

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDING JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of Rutherford and Cannon Counties

We have audited the accompanying financial statements of United Way of Rutherford and Cannon Counties (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain 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 opinions.

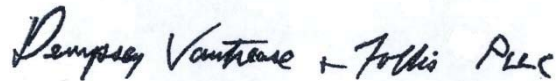
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Rutherford and Cannon Counties as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other matters

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information on page 19, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance for that schedule.

A handwritten signature in black ink that reads "Dempsey Vantrone + Folli PLLC". The signature is written in a cursive, flowing style.

Murfreesboro, Tennessee
August 7, 2018

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 567,343	\$ 986,623
Pledges receivable	1,108,464	1,172,709
Prepaid expenses	26,111	26,197
Property and Equipment, net	142,274	167,543
Investments	1,094,392	1,028,336
Beneficial interest in assets held by Community Foundation of Middle Tennessee	72,753	68,053
Cash surrender value of donor life insurance policy	<u>68,459</u>	<u>48,427</u>
TOTAL ASSETS	<u><u>\$ 3,079,796</u></u>	<u><u>\$ 3,497,888</u></u>
LIABILITIES		
Accounts payable	\$ 18,922	\$ 27,977
Allocations due to agencies	1,550,887	1,605,367
Due to designated agencies	325,310	419,090
Deferred revenue	74,310	67,360
Community needs assessment	3,750	3,750
Accrued expenses	<u>32,697</u>	<u>29,468</u>
TOTAL LIABILITIES	<u>2,005,876</u>	<u>2,153,012</u>
NET ASSETS		
Unrestricted net assets	(33,045)	222,878
Temporarily restricted	<u>1,106,965</u>	<u>1,121,998</u>
TOTAL NET ASSETS	<u>1,073,920</u>	<u>1,344,876</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,079,796</u></u>	<u><u>\$ 3,497,888</u></u>

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues:						
Campaign results for prior years:						
Gross campaign results - prior years	\$ 126,036	\$ -	126,036	\$ 164,818	\$ -	\$ 164,818
Prior year campaign released from restriction	1,121,998	(1,121,998)	-	1,100,018	(1,100,018)	-
Total campaign results - prior years	1,248,034	(1,121,998)	126,036	1,264,836	(1,100,018)	164,818
Less donor designations	(5,850)	-	(5,850)	(5,192)	-	(5,192)
Less provision for uncollectible pledges	(8,705)	-	(8,705)	(8,516)	-	(8,516)
Net campaign revenue prior year	1,233,479	(1,121,998)	111,481	1,251,128	(1,100,018)	151,110
Gross campaign results - current year	1,461,636	1,106,965	2,568,601	1,818,716	1,064,008	2,882,724
Less donor designations	(347,352)	-	(347,352)	(461,548)	-	(461,548)
Less provision for uncollectible pledges	(280,391)	-	(280,391)	(324,630)	-	(324,630)
Net campaign revenue - current year	833,893	1,106,965	1,940,858	1,032,538	1,064,008	2,096,546
Total campaign revenue	2,067,372	(15,033)	2,052,339	2,283,666	(36,010)	2,247,656
Other contributions	1,172	-	1,172	110,971	-	110,971
Fundraising event revenue	60,477	-	60,477	55,462	-	55,462
Program revenues	270,952	-	270,952	213,414	-	213,414
TOTAL SUPPORT AND REVENUES	2,399,973	(15,033)	2,384,940	2,663,513	(36,010)	2,627,503
Expenses:						
Program services						
Gross funds awarded to agencies	1,949,489	-	1,949,489	2,193,959	-	2,193,959
Less: donor designations	(347,352)	-	(347,352)	(461,548)	-	(461,548)
Net funds awarded to agencies	1,602,137	-	1,602,137	1,732,411	-	1,732,411
Community Building Initiatives	584,848	-	584,848	662,774	-	662,774
Total Program services	2,186,985	-	2,186,985	2,395,185	-	2,395,185
Supporting services						
Management and general	308,910	-	308,910	312,011	-	312,011
Fundraising	260,479	-	260,479	201,516	-	201,516
TOTAL EXPENSES	2,756,374	-	2,756,374	2,908,713	-	2,908,713
LOSS FROM OPERATIONS	(356,401)	(15,033)	(371,434)	(245,200)	(36,010)	(281,210)
Non-operating income and expenses:						
Change in value of beneficial interest in assets held by The Community Foundation	5,166	-	5,166	6,957	-	6,957
Net unrealized/realized gain on securities	48,683	-	48,683	56,959	-	56,959
Net unrealized gain (loss) on other asset	20,031	-	20,031	(19,187)	-	(19,187)
Other income	-	-	-	25	-	25
Dividend and interest income	26,598	-	26,598	30,040	-	30,040
TOTAL NON-OPERATING SUPPORT	100,478	-	100,478	74,794	-	74,794
CHANGE IN NET ASSETS	(255,923)	(15,033)	(270,956)	(170,406)	(36,010)	(206,416)
Net assets, beginning of year	222,877	1,121,998	1,344,875	393,283	1,158,008	1,551,291
Net assets (deficit), end of year	<u>\$ (33,046)</u>	<u>\$ 1,106,965</u>	<u>\$ 1,073,919</u>	<u>\$ 222,877</u>	<u>\$ 1,121,998</u>	<u>\$ 1,344,875</u>

