value at the date of donation.

FUNCTIONAL ALLOCATION OF EXPENSES: The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expenses are allocated based on estimates of time and effort. Other expenses are allocated based on usage.

RECLASSIFICATIONS: Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in current year financial statements.

TAX EXEMPTION: The Organizations are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service Code. However, income from certain activities not directly related to the Organizations' purpose is subject to taxation as unrelated business income. In addition, the Organizations qualify for the charitable deduction under Section 170(b)(1)(A) and have been classified as organizations other than a private foundation under Section 509(a)(2).

FUND ACCOUNTING: The accounts of United Way of the Ocoee Region are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. In accordance with accounting standards, fund balances are classified on the Statement of Financial Position as net assets without donor restrictions and net assets with donor restrictions. The funds maintained by United Way of the Ocoee Region are as follows:

Overall Fund – This fund is used to account for campaign pledges, allocations to member agencies and Project Round Up. Project Round Up accounts for revenues from Cleveland Utilities, which are allocated to the Ocoee Connect program administered by United Way of the Ocoee Region and other local nonprofits to assist area families with utilities, housing, and other related needs.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND ACCOUNTING (continued):

Operating Fund – Accounts for assets and related depreciation and provides for the general operating expenses of the United Way of the Ocoee Region.

Eyeglass Fund – Supports eye health assistance projects.

Housing United Fund – Rapid rehousing program whose goal is to prevent and end homelessness quickly by providing services to navigate the housing market, rental assistance, and eviction prevention, and long-term case management.

Impact Fund – Transform disadvantaged communities of Bradley County, Tennessee through economic, social, and spiritual revitalization.

VISTA Fund – United Way of the Ocoee Region serves as an AmeriCorps VISTA Cohort sponsor. The VISTA fund sponsors VISTA members in the community.

Read United Fund – Fund provides books purchased through the Imagination Library program to children age birth to five years old, Read20 program services and Little Libraries in the community.

Long Term Recovery Fund – Fund used to respond to local disasters to provide immediate relief and long-term recovery support.

Women United Fund – A United Way of the Ocoee Region affinity group that empowers women to study, discuss, and address local issues that are important to them.

Young Professionals Fund – A United Way of the Ocoee Region affinity group to reach and engage the next generation.

William Hall Rodgers Christmas Basket Fund – This fund accounts for the William Hall Rodgers Christmas Basket revenue and expenses. The WHR was a separate nonprofit that dissolved and transferred all assets to the Organization during the year ended December 31, 2017. The fund provides boxes of food to the needy during the holidays.

Bradley Memorial Endowment Fund – The Bradley Memorial Health Endowment Fund provides funding to improve and enhance the healthcare, wellness and quality of life of the citizens of Bradley County, Tennessee.

DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS: The governing board has designated \$147,146 as of December 31, 2020 for the Housing United fund. There were no designations to the fund as of December 31, 2019.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RECLASSIFICATIONS: Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

RECENT ACCOUNTING GUIDANCE: During the year ended December 31, 2019, the Organizations have adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which addresses practice issues by helping an entity evaluate whether it should account for a grant (or similar transactions) as a contribution or as an exchange transaction. ASU 2018-08 clarifies how an entity determines whether a resource provider is receiving commensurate value and expands the criteria for determining whether a contribution is conditional. The Organizations have adopted the new standard for the year ended December 31, 2019. ASU 2018-08 did not have a significant impact on the Agency's results of operations.

During the year ended December 31, 2019, the Organizations have adopted Accounting Standards Update (ASU) 2016-01, *Financial Instruments-Overall*, which addresses recognition and measurement of financial assets and financial liabilities. Analysis of various provisions of this standard resulted in no significant changes in the way the Organizations recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of financial instruments have been enhanced in accordance with the standard.

