

**UNITED WAY OF
WEST TENNESSEE, INC.**

FINANCIAL STATEMENTS

MARCH 31, 2019



Board of Directors
United Way of West Tennessee, Inc.
Jackson, Tennessee

In planning and performing our audit of the financial statements of the United Way of West Tennessee, Inc. (the Agency) as of and for the year ended March 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit we became aware of certain matters, as listed below that are opportunities for strengthening internal controls, compliance, and operating efficiency. This letter does not affect our report dated August 30, 2019 on the financial statements of the Agency.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Agency personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comments are summarized as follows:

1. During testing of checks to employees, ATA noted that there is no secondary approval on the president's reimbursements. We recommend that all receipts and supporting documentation for checks to employees be reviewed by someone other than who the check is made out to, in the president's case we suggest a member of the Board.
2. During testing of the bank reconciliations ATA noted no notation of review by someone other than who prepared the reconciliations. We recommend that someone other than who prepares the bank statement review and sign off as reviewing on each bank statement and reconciliation.
3. ATA noted that March 31, 2018 was not closed and rolled forward in the accounting system. As a result, several material journal entries were proposed by ATA during the audit. ATA made entries to accrued leave, agency allocations payable, investments, pledges and the provision for uncollectable.
4. During testing of cash receipts, ATA noted that only cash is being receipted in the receipt books. We recommend that all cash and checks be receipted in receipt books and noted as cash or check at time of receipt.

This report is intended solely for the information and use of management, the Board of Directors and others within the Agency, and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Jackson, Tennessee

August 30, 2019



August 30, 2019

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

We have audited the financial statements of United Way of West Tennessee, Inc. (United Way) for the year ended March 31, 2019, and we will issue our report thereon dated August 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 28, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way are described in Note 1 to the financial statements. During the year, United Way adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for uncollectible promises is based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: Allowance for unrealized gain, pledges receivable, provision for uncollectable, reclass equity balances and agency allocations.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of United Way West Tennessee and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Alexander Thompson Arnold PLLC

Jackson, Tennessee

**UNITED WAY OF WEST TENNESSEE, INC.
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Independent Auditor's Report

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

We have audited the accompanying financial statements of United Way of West Tennessee, Inc. (United Way) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
August 30, 2019

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2019

Assets

Current assets:

Cash and cash equivalents	\$	265,505
Pledges receivable, net of allowance for uncollectibles		969,188
Accrued investment income		1,892
Other receivables		333
Prepaid expenses		<u>1,422</u>
Total current assets		<u>1,238,340</u>

Property and equipment:

Furniture and equipment		37,672
Less: Accumulated depreciation		<u>(36,954)</u>
Total property and equipment		<u>718</u>

Other assets:

Cash and cash equivalents of investments		42,206
Investments		<u>1,650,830</u>
Total other assets		<u>1,693,036</u>

Total assets	\$	<u>2,932,094</u>
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Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$	12,110
Accounts payable - agencies		295,822
Designations payable - agencies		<u>494,937</u>
Total liabilities		<u>802,869</u>

Net Assets:

Without donor restrictions		1,526,831
With donor restrictions		<u>602,394</u>
Total net assets		<u>2,129,225</u>

Total liabilities and net assets	\$	<u>2,932,094</u>
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The accompanying notes are an integral part of the financial statements.

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Public support, revenues, and reclassifications:			
Contributions	\$ 940,516	\$ -	\$ 940,516
Corporate sponsorship	-	44,600	44,600
Rent income	1,800	-	1,800
Realized return on investments	73,597	22,344	95,941
Unrealized gain (loss) on investments	(33,524)	(1,285)	(34,809)
Special events, net of expenses	2,840	17,278	20,118
Miscellaneous Income	3,122	-	3,122
Net assets released from restrictions:			
Satisfaction of program requirements	<u>132,353</u>	<u>(132,353)</u>	<u>-</u>
 Total public support, revenues, and reclassifications	 <u>1,120,704</u>	 <u>(49,416)</u>	 <u>1,071,288</u>
Expenses and losses:			
Program services	915,410	-	915,410
Management and general	134,909	-	134,909
Fundraising	134,909	-	134,909
Unallocated payments to affiliated organizations	<u>18,341</u>	<u>-</u>	<u>18,341</u>
 Total expenses and losses	 <u>1,203,569</u>	 <u>-</u>	 <u>1,203,569</u>
 Change in net assets	 (82,865)	 (49,416)	 (132,281)
 Net assets, beginning of the year	 <u>1,609,696</u>	 <u>651,810</u>	 <u>2,261,506</u>
 Net assets, end of the year	 <u>\$ 1,526,831</u>	 <u>\$ 602,394</u>	 <u>\$ 2,129,225</u>