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services		
	Community Building Initiatives	Fundraising	Management and General	Total
Salaries and wages	\$ 183,267	\$ 160,764	\$ 169,755	\$ 513,786
Payroll taxes and benefits	43,128	37,833	39,949	120,910
	<u>226,395</u>	<u>198,597</u>	<u>209,704</u>	<u>634,696</u>
Grant funding expenses	5,650	-	-	5,650
Books from birth expenses	128,109	-	-	128,109
Bank services fees	20	-	1,551	1,571
Promotional items	1,441	583	1,250	3,274
Conference fees	854	426	660	1,940
Depreciation	11,727	6,635	9,460	27,822
Equipment maintenance/rental	3,102	1,447	2,502	7,051
Special Event expense	113,028	14,819	-	127,847
General insurance	1,957	1,267	2,533	5,757
Investment fees	3,739	1,870	3,126	8,735
Meetings	16	11	660	687
Dues and subscriptions	1,083	627	1,266	2,976
United Way World Wide dues	12,167	7,873	15,745	35,785
211 Dues	25,750	-	-	25,750
Miscellaneous	2,282	998	2,796	6,076
Rent	12,412	6,131	14,570	33,113
Office supplies	1,356	828	1,708	3,892
Professional services	18,401	10,947	22,609	51,957
Postage	2,439	535	2,982	5,956
Printing and publication	4,071	1,540	4,434	10,045
Software	103	67	133	303
Taxes	89	56	106	251
Travel	4,670	2,950	6,270	13,890
Telephone	3,401	1,893	4,077	9,371
Staff appreciation	586	379	768	1,733
	<u>584,848</u>	<u>260,479</u>	<u>308,910</u>	<u>1,154,237</u>
TOTAL OPERATIONS				
Gross funds awarded to agencies	1,949,489	-	-	1,949,489
Less: donor designations	(347,352)	-	-	(347,352)
	<u>1,602,137</u>	<u>-</u>	<u>-</u>	<u>1,602,137</u>
Net allocation				
TOTAL EXPENSES	<u>\$ 2,186,985</u>	<u>\$ 260,479</u>	<u>\$ 308,910</u>	<u>\$ 2,756,374</u>