During the year ended December 31, 2020, the Organizations have adopted Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement Disclosure Framework*, which eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The Organizations adopted the ASU as of the effective date January 1, 2020. The adoption of the standard did not have a material impact on the Organizations financial statements or disclosures.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Concentrations of Pledge Receivables: Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Organizations' contributor base and their dispersion across different industries.

Concentrations Arising from Cash Deposits in Excess of Insured Limits: The Organizations maintain their cash balances at several financial institutions located in Cleveland, Tennessee. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2020 and 2019. The Organizations' uninsured cash balances totaled \$210,807 and \$65,110 as of December 31, 2020 and 2019, respectively.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Organizations' financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor or grantor-imposed restrictions within one year of the balance sheet date:

	2020		2019	
	United Way of the <u>Ocoee Region</u>	United Way of Bradley Co. Endowment <u>Trust</u>	United Way of the <u>Ocoee Region</u>	United Way of Bradley Co. Endowment <u>Trust</u>
Cash	\$ 712,868	\$ -	\$ 316,662	\$ -
Pledges receivable, net	659,065	-	847,430	-
Other receivable	22,411	-	1,230	-
Investments	855,179	1,367	973,627	6,141
Purpose donor restricted contributions	(514,385)	-	(353,301)	-
	\$ 1,735,138	\$ 1,367	\$ 1,785,648	\$ 6,141

The Organizations' endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts for general use. Donor-restricted endowment funds are not available for general expenditure.

The Organizations receive significant revenues from contributions, pledges, grants and program fees which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. The Organizations have a policy to structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due.

NOTE 4 - LOAN RECEIVABLE: The Organizations loaned a member agency \$15,591 during the year ended December 31, 2019. Monthly payment of \$520 were received beginning in April 2019. As of December 31, 2020, the loan receivable balance is \$4,677 due in 2021.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable are due in one year, are reported at net realizable value, and consist of the following unconditional promises to give at December 31, 2020 and 2019:

Allocation Year:	2020 United Way of the <u>Ocoee Region</u>	2019 United Way of the <u>Ocoee Region</u>
2019	\$ -	\$ 117,004
2020	120,783	850,426
2021	<u>616,282</u>	<u>-</u>
	737,065	967,430
Allowance for uncollectible pledges	<u>(78,000)</u>	<u>(120,000)</u>
	<u>\$ 659,065</u>	<u>\$ 847,430</u>

NOTE 6 - LAND, BUILDING AND EQUIPMENT

Land, buildings and equipment consist of the following major classifications:

	2020		2019	
	United Way of <u>the Ocoee Region</u>		United Way of <u>the Ocoee Region</u>	
	<u>Cost</u>	Accumulated <u>Depreciation</u>	<u>Cost</u>	Accumulated <u>Depreciation</u>
Land	\$ 38,493	\$ -	\$ 38,493	\$ -
Buildings	945,728	(530,442)	945,728	(496,662)
Furniture and equipment	<u>84,474</u>	<u>(74,138)</u>	<u>88,008</u>	<u>(67,169)</u>
	<u>\$ 1,068,695</u>	<u>\$ (604,580)</u>	<u>\$ 1,072,229</u>	<u>\$ (563,831)</u>

NOTE 7 - RETIREMENT PLAN

United Way of the Ocoee Region has a defined contribution pension plan covering all personnel. United Way of the Ocoee Region makes contributions equal to 10% of the employees' annual salary. Employees are eligible to receive contributions when they have completed two years of service. Total pension expense for the year ended December 31, 2020 and 2019 was \$57,125 and \$69,766, respectively.