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

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2019

	Program Services	Support Services		Total
		General & Administrative	Fund Raising	
Disbursements to agencies	\$ 696,063	\$ -	\$ -	\$ 696,063
Direct program service disbursements	7,344	-	-	7,344
Salaries	116,018	73,830	73,830	263,678
Payroll taxes	9,047	5,757	5,757	20,561
Employee benefits	18,471	11,754	11,754	41,979
Retirement benefits	4,944	3,146	3,146	11,236
Occupancy	11,827	7,526	7,526	26,879
Office supplies	1,009	642	642	2,293
Computer maintenance	6,038	3,842	3,842	13,722
Copier lease	1,225	780	780	2,785
Repairs and maintenance - equipment	612	390	390	1,392
Postage	444	282	282	1,008
Insurance	2,308	1,469	1,469	5,246
Telephone	1,857	1,182	1,182	4,221
Internet	343	218	218	779
Building security	70	45	45	160
Miscellaneous	1,145	729	729	2,603
Travel	5,780	3,678	3,678	13,136
Campaign operations and supplies	10,784	6,863	6,863	24,510
Marketing	1,210	770	770	2,750
Dues - local associations	2,183	1,389	1,389	4,961
Training	288	183	183	654
Professional fees	6,099	3,878	3,878	13,855
Processing fees	2,902	1,847	1,847	6,596
Investment expenses	4,239	2,698	2,698	9,635
Other expenses	1,699	1,081	1,081	3,861
Depreciation	1,461	930	930	3,321
Total expenses	915,410	134,909	134,909	1,185,228
Unallocated payments to affiliated organizations	-	-	-	18,341
Total expenses	\$ 915,410	\$ 134,909	\$ 134,909	\$ 1,203,569

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

UNITED WAY OF WEST TENNESSEE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ (132,281)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	3,321
Unrealized (gain) loss on investments	34,809
(Increase) decrease in pledges receivable	79,274
(Increase) decrease in accrued investment income	(190)
(Increase) decrease in other receivables	(333)
(Increase) decrease in prepaid expense	350
Increase (decrease) in accounts payable	22,222
Increase (decrease) in designations payable	<u>(26,113)</u>
Net cash provided (used) by operating activities	<u>(18,941)</u>
Cash flows from investing activities:	
Purchase of investments securities	(303,216)
Proceeds from redemption of investments	<u>284,682</u>
Net cash provided (used) by investing activities	<u>(18,534)</u>
Net increase (decrease) in cash	(37,475)
Cash at beginning of year	<u>345,186</u>
Cash at end of year	<u>\$ 307,711</u>

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

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The United Way of West Tennessee, Inc. (United Way) strives to promote cooperation between the citizens of West Tennessee included within its fourteen county service area and the various non-profit agencies serving the citizens. This is accomplished, by providing leadership and guidance during a united campaign to solicit funds that can be disbursed to the various agencies in accordance with the directions and intention of the donors.

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

B. Financial Statement Presentation

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

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

With donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of United Way and/or the passage of time or may be maintained permanently by United Way. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Contributions

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

D. Property and Equipment

Land, buildings and equipment are recorded at cost if purchased or at estimated fair value at the date of gift if donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. United Way follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is provided using the straight-line method over the three to seven years of the estimated useful life of the assets.

E. Advertising

Advertising expenses are expensed as incurred. The advertising expense for the year ended March 31, 2019 was \$2,750.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

F. Functional Allocation of Expenses

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

G. Income Tax Status

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

H. Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

I. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

J. 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.

K. Date of Management Review

The subsequent events of the United Way have been evaluated through August 30, 2019, which is the date the financial statements were available to be issued.

L. Recently Adopted Accounting Standard

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities, and misunderstandings about and opportunities to enhance the utility of the statement of cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and, therefore, is adopted by the Agency during the fiscal year ending March 31, 2019. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability of financial resources has also been added (Note 14).

As a result of the implementation of ASU 2016-14 in current year, the unrestricted net assets as of March 31, 2018 in the amount of \$1,609,696 are now classified on the financial statements as net

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2019

assets without donor restrictions. The temporarily and permanently restricted net assets as of March 31, 2018 in the amount of \$651,810 are now classified on the financial statements as net assets with donor restrictions.

NOTE 2 - CASH AND CASH EQUIVALENTS

United Way maintains cash balances in financial institutions, including banks. These balances are insured by the Federal Deposit Insurance Corporation (FDIC).

The following is a summary of cash and cash equivalents at March 31, 2019:

Unrestricted:	
Cash on hand	\$ 100
Demand deposits	265,405
Total unrestricted cash and cash equivalents	<u>\$ 265,505</u>
Restricted:	
Government obligations (I)	\$ 14,517
Government obligations (P)	27,689
Total restricted cash and cash equivalents	<u>\$ 42,206</u>
Total cash and cash equivalents	<u>\$ 307,711</u>

NOTE 3 - PLEDGES RECEIVABLE

Pledges are made in the fall of each year during the annual campaign. These pledges are paid in the next year or by March 31 of the following year. Uncollected pledges not received by March 31 of the following year are written off using the allowance method at that time. For the total pledges made in the fall of 2018 in the amount of \$1,139,897, there is an uncollectible balance of \$170,709. This uncollectible balance was estimated based on prior years' experience.