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services		
	Community Building Initiatives	Fundraising	Management and General	Total
Salaries and wages	\$ 250,410	\$ 125,205	\$ 168,754	\$ 544,369
Payroll taxes and benefits	60,843	30,421	41,003	132,267
	<u>311,253</u>	<u>155,626</u>	<u>209,757</u>	<u>676,636</u>
Grant funding expenses	7,308	-	-	7,308
Books from birth expenses	145,508	-	-	145,508
Bank services fees	15	1,003	-	1,018
Promotional items	2,011	589	1,970	4,570
Conference fees	2,042	598	2,000	4,640
Depreciation	12,703	3,718	12,449	28,870
Equipment maintenance/rental	2,864	838	2,806	6,508
Special event expense	61,277	14,330	-	75,607
General insurance	2,681	3,432	11,489	17,602
Investment fees	5,363	1,563	5,233	12,159
Meetings	-	1,293	-	1,293
Dues and subscriptions	-	-	2,610	2,610
United Way World Wide dues	30,195	1,887	5,662	37,744
211 Dues	23,918	-	-	23,918
Miscellaneous	2,796	769	2,574	6,139
Rent	14,570	4,265	14,278	33,113
Office supplies	2,076	605	2,025	4,706
Professional services	20,849	6,296	21,079	48,224
Postage	1,758	8	2,230	3,996
Printing and publication	4,388	1,304	4,364	10,056
Software	281	82	276	639
Taxes	114	34	112	260
Travel	5,034	1,524	5,100	11,658
Telephone	3,075	1,550	5,315	9,940
Staff appreciation	695	203	681	1,579
	<u>662,774</u>	<u>201,516</u>	<u>312,011</u>	<u>1,176,301</u>
TOTAL OPERATING EXPENSES				
Gross funds awarded to agencies	2,193,959	-	-	2,193,959
Less: donor designations	(461,548)	-	-	(461,548)
	<u>1,732,411</u>	<u>-</u>	<u>-</u>	<u>1,732,411</u>
Net allocation				
TOTAL EXPENSES	<u>\$ 2,395,185</u>	<u>\$ 201,516</u>	<u>\$ 312,011</u>	<u>\$ 2,908,712</u>

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (270,956)	\$ (206,415)
To reconcile change in net assets to net cash used by operating activities		
Depreciation	27,822	28,870
Change in value of beneficial interest in assets held by The Community Foundation	(5,166)	(6,954)
Earnings on investments	(25,642)	(28,498)
Fees paid on investments	7,537	12,152
Net unrealized and realized gains on investments	(48,683)	(57,016)
(Increase) decrease in:		
Pledges receivable, net	64,245	85,381
Prepaid expenses	86	262
Cash surrender value of donor life insurance policy	(20,032)	(19,304)
Increase (decrease) in:		
Accounts payable	(5,826)	10,548
Deferred revenue	6,950	27,474
Due to designated agencies	(93,780)	(43,126)
Due to agencies	(54,480)	(55,328)
NET CASH USED IN OPERATING ACTIVITIES	(417,925)	(251,954)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(2,553)	(11,233)
Proceeds from sale of investments	973,159	204,497
Purchase of investments	(971,961)	(254,949)
NET CASH USED IN INVESTING ACTIVITIES	(1,356)	(61,685)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(419,280)	(313,639)
Cash and cash equivalents, beginning of year	986,623	1,300,262
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 567,343</u>	<u>\$ 986,623</u>

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties (the Organization) is a member of United Way World Wide. The Organization's mission is to improve lives by advancing opportunities for education, health, and financial stability for all. The Organization serves as a primary community solutions leader that produces measurable, sustainable results through mobilizing and engaging businesses, other non profits, individuals, and governmental agencies to build a stronger community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958 the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or Management.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Permanently restricted net assets - net assets subject to donor-imposed stipulations to be maintained in perpetuity by the Organization. The Organization did not have any permanently restricted net assets at June 30, 2018.

Public Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time and purpose restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or fulfillment of the purpose restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and cash equivalents

The Organization's cash and cash equivalents consist of demand deposits with banks with maturities of three months or less.

The Organization maintains its operating bank accounts primarily at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed FDIC limits. The Organization has not experienced any losses in such accounts.

Investments

Investments are in marketable securities, mutual funds, and fixed income securities and are reported at fair value. The fair value of investments is determined by reference to quoted market prices. Investment purchases and sales are accounted for on the trade date. Realized gains and losses on the sale of securities are recognized based on the sale proceeds compared to the original cost of the investment when acquired, on a specific identification method. Dividend income is recognized on the ex-dividend date while interest income is recognized on the accrual basis.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value, based on prior years' experience and management's analysis of specific promises made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in public support and revenues. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization utilizes historical data as well as management's opinion of current economic conditions to estimate the allowance for uncollectible pledges. Pledges not collected approximately twelve months after the Organization concludes its annual fundraising campaign become delinquent and are written off during the subsequent six to nine months.