NOTE 8 - CONTINGENT LIABILITY

The United Way of the Ocoee Region is self-insured for unemployment compensation. The contingent liability for claims which might be paid in future years is not determinable. An unemployment reserve has been established for United Way agencies who elect to participate in the program. Each participating member agency reimburses the reserve for their previous years' claims. The United Way of the Ocoee Region is responsible for the administration of this fund totaling \$18,526 and \$18,522 as of December 31, 2020 and 2019, respectively.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 - INVESTMENTS

Investments are measured at fair value in the statement of financial position based on quoted market price. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Investments consist of the following at December 31, 2020 and 2019:

	<u>2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
United Way of the Ocoee Region:			
Bradley Memorial Health Endowment			
Brokerage Money Funds	\$ 869,808	\$ 869,808	\$ -
US Government Agencies	1,489,395	1,571,329	81,934
Mortgage and Asset Backed Securities	2,054,926	2,207,857	152,931
Common Equity Securities	6,746,669	9,209,647	2,462,978
Exchange Traded Funds	2,700,561	4,475,155	1,774,594
Partnerships	502,500	606,108	103,608
Fixed Income Mutual Funds	4,585,912	4,768,711	182,799
Equity Mutual Funds	6,394,948	8,172,072	1,777,124
	<u>\$ 25,344,719</u>	<u>\$ 31,880,687</u>	<u>\$ 6,535,968</u>
United Way of the Ocoee Region:			
Investments			
Brokerage Money Funds	\$ 132,561	\$ 132,561	\$ -
Common Equity Securities	39,684	51,727	12,043
Exchange Traded Funds	33,551	58,906	25,355
Fixed Income Mutual Funds	324,890	341,020	16,130
Equity Mutual Funds	228,028	270,965	42,937
	<u>\$ 758,714</u>	<u>\$ 855,179</u>	<u>\$ 96,465</u>
United Way Bradley Co. Endowment Trust			
Brokerage Money Funds	\$ 6,514	\$ 6,514	\$ -
Common Equity Securities	146,716	167,238	20,522
Liquid Alternative Fund	6,800	6,981	181
Fixed Income Mutual Funds	61,200	64,420	3,220
	<u>\$ 221,230</u>	<u>\$ 245,153</u>	<u>\$ 23,923</u>

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 - INVESTMENTS (continued)

	2019		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
United Way of the Ocoee Region:			
Bradley Memorial Health Endowment			
Brokerage Money Funds	\$ 774,928	\$ 774,928	\$ -
US Government Agencies	1,600,782	1,665,235	64,453
Mortgage and Asset Backed Securities	1,825,694	1,885,745	60,051
Common Equity Securities	5,930,779	7,500,905	1,570,126
Exchange Traded Funds	3,985,596	4,976,714	991,118
Partnerships	502,500	599,988	97,488
Fixed Income Mutual Funds	4,725,645	4,786,665	61,020
Equity Mutual Funds	6,108,121	7,227,169	1,119,048
	<u>\$ 25,454,045</u>	<u>\$ 29,417,349</u>	<u>\$ 3,963,304</u>
Investments			
Brokerage Money Funds	\$ 24,395	\$ 24,395	\$ -
Common Equity Securities	149,818	182,610	32,792
Closed End Funds	3,160	3,630	470
Exchange Traded Funds	59,731	77,262	17,531
Fixed Income Mutual Funds	380,985	389,343	8,358
Equity Mutual Funds	257,037	296,387	39,350
	<u>\$ 875,126</u>	<u>\$ 973,627</u>	<u>\$ 98,501</u>
Trust			
Brokerage Money Funds	\$ 24,324	\$ 24,324	\$ -
Common Equity Securities	129,899	135,257	5,358
Liquid Alternative Fund	6,800	6,781	(19)
Fixed Income Mutual Funds	61,200	60,955	(245)
	<u>\$ 222,223</u>	<u>\$ 227,317</u>	<u>\$ 5,094</u>

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 9 - INVESTMENTS (continued)

Investment return is summarized as follows:

	<u>2020</u>		<u>2019</u>	
	<u>United Way of the Ocoee Region</u>	<u>United Way of Bradley Co. Endowment Trust</u>	<u>United Way of the Ocoee Region</u>	<u>United Way of Bradley Co. Endowment Trust</u>
Interest and dividend income	\$ 644,832	\$ 6,162	\$ 773,980	\$ 2,955
Capital gains	183,028	1,646	171,217	1,008
Investment fees	(152,485)	(1,097)	(151,473)	(182)
Net realized gains (losses)	589,460	(7,704)	216,151	-
Net unrealized gains (losses)	<u>2,570,544</u>	<u>18,829</u>	<u>4,161,801</u>	<u>5,094</u>
Total investment return	<u>\$ 3,835,379</u>	<u>\$ 17,836</u>	<u>\$ 5,171,676</u>	<u>\$ 8,875</u>

NOTE 10 – FAIR VALUE MEASUREMENTS

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to measure fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or market corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The US government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

Net asset value (NAV) per share, or its equivalent, is used as a practical expedient to estimate the fair values of limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured using NAV per share as a practical expedient as identified in the following at December 31, 2020 and 2019:

	2020				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
United Way of the Ocoee Region:					
Bradley Memorial Health Endowment					
Brokerage Money Funds	\$ 869,808	\$ -	\$ 869,808	\$ -	\$ -
US Government Agencies	1,571,329	-	1,571,329	-	-
Mortgage and Asset Back Securities	2,207,857	2,207,857	-	-	-
Common Equity Securities	9,209,647	9,209,647	-	-	-
Exchange Traded Funds	4,475,155	4,475,155	-	-	-
Partnerships	606,108	-	-	-	606,108
Fixed Income Mutual Funds	4,768,711	4,768,711	-	-	-
Equity Mutual Funds	8,172,072	8,172,072	-	-	-
	<u>\$ 31,880,687</u>	<u>\$ 28,833,442</u>	<u>\$ 2,441,137</u>	<u>\$ -</u>	<u>\$ 606,108</u>
United Way of the Ocoee Region:					
Investments					
Brokerage Money Funds	\$ 132,561	\$ -	\$ 132,561	\$ -	\$ -
Common Equity Securities	51,727	51,727	-	-	-
Exchange Traded Funds	58,906	58,906	-	-	-
Fixed Income Mutual Funds	341,020	341,020	-	-	-
Equity Mutual Funds	270,965	270,965	-	-	-
	<u>\$ 855,179</u>	<u>\$ 722,618</u>	<u>\$ 132,561</u>	<u>\$ -</u>	<u>\$ -</u>
United Way Bradley Co. Endowment					
Trust					
Brokerage Money Funds	\$ 6,514	\$ -	\$ 6,514	\$ -	\$ -
Common Equity Securities	167,238	167,238	-	-	-
Liquid Alternative Fund	6,981	6,981	-	-	-
Fixed Income Mutual Funds	64,420	64,420	-	-	-
	<u>\$ 245,153</u>	<u>\$ 238,639</u>	<u>\$ 6,514</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

	2019				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
United Way of the Ocoee Region:					
Bradley Memorial Health Endowment					
Brokerage Money Funds	\$ 774,928	\$ -	\$ 774,928	\$ -	\$ -
US Government Agencies	1,665,235	-	1,665,235	-	-
Mortgage and Asset Back Securities	1,885,745	1,885,745	-	-	-
Common Equity Securities	7,500,905	7,500,905	-	-	-
Exchange Traded Funds	4,976,714	4,976,714	-	-	-
Partnerships	599,988	-	-	-	599,988
Fixed Income Mutual Funds	4,786,665	4,786,665	-	-	-
Equity Mutual Funds	7,227,169	7,227,169	-	-	-
	<u>\$ 29,417,349</u>	<u>\$ 26,377,198</u>	<u>\$ 2,440,163</u>	<u>\$ -</u>	<u>\$ 599,988</u>
United Way of the Ocoee Region:					
Investments					
Brokerage Money Funds	\$ 24,395	\$ -	\$ 24,395	\$ -	\$ -
Common Equity Securities	182,610	182,610	-	-	-
Closed End Funds	3,630	3,630	-	-	-
Exchange Traded Funds	77,262	77,262	-	-	-
Fixed Income Mutual Funds	389,343	389,343	-	-	-
Equity Mutual Funds	296,387	296,387	-	-	-
	<u>\$ 973,627</u>	<u>\$ 949,232</u>	<u>\$ 24,395</u>	<u>\$ -</u>	<u>\$ -</u>
United Way Bradley Co. Endowment					
Trust					
Brokerage Money Funds	\$ 24,324	\$ -	\$ 24,324	\$ -	\$ -
Common Equity Securities	135,257	135,257	-	-	-
Liquid Alternative Fund	6,781	6,781	-	-	-
Fixed Income Mutual Funds	60,955	60,955	-	-	-
	<u>\$ 227,317</u>	<u>\$ 202,993</u>	<u>\$ 24,324</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in partnerships measured at fair value using NAV per share as a practical expedient represents one investment in a limited partnership unit, which is illiquid with no redemption notice period. These investments are not redeemable. Instead, distributions are received through the liquidation of the underlying assets of the fund. The terms of these investments range from 1 to two years.