NOTE 4 - COMMITMENTS

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

NOTE 5 – DEFINED CONTRIBUTION PLAN

United Way has a simplified employee pension (SEP) plan covering all employees with more than one year of service. United Way contributes 5% of each participant's compensation to this defined contribution plan. The total expense for the year March 31, 2019, was \$11,236.

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2019

NOTE 6 - PROPERTY AND EQUIPMENT

Depreciation of furniture and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. As of March 31, 2019, property and equipment of United Way had an asset value of \$37,672 and an accumulated depreciation value of \$36,954. The depreciation expense for the year ended March 31, 2019 was \$3,321.

NOTE 7 - OPERATING LEASE

In January 2019, United Way entered into a 36 month lease with Town and Country for the rental of office space for \$1,800 per month. In December 2016, United Way entered into a lease for a new copier through Great American Leasing for \$175 per month for 63 months. In January 2018, United Way entered into a 36 month lease with ADT for security monitoring for \$40 per month. The future minimum lease payments are as follows:

Year Ending March 31,	
2020	\$ 24,178
2021	18,658
2022	<u>2,098</u>
Future Minimum Lease Payments	<u>\$ 44,934</u>

For the year ended March 31, 2018, the United Way paid \$2,785 for the copier lease, \$160 for security, and \$21,600 for the lease of office space.

NOTE 8 - LONG-TERM INVESTMENTS

United Way has the following long-term investments:

	Cost	Estimated Fair Value	Unrealized Gain (Loss)
Mutual funds:	\$ 1,596,260	\$ 1,650,830	\$ 54,570
Total	<u>\$ 1,596,260</u>	<u>\$ 1,650,830</u>	<u>\$ 54,570</u>

Investments are stated at fair value.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 59,930	\$ 17,782	\$ 77,712
Net realized gains (losses)	<u>13,667</u>	<u>4,562</u>	<u>18,229</u>
Total realized return on investments	73,597	22,344	95,941
Net unrealized gains (losses)	<u>(33,524)</u>	<u>(1,285)</u>	<u>(34,809)</u>
Total investment return	<u>\$ 40,073</u>	<u>\$ 21,059</u>	<u>\$ 61,132</u>

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 9 - ENDOWMENT FUNDS

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

	Endowment funds	
	With Donor Restrictions	
	Sawyer	Hallock
Fair market value at April 1, 2018	\$ 531,529	\$ 1,000
Investment income	17,782	-
Net appreciation (depreciation) of investments	3,439	
Amounts appropriated for expenditure	(17,256)	-
Fair market value at March 31, 2019	535,494	1,000

NOTE 10 –NET ASSETS

The net assets of United Way as of March 31, 2019, consist of the following:

	Endowments	Non-Endowments	Other Unrestricted	Total
Funds with donor restrictions				
Sawyer	\$ 535,494	\$ -	\$ -	\$ 535,494
Hallock	1,000	-	-	1,000
Corporate sponsorship	-	44,600	-	44,600
First Ladies Luncheon	-	3,032	-	3,032
Christmas partners revenue	-	120	-	120
Disaster recovery services	-	18,148	-	18,148
Total funds with donor restrictions	536,494	65,900	-	602,394
Funds without donor restrictions				
Investments	\$ 1,158,434	\$ -	\$ -	\$ 1,158,434
Other	-	-	368,397	368,397
Total funds without donor restrictions	1,158,434	-	368,397	1,526,831
Total funds	\$ 1,694,928	\$ 65,900	\$ 368,397	\$ 2,129,225

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2019

NOTE 11 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the United Way’s financial instruments, none of which are held for trading purposes, are as follows:

Financial assets:	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 307,711	\$ 307,711
Pledges receivable, net	969,188	969,188
Long-term investments	1,596,260	1,650,830

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

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

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

NOTE 12 – FAIR VALUE MEASUREMENTS

Fair values of investments measured on a recurring basis at March 31, 2019, were \$1,650,830 and are determined by reference to quoted market prices and other relevant information generated by market transactions. At present, United Way has no items carried or that will be carried at fair value on a non-recurring basis. The United Way does not currently have, nor expects to have, any non-financial assets or liabilities which could be carried at fair value.

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

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

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

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

Investments are the only balance sheet components reported at fair value. They are all valued using Level 2 inputs. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data,

UNITED WAY OF WEST TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2019

market consensus prepayment speeds, credit information and terms and conditions of bonds, and other factors. The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2019:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Investments	\$ -	\$ 1,650,830	\$ -	\$ 1,650,830

NOTE 13 – DESIGNATIONS

The United Way allows those who participate in its annual workplace fundraising campaign to designate where the pledge is to be directed. Contributions with donor-imposed restrictions are not reported as revenue. The revenue listed has been reduced by the amount of restricted contributions, in the amount of \$494,937, and reported as a liability, payable per donor instruction.

Note 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the March 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	March 31, 2019
Cash and cash equivalent	\$ 307,711
Contributions receivable, current, net of allowance	969,188
Total financial assets	1,276,899
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions	(602,394)
Financial assets available to meet cash needs for general expenditures within one year	\$ 674,505

As of March 31, 2019, \$602,394 of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Agency has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$296,925. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.