Property and Equipment, net

Property and equipment are recorded at cost or fair value at the date of gift for donated property. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenditures for maintenance, repairs and renewals are charged to operations as incurred, and betterments greater than \$1,000 are capitalized. The building improvements are depreciated over 10 years and furniture and equipment over 5-7 years.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classification by the Internal Revenue Service as an other than private foundation. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

As of June 30, 2018 and 2017, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization’s policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Organization files a U.S. Federal information tax return. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2018, 2017, and 2016.

Deferred Revenue

Deferred revenue results from the Organization recognizing contributions and public support in the period in which the annual campaign is attributable. Accordingly, contributions for events and campaigns attributable to the subsequent year are deferred until the proper period.

Reclassifications

Certain balances in the prior fiscal year have been reclassified to conform with the presentation in the current fiscal year.

Fair value measurements

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification estimates a fair value hierarchy that prioritizes the inputs valuation techniques used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value instruments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 and Level 2 were not available.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Designated pledges

A designated pledge is a contribution to the Organization that is to be paid to a donor specified charity. This is an agency transaction that is recorded as a liability and is not included in public support and revenue.

The Organization's policy is for the community investment committee, which is made up community volunteers, to set investment amounts per program with designated donor contributions being the first dollars in. Any supplemental amount is invested from the unrestricted pool.

Functional expenses

The Organization's expenses are allocated to its programs and supporting services based upon direct expenditures incurred. Any expenditure that is not directly allocated is allocated among program and supporting services based upon an analysis of personnel time allocated to each function.

NOTE B – PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2018 and 2017:

	2018		2017
2016 Campaign:		2015 Campaign:	
Undesignated	\$ 280,391	Undesignated	\$ 388,290
Designated	-	Designated	-
2017 Campaign:		2016 Campaign:	
Undesignated	1,105,717	Undesignated	1,192,363
Designated	173,676	Designated	230,774
2018 Campaign:		2017 Campaign:	
Undesignated	1,500	Undesignated	12,250
Designated	-	Designated	-
Total	1,561,284		1,823,677
Less allowance for uncollectible pledges	(452,820)		(650,968)
Total pledges receivable	\$ 1,108,464		\$ 1,172,709

All pledge receivables are deemed collectible within one year therefore no estimation by discounting of future cash flows using a risk-free rate of return is required.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE C - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2018 and 2017:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Money market	\$ 58,170	\$ 58,170		
Equity securities	-	-	\$ 529,138	\$ 447,199
Fixed income securities	260,687	267,938	254,398	227,527
Mutual funds/ETF's	775,535	736,830	244,800	260,549
	<u>\$ 1,094,392</u>	<u>\$ 1,062,939</u>	<u>\$ 1,028,336</u>	<u>\$ 935,276</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2018 and 2017:

	2018	2017
Computers and office equipment	\$ 74,254	\$ 71,701
Furniture, fixtures, and equipment	39,964	39,964
Leasehold improvements	164,412	164,412
Totals	<u>278,630</u>	<u>276,077</u>
Less accumulated depreciation	<u>(136,356)</u>	<u>(108,534)</u>
Property and equipment, net	<u>\$ 142,274</u>	<u>\$ 167,543</u>

During the year ending June 30, 2018 and 2017, depreciation totaled \$27,822 and \$28,870, respectively.

NOTE E – FAIR VALUE MEASUREMENTS

Fair value measurements as of June 30, 2018 and 2017 are determined as follows:

	Fair Value	2018 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by others	\$ 72,753	\$ -	\$ 72,753	\$ -
Investments:				
Money market	58,170	58,170		
Equity securities	-	-	-	-
Fixed income securities	260,687	260,687	-	-
Mutual funds/ETF's	775,535	775,535	-	-
	<u>\$ 1,167,145</u>	<u>\$ 1,094,392</u>	<u>\$ 72,753</u>	<u>\$ -</u>

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED)