NOTE 11 - RECONCILIATION OF ALLOCATIONS TO MEMBER AGENCIES

Allocations to member agencies in the Statement of Functional Expenses are recorded net of unrequested allocations and amounts that were not specifically allocated to a member agency in the prior year (i.e. contingencies and capital funds). No amount is accrued for contingencies and operating funds. Unrequested allocations and allocations disbursed but not accrued in the prior year are included in the current year as increases or decreases in the allocations to member agencies.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 11 - RECONCILIATION OF ALLOCATIONS TO MEMBER AGENCIES (continued)

The amount recorded in the Statement of Functional Expenses as allocations to member agencies consist of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
United Way of the Ocoee Region:		
Total allocations	\$ 2,260,033	\$ 2,752,750
Less:		
Allowance for uncollectibles	(78,000)	(120,000)
Prior year allocations not requested	62,546	(69,172)
United Way Worldwide and TN dues allocation	(63,862)	(55,980)
Lions Club	-	(8,000)
Read United allocation	(41,250)	(55,000)
Other United Ways	(3,450)	(3,450)
Housing United allocation	(166,178)	(10,000)
Project Round Up administration	(14,616)	(14,616)
Community services allocation	(300,720)	(390,320)
Operating allocation - management & general, building and fundraising	(236,280)	(306,680)
	<u>\$ 1,418,223</u>	<u>\$ 1,719,532</u>

NOTE 12 - RESTRICTIONS ON ASSETS

Restrictions on net assets consist of the following as of December 31, 2020 and 2019:

Allocations - Campaign pledges made in the reporting year for the following year allocations are recorded as net assets with donor restrictions until the allocations are made or the end of the following year. The unallocated contributions for contingencies and operating funds for the following year remain as net assets with donor restrictions. These amounts will be reclassified to net assets without donor restrictions when disbursed or at the end of the following year, whichever occurs first.

Eyeglass Services - Contributions received for the eyeglass services program are restricted for assistance to qualifying individuals in need of eyeglass services. These restrictions are considered to expire when payments are made.

Impact - Contributions and program income received for the Impact program are restricted for program expenses related to providing services for disadvantage communities in Bradley County, Tennessee. These restrictions are considered to expire when payments are made.

VISTA - Contributions and program income received for the VISTA program are restricted for VISTA program expenses. These restrictions are considered to expire when payments are made.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - RESTRICTIONS ON ASSETS (continued)

Read United - Contributions received for the Read United program are restricted for Imagination Library, Read20, or Little Libraries. These restrictions are considered to expire when payments are made.

Long Term Recovery - Funds received from Long Term Recovery Organization, a nonprofit which closed during 2016 are restricted for disaster relief in Bradley County, Tennessee. These restrictions are considered to expire when payments are made.

William Hall Rogers Christmas Basket - Funds received from the William Hall Rogers Christmas Basket, plus contributions received are restricted for program services which provides boxes of food to the needy during the holidays.

