

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
(A Nonprofit Organization)

Financial Statements

For the Years Ended June 30, 2013 and 2012

With Independent Auditors' Report Thereon

H A Beasley & Company, PC
Certified Public Accountants
Murfreesboro, Tennessee

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
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H A Beasley & Company, PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Rutherford County dba United Way of Rutherford and Cannon Counties

We have audited the accompanying financial statements of United Way of Rutherford County dba United Way of Rutherford and Cannon Counties (a nonprofit organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses 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.

Auditors' 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 of Rutherford County dba United Way of Rutherford and Cannon Counties as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Amounts Given to Agencies (Cash Basis) as of June 30, 2013 and 2012 on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, appearing to be 'HAB' or similar, written over a horizontal line.

H A Beasley & Company PC

Murfreesboro, Tennessee

November 8, 2013

A Positive Difference Through Professional Accounting Service

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UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 1,511,436	\$ 1,190,968
Promises to give, net	1,321,639	1,225,711
Investments	576,662	534,934
Prepaid expenses	26,480	21,809
Other current assets	<u>150</u>	<u>-</u>
Total current assets	3,436,367	2,973,422
 PROPERTY AND EQUIPMENT, NET	 12,531	 16,152
 INVESTMENTS	 <u>236,799</u>	 <u>215,523</u>
TOTAL ASSETS	<u>\$ 3,685,697</u>	<u>\$ 3,205,097</u>
 LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 43,753	\$ 13,765
Due to agencies	1,839,248	1,825,500
Due to designated agencies	352,222	190,650
Community needs assessment	38,750	-
Deferred revenue	8,772	32,419
Accrued expenses	<u>16,723</u>	<u>17,307</u>
Total current liabilities	2,299,468	2,079,641
 TOTAL LIABILITIES	 2,299,468	 2,079,641
 NET ASSETS		
Unrestricted net assets		
Undesignated unrestricted net assets (deficit)	(35,892)	(222,107)
Board designated for operations	188,940	172,546
Board designated for agency endowment	<u>54,396</u>	<u>48,361</u>
Total unrestricted net assets (deficit)	207,444	(1,200)
Temporarily restricted	<u>1,178,785</u>	<u>1,126,656</u>
Total net assets	<u>1,386,229</u>	<u>1,125,456</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 3,685,697</u>	<u>\$ 3,205,097</u>

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

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Public support						
Contributions	\$ 1,522,824	\$ 1,178,785	\$ 2,701,609	\$ 1,653,842	\$ 1,126,656	\$ 2,780,498
Net assets released from restrictions	1,126,656	(1,126,656)	-	870,397	(870,397)	-
Total public support	2,649,480	52,129	2,701,609	2,524,239	256,259	2,780,498
Revenue						
Interest and dividend income	29,210	-	29,210	26,062	-	26,062
Realized gains on investments	47,001	-	47,001	13,103	-	13,103
Unrealized gains (losses) on investments	3,957	-	3,957	(2,205)	-	(2,205)
Federal grant income	3,500	-	3,500	11,407	-	11,407
Other income	19,765	-	19,765	20,500	-	20,500
Total revenue	103,433	-	103,433	68,867	-	68,867
TOTAL PUBLIC SUPPORT AND REVENUE	2,752,913	52,129	2,805,042	2,593,106	256,259	2,849,365
EXPENSES						
Programs						
Fund distribution	1,818,426	-	1,818,426	1,813,880	-	1,813,880
Information and referral program	23,925	-	23,925	18,522	-	18,522
Other programs	314,394	-	314,394	334,062	-	334,062
Total programs	2,156,745	-	2,156,745	2,166,464	-	2,166,464
Fundraising	101,664	-	101,664	102,114	-	102,114
Management and general	285,860	-	285,860	268,243	-	268,243
TOTAL EXPENSES	2,544,269	-	2,544,269	2,536,821	-	2,536,821
Increase in net assets	208,644	52,129	260,773	56,285	256,259	312,544
Net assets (deficit) at beginning of year	(1,200)	1,126,656	1,125,456	(57,485)	870,397	812,912
NET ASSETS (DEFICIT) AT END OF YEAR	\$ 207,444	\$ 1,178,785	\$ 1,386,229	\$ (1,200)	\$ 1,126,656	\$ 1,125,456

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

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

	Programs			Other Functional Expenses		Total
	Fund Distribution	Information and Referral	Other Programs	Fund Raising	Management and General	
Salaries and related expenses						
Salaries and wages	\$ -	\$ -	\$ 170,066	\$ 73,537	\$ 141,719	\$ 385,322
Employee insurance	-	-	28,028	-	31,547	59,575
Pension expense	-	-	3,558	1,386	3,031	7,975
Payroll taxes	-	-	13,464	5,861	11,276	30,601
Total Salaries and related expenses	-	-	215,116	80,784	187,573	483,473
Other expenses						
Advertising	-	-	3,189	-	4,065	7,254
Agency allocations	1,818,248	-	-	-	-	1,818,248
Bank service fees	-	-	362	-	552	914
Campaign incentives	-	-	1,646	4,224	399	6,269
Conference fees	-	-	756	-	2,212	2,968
Depreciation	-	-	2,318	-	2,950	5,268
Employee development	-	-	1,857	30	2,267	4,154
Equipment maintenance/rental	-	-	2,399	-	3,063	5,462
Fundraiser events	178	-	22,162	6,209	16,185	44,734
General insurance	-	-	1,690	-	2,151	3,841
Investment fees	-	-	4,418	-	5,623	10,041
Meetings	-	-	1,036	691	-	1,727
Membership dues	-	23,925	14,045	-	17,876	55,846
Miscellaneous	-	-	5,126	121	-	5,247
Occupancy	-	-	13,464	-	17,136	30,600
Office supplies	-	-	2,817	39	3,543	6,399
Outside professional services	-	-	6,612	-	7,937	14,549
Postage	-	-	1,942	54	2,498	4,494
Printing and publication	-	-	3,065	3,449	2,217	8,731
Signage	-	-	1,810	-	2,304	4,114
Software	-	-	51	-	66	117
Taxes	-	-	208	-	1,014	1,222
Telephone	-	-	2,680	1,350	3,583	7,613
Travel	-	-	5,116	4,713	-	9,829
Volunteer appreciation	-	-	509	-	646	1,155
Total Other expenses	1,818,426	23,925	99,278	20,880	98,287	2,060,796
Total Expenses	<u>\$ 1,818,426</u>	<u>\$ 23,925</u>	<u>\$ 314,394</u>	<u>\$ 101,664</u>	<u>\$ 285,860</u>	<u>\$ 2,544,269</u>