		2017 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Beneficial interest in assets held by others	\$ 68,053	\$ -	\$ 68,053	\$ -
Investments:				
Equity securities	529,138	529,138	-	-
Fixed income securities	254,398	254,398	-	-
Mutual funds	244,800	244,800	-	-
	<u>\$ 1,096,389</u>	<u>\$ 1,028,336</u>	<u>\$ 68,053</u>	<u>\$ -</u>

NOTE F - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial interests in assets held by others represent assets transferred to and held by the Community Foundation of Middle Tennessee, Inc. (the "Foundation") The Foundation has variance power and is the legal owner of the funds contributed by the Organization. The Organization is the beneficiary of the fund and receives distributions of income, subject to the Foundation's spending policy. The Organization accounts for its beneficial interest in the Foundation as an asset and is valued at fair market value based upon its proportional share of the value of the trust assets.

NOTE G – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS

Net assets released from the restrictions during the year ended June 30, 2018 and 2017 were comprised of the following:

	2018	2017
Campaign 2016 and 2015, respectively	<u>\$ 1,121,998</u>	<u>\$ 1,100,018</u>

Unrestricted net assets at June 30, 2018 and 2017 are as follows:

	2018	2017
Board designated for operations	\$ 262,746	\$ 244,800
Board designated for agency endowment	72,753	68,053
Unrestricted, undesignated	(368,544)	(89,975)
	<u>\$ (33,045)</u>	<u>\$ 222,878</u>

Temporarily restricted net assets at June 30, 2018 and 2017 are as follows:

	2018	2017
Campaign 2017 and 2016, respectively	<u>\$ 1,106,965</u>	<u>\$ 1,121,998</u>

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE H – SIMPLE IRA PENSION PLAN

The Organization adopted a Simple IRA plan effective July 1, 2005 for the benefit of eligible employees. An employee is eligible for participation if they had compensation of \$5,000 or more during the prior year. For each of the years June 30, 2018 and 2017 the board approved a matching contribution of up to 3% of each participant's compensation.

For the years ended June 30, 2018 and 2017 retirement expense totaled \$10,118 and \$9,331 respectively.

NOTE I – LEASES

The Organization entered into an operating lease for office space for 10 years with an option to extend the term for an additional 5 year period. Annual rent for each successive year after the first year will increase by 2%. The Lessor and the Organization can terminate the lease with a 30 day notice to the other party only for failure of the other party to fulfill its obligations under the lease.

The Organization leased office equipment with operating agreements of varying lengths.

For the years ended June 30, 2018 and 2017 ended total rent expense was \$33,113 and \$33,113, respectively, and was included in management and general, fundraising, and program expenses in the accompanying financial statements.

The future minimum lease payments due are as follows:

<u>June 30,</u>		
2018	\$	37,360
2019		32,736
2020		33,384
2021		34,056
2022		34,740
Therafter		<u>71,580</u>
TOTAL	\$	<u>243,856</u>

NOTE J – CONCENTRATIONS OF RISK

The Organization's support and revenue for the year ended June 30, 2018 and 2017 are approximately 95% and 90% from pledges promised or received in its Fall 2017 and 2016 fundraising campaigns, respectively.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

NOTE K – OTHER ASSET

During the years ended June 30, 2018 and 2017, a donation was received by the Organization in the form of a life insurance policy on the life of a donor in which the Organization was named as the owner and beneficiary. The donor contributes \$50,000 annually to Organization by depositing cash into an investment account under the name of the Organization. In turn, the life insurance company uses the \$50,000 deposited into the investment account to pay the premium on the policy. The Organization has recorded the balance of the life insurance policy as an “other asset” on the balance sheet. As of June 30, 2018 and 2017 the value of the assets within the program totaled \$68,459 and \$48,427.

NOTE L – SUBSEQUENT EVENTS

As of the date of the financial statements no events or transactions have transpired that would have a material effect on the balances reported herein as of June 30, 2018 or that would significantly impact the Organization’s ongoing operations.