Women United - Contributions received for the Women United program are restricted for program services related to empowering women and supporting community projects. The restrictions are considered to expire when payments are made.

Young Professionals - Contributions received for the Young Professionals program are restricted for program services related to reach and engage the next generation. The restrictions are considered to expire when payments are made.

Contributions/Grants – Funds received for specified donor purposes for Project Round Up, Kindness Fund, COVID relief, and Mott Grant. The restrictions are considered to expire when payments are made.

Bradley Memorial Health Endowment - Funds received from the sale of Bradley Memorial Hospital and 15% of annual net income are maintained in perpetuity. Remaining annual net income is restricted for disbursements to improve and enhance the healthcare, wellness and quality of life of the citizens of Bradley County.

United Way Endowment Trust - Contributions to the Endowment Trust are part of the perpetual Charitable Trust and are maintained in perpetuity. These contributions can be disbursed when a specific gift allows the trustees to distribute the principal portion of the gift for a specified purpose. Also, in the event of an emergency or disaster the principal can be distributed if two-thirds of the trustees vote to transfer the assets. All interest and dividends are restricted for transfer to the United Way of the Ocoee Region.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - RESTRICTIONS ON ASSETS (continued)

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
United Way of the Ocoee Region		
Subject to expire for specified purpose:		
Eyeglass services	\$ 10,381	\$ 31,042
Impact Cleveland	30,000	59,844
Read United	-	47,485
Long-Term Recovery	56,061	53,490
Young Professionals	1,106	1,311
WHR Christmas	64,707	77,554
Women United	44,215	12,375
Campaign allocations	104,261	-
Project Round Up	161,723	69,816
Kindness Fund	20,151	-
COVID relief	17,505	-
Mott Grant	4,275	384
	<u>514,385</u>	<u>353,301</u>
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
Investment in perpetuity, which once appropriated, is expendable to support:		
Bradley Health Endowment programs	<u>31,326,750</u>	<u>29,004,002</u>
	<u>\$ 31,841,135</u>	<u>\$ 29,357,303</u>
United Way of Bradley Co. Endowment Trust		
	<u>2020</u>	<u>2019</u>
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
Investment in perpetuity, which once appropriated, is expendable to support:		
Activities of United Way of the Ocoee Region	<u>\$ 245,153</u>	<u>\$ 227,317</u>

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 12 - RESTRICTIONS ON ASSETS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows:

	<u>2020</u>	<u>2019</u>
United Way of the Ocoee Region		
Purpose restrictions accomplished:		
Eyeglass services	\$ 20,662	\$ 6,166
Impact Cleveland	29,845	191,140
Read United	99,007	71,131
Center for Social Impact	-	9
Long-Term Recovery	9,657	-
Young Professionals	205	294
WHR Christmas	44,901	23,008
Women United	1,660	24,323
Various small grants	-	1,012
VISTA program	346,782	409,462
Bradley Memorial Health Endowment	581,319	375,429
Project Round Up	157,089	183,790
Kindness Fund	19,303	-
TN CARES Grant	277,845	-
COVID	29,470	-
Mott Grant	609	10,513
	<u>1,618,354</u>	<u>1,296,277</u>
Time restrictions expired:		
Bradley Memorial Health Endowment allocations	849,466	826,107
Campaign allocations	985,147	1,685,468
	<u>1,834,613</u>	<u>2,511,575</u>
Total restrictions released	<u>\$ 3,452,967</u>	<u>\$ 3,807,852</u>

NOTE 13 - ALLOCATIONS PAYABLE

Allocations payable are reported at net realizable value if, at the time the promise is made, the Organization expects to make the payment in one year or less. Allocations payable at December 31, 2020 and 2019 of \$1,101,933 and \$1,323,399, respectively, are expected to be paid within one year.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 14 - ENDOWMENT

The Organizations' endowment consists of two funds, the Bradley Memorial Health Endowment and the United Way Endowment Trust. The endowment funds include only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organizations are subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Organizations has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organizations consider a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organizations have interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organizations, and (7) the Organizations' investment policies.

Bradley Memorial Health Endowment – The endowment was established to fund local non-profits and United Way of the Ocoee Region community projects to improve and enhance the healthcare, wellness and quality of life of the citizens of Bradley County. All gifts to the Bradley Memorial Health Endowment require the appreciation/depreciation of endowment funds and 15% of net income/(loss) to be maintained in perpetuity. The remaining portion of the Bradley Memorial Health Endowment is restricted until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by SPMIFA.

United Way Endowment Trust – The endowment was established to provide a perpetual endowment fund for United Way of the Ocoee Region. The United Way Endowment Trust can be expended upon 2/3 vote of the board of directors. It is the intent of the board of directors to use only the earnings of the United Way Endowment Trust for transfer to the United Way of the Ocoee Region and leave the corpus intact in perpetuity. The remaining portion of the United Way Endowment Trust that restricted until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by SPMIFA.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 14 - ENDOWMENT (continued)

Endowment net asset composition by type of fund as of December 31, 2020 and 2019:

	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
United Way of the Ocoee Region		
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts to be maintained in perpetuity by donor	\$ 15,434,815	\$ 15,434,815
15% of annual net income/loss to maintained in perpetuity	13,223,796	10,561,199
Accumulated investment gains (losses)	<u>2,668,139</u>	<u>3,007,988</u>
	<u>\$ 31,326,750</u>	<u>\$ 29,004,002</u>
United Way of Bradley Co. Endowment Trust		
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts to be maintained in perpetuity by donor	\$ 151,550	\$ 151,550
Accumulated investment gains (losses)	<u>93,603</u>	<u>75,767</u>
	<u>\$ 245,153</u>	<u>\$ 227,317</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
United Way of the Ocoee Region		
Endowment net assets, beginning of year	\$ 29,004,002	\$ 25,190,953
Investment return, net	3,753,774	5,014,585
Appropriation of endowment assets for expenditure	<u>(1,431,026)</u>	<u>(1,201,536)</u>
	<u>\$ 31,326,750</u>	<u>\$ 29,004,002</u>
United Way of Bradley Co. Endowment Trust		
Endowment net assets, beginning of year	\$ 227,317	\$ 178,442
Contributions	-	40,000
Investment return, net	<u>17,836</u>	<u>8,875</u>
	<u>\$ 245,153</u>	<u>\$ 227,317</u>

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 14 - ENDOWMENT (continued)

Investment Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

The Organizations have adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Bradley Memorial Health Endowment – The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution the lesser of 5% of market value or average of 85% of net income for the preceding five years, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return to exceed 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed not to expose the fund to unacceptable levels of risk.

United Way Endowment Trust – Endowment assets are maintained in a bank account and certificates of deposit.

Spending Policy

Bradley Memorial Health Endowment – The Organization has a policy of appropriating for distribution the lesser of (i) 5% of the market value of the fund, or (ii) the average of 85% of the net income of the fund for the preceding five years. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average of 5% annually. The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

United Way Endowment Trust – The Organization can transfer interest and dividend earnings to United Way of the Ocoee Region. There have been no transfers from the trust since its origination.