The Organization has evaluated subsequent events through August 7, 2018 which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
SCHEDULES OF AMOUNTS GIVEN TO AGENCIES (CASH BASIS)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Alive Hospice, Inc.	5,000.00	-
ACE Learning Center	93,336.00	94,880.00
Big Brothers Big Sisters of Middle Tennessee	37,669.28	36,160.00
Boy Scouts of America	14,519.80	15,964.00
Boys & Girls Clubs of Rutherford County	152,169.23	163,446.00
Cannon County Imagination Library Cannon Reads	4,848.00	5,000.00
Cannon County Rescue Squad	3,789.50	5,855.00
Cannon County Senior Citizens Center	22,198.26	29,467.00
CASA of Rutherford County	27,497.00	25,389.00
Child Advocacy Center of Rutherford County, Inc	179,417.66	184,119.00
Children's Museum Corporation of Rutherford County	18,616.34	17,602.00
Community Helpers-Rutherford County	149,740.00	150,000.00
Domestic Violence Program, Inc	52,434.61	49,539.00
Elders First Adult Day Services -Mindful Care	2,334.38	-
Exchange Club Family Center, Inc	-	40,610.00
Family and Children's Services	950.06	4,710.00
Girl Scouts of Middle Tennessee	13,840.38	14,185.00
Heart of Tenn Chapter American Red Cross	78,167.00	78,242.00
Holloway Harbor	4,862.00	3,046.00
Insight Counseling Centers	10,000.00	-
Interfaith Dental Clinic*	33,035.50	33,062.00
Journey's in Community Living	90,226.56	92,501.00
Kymari House, Inc.	20,000.00	19,520.00
Legal Aid Society of Middle TN and the Cumberlands	15,300.00	15,300.00
MCHRA Homemaker Program	160,466.23	166,405.00
MCS - Franklin Heights Tutoring	16,726.52	17,500.00
Mindful Care Adult Day Services	-	5,000.00
Nurses for Newborns of Tennessee	14,374.52	14,898.00
Portico/The Pregnancy Support Center	4,588.00	-
Project Transformation Tennessee Inc.	28,538.25	28,538.00
Read to Succeed*	20,000.00	20,000.00
Rutherford Co Emergency Food Bank	9,000.35	40,304.00
Rutherford Co Primary Care & Hope Clinic	100,969.56	101,194.00
Rutherford County Schools' Charity Fund	29,714.00	28,949.00
Rutherford County Habitat for Humanity	18,767.98	16,000.00
Second Harvest Food Bank	7,497.54	12,028.00
Smyrna-LaVergne Food Bank	67,100.94	76,692.00
Special Kids	14,909.48	7,807.00
St. Clair Senior Center	29,734.24	43,356.00
Students Taking a Right Stand (STARS)	157,149.00	157,129.00
Tennessee Kidney Foundation	4,000.00	-
Tennessee Poison Center	11,948.00	11,948.00
The Family Center	40,660.00	-
The Guidance Center	43,800.00	43,800.00
The Salvation Army	116,217.12	111,054.00
Tucker's House	6,490.00	-
Wee Care Day Care	27,746.36	27,481.00
West Main Mission	-	13,897.00
Totals	<u>\$ 1,960,350</u>	<u>\$ 2,022,577</u>

See notes to the financial statements and independent auditors' report.

United Way of Rutherford and Cannon Counties
Schedule of Investment in Community
For the year ended June 30, 2018

From July 1, 2017 to June 30, 2018, United Way of Rutherford and Cannon Counties was able to see a \$14 return for every one dollar invested in United Way.

For the year ended June 30, 2018, \$2,239,328 was returned back into the community through the Volunteer Income Tax Assistance Program and \$743,454 was saved by the FamilyWize Prescription Discount Program. United Way also recruited volunteers, making a \$246,011 impact throughout this time frame. United Way also organized several volunteer events (Stuff the Bus and the Community Baby Shower) that resulted in \$67,275 worth of in-kind donations of supplies and materials.

Additionally, United Way invested \$1,888,070 in the areas of education, income, and health to improve lives in Rutherford and Cannon counties. United Way partner programs were able to leverage \$545,331 in additional funds because of their partnership with United Way. United Way was also the sole provider of the 2-1-1 program to Rutherford and Cannon counties with an investment of \$25,750. Charity Tracker generated an impact of \$593,965 to the community through assistance to county residents.

Mission: *To improve lives by advancing opportunities for education, health and financial stability for all*

Vision: *To be the primary community solutions leader for human services*