UNITED WAY OF THE OCOEE REGION & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 15 - DONATED PROFESSIONAL SERVICES AND MATERIALS

In-kind support is reflected as revenue and expense in the financial statements based on estimated values as follows:

	2020			
	Program Services	Management and General	Fundraising	Total
Advertising	\$ 18,117	\$ -	\$ 6,039	\$ 24,156
Supplies	3,024	-	-	3,024
	\$ 21,141	\$ -	\$ 6,039	\$ 27,180

	2019			
	Program Services	Management and General	Fundraising	Total
Advertising	\$ 25,088	\$ -	\$ 8,363	\$ 33,451
Campaign supplies	5,119	-	-	5,119
	\$ 30,207	\$ -	\$ 8,363	\$ 38,570

NOTE 16 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

The Organizations received a PPP loan in the amount of \$136,639. The PPP loan is granted by the Small Business Administration under the CARES Act. PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organizations do not overcome certain barriers within the CARES Act. The Organization has recognized \$136,639 in grant revenue during the year ended December 31, 2020 for the portion of the loan proceeds used for qualifying expenditures the Organizations consider have substantially met the conditions for forgiveness. The Organizations received notification of forgiveness of the loan in March 2021.

NOTE 17 - SUBSEQUENT EVENTS

Subsequent events were evaluated through May 21, 2021, which is the date the financial statements were available to be issued.

The COVID-19 outbreak has caused business disruptions, which are currently expected to be temporary. The financial impact and duration of the business disruptions cannot be reasonably estimated at this time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On February 11, 2021, the Organizations obtained a \$136,640 second draw loan under the Paycheck Protection Program.

SUPPLEMENTARY FINANCIAL INFORMATION

UNITED WAY OF THE OCOEE REGION
SCHEDULE OF ALLOCATIONS TO MEMBER AGENCIES
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
United Way Member Agencies		
American Red Cross	\$ -	\$ (1,662)
Boys & Girls Club of Cleveland	150,000	263,520
Boy Scouts of America - Cherokee Area	(1,174)	52,882
Bradley County Committee on Aging	-	(5,861)
Court Appointed Special Advocate	23,342	33,000
Cleveland Family YMCA	-	60,885
Cleveland Emergency Shelter	11,250	81,000
Cleveland Museum Center	-	(400)
City Fields	112,026	110,200
Family Promise	35,836	47,782
Family Cornerstone	18,000	24,000
Family Violence Shelter	65,250	85,983
Legal Aid of East TN	44,376	60,000
Girl Scouts Southern Appalachians	-	7,500
Ocoee Outreach	12,531	16,875
Polk County Aid	8,625	13,000
Project Round Up	157,089	183,790
The Caring Place Sac Pac	-	(10,800)
Other	860	-
YCAP YMCA Metro Chattanooga	87,835	56,227
Total United Way Member Agencies	<u>725,846</u>	<u>1,077,921</u>
Bradley Memorial Health Endowment Agencies		
Boys & Girls Club of Cleveland	12,000	13,200
Bradley County Committee on Aging	15,005	20,000
Bradley Cleveland Public Education Foundation	48,387	46,933
Court Appointed Special Advocate	11,500	4,500
CenterStone	12,000	12,000
Community Foundation	10,000	-
Family Cornerstone	15,000	15,000
Family Promise	9,286	14,572
FCA	(620)	12,000
Foundation House	35,000	46,400
Girls on the Run	13,976	21,000
HOPE Center	40,000	34,958
Karis Dental Clinic	350,000	368,667
Legal Aid of East TN	-	(13,860)
LUDIC	90,000	-
New Hope Pregnancy Center	29,600	39,467
New Life	15,000	-
Quilts of Valor Foundation	3,474	2,500
On Point	19,778	32,000
Project Round Up Bradley Cleveland Community Services	-	(706)
Refuge Community Center	(1,920)	30,000
RMC Telemeds	-	(54)
SCOG Celebrate Recovery	-	2,412
Speech & Hearing Center	5,800	6,088
The Caring Place	106,141	80,866
Walter E Boehm Birth Defects Center	9,600	8,000
Veteran Entrepreneurial Training Command	-	19,500
YMCA Diabetes Prevention	459	(6,616)
YMCA Health	-	15,272
YMCA YCAP	-	1,302
Total Bradley Memorial Health Endowment Agencies	<u>849,466</u>	<u>825,401</u>
Total Allocations	<u>\$ 1,575,312</u>	<u>\$ 1,903,322</u>