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

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

	Programs			Other Functional Expenses		Total
	Fund Distribution	Information and Referral	Other Programs	Fund Raising	Management and General	
Salaries and related expenses						
Salaries and wages	\$ 1,560	\$ -	\$ 195,571	\$ 73,720	\$ 132,418	\$ 403,269
Employee insurance	-	-	27,242	(104)	34,524	61,662
Pension expense	-	-	3,666	153	3,678	7,497
Payroll taxes	119	-	15,404	6,336	10,440	32,299
Total Salaries and related expenses	1,679	-	241,883	80,105	181,060	504,727
Other expenses						
Advertising	-	-	2,951	(75)	3,756	6,632
Agency allocations	1,812,176	-	-	-	-	1,812,176
Bank service fees	-	-	512	-	773	1,285
Campaign incentives	-	-	1,122	2,963	-	4,085
Conference fees	-	-	-	-	(1,937)	(1,937)
Depreciation	-	-	3,361	-	4,277	7,638
Employee development	-	-	62	-	78	140
Equipment maintenance/rental	-	-	2,390	-	3,042	5,432
Fundraiser events	-	-	19,045	-	17,840	36,885
General insurance	-	-	1,784	-	2,255	4,039
Grant expenses	-	-	10,000	-	-	10,000
Investment fees	-	-	3,795	-	4,842	8,637
Meetings	-	-	993	513	728	2,234
Membership dues	-	18,522	14,021	-	15,873	48,416
Miscellaneous	-	-	182	-	151	333
Occupancy	-	-	10,472	9,350	10,778	30,600
Office supplies	-	-	2,434	174	3,285	5,893
Outside professional services	-	-	6,375	600	8,118	15,093
Postage	-	-	1,415	40	1,750	3,205
Printing and publication	-	-	3,262	2,437	4,235	9,934
Signage	-	-	79	238	101	418
Software	-	-	361	-	460	821
Taxes	-	-	221	600	240	1,061
Telephone	-	-	2,690	1,294	4,815	8,799
Travel	25	-	4,067	3,875	989	8,956
Volunteer appreciation	-	-	585	-	734	1,319
Total Other expenses	1,812,201	18,522	92,179	22,009	87,183	2,032,094
Total Expenses	\$ 1,813,880	\$ 18,522	\$ 334,062	\$ 102,114	\$ 268,243	\$ 2,536,821

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

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 260,773	\$ 312,544
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,268	7,638
Earnings on investments	(27,426)	(23,006)
Fees paid on investments	10,041	8,637
Realized (gains) on sale of investments	(47,001)	(13,103)
Unrealized (gains) losses on investments	(3,957)	2,205
(Increase) in operating assets:		
Pledges receivable	(95,928)	(295,079)
Prepaid expenses	(4,671)	(3,082)
Other current assets	(150)	-
Increase (decrease) in operating liabilities:		
Accounts payable	29,988	(2,235)
Due to agencies	13,748	170,019
Due to designated agencies	161,572	69,468
Community needs assessment	38,750	-
Deferred revenues	(23,647)	(26,857)
Accrued expenses	(584)	4,823
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>316,776</u>	<u>211,972</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,648)	(1,795)
Proceeds from investments	368,065	-
Purchase of investments	(362,725)	(556,158)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,692</u>	<u>(557,953)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	320,468	(345,981)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>1,190,968</u>	<u>1,536,949</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 1,511,436</u>	<u>\$ 1,190,968</u>

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

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties (the Organization) is a member of the United Way World Wide. The Organization completes a series of requirements in thirteen areas to maintain its membership. The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties improves lives by advancing opportunities for education, health and financial stability for all. The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties serves as a primary community solutions leader that produces measureable, sustainable results through mobilizing and engaging the community it serves.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

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 include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Board designated net assets represent amounts the Organization has set aside for a specific purpose.

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. At June 30, 2013 and 2012, the Organization had no permanently restricted net assets.

Public support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 these estimates. The Organization recognizes contributions applying estimated pledge losses. Because of the inherent uncertainties in estimating collections, it is at least reasonably possible that the estimates used will change within the near term.

Contributions

Contributions are recognized as public support and revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specially restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid investments with an initial maturity of three months or less and all certificates of deposit.

Promises to Give, Net

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. Using historical data, management estimates the promises to give allowance each year for uncollectible promises to give. For the years ending June 30, 2013 and 2012 management has estimated the promises to give allowance to be \$290,777 and 264,566, respectively.

Investments

The investments consist of available-for-sale securities invested in equity and fixed income securities as well as mutual funds. These securities are recognized at fair value on the statement of financial position, with realized and unrealized gains or losses on the statement of activities.

Property and Equipment, Net

The Organization capitalizes all property and equipment expenditures with a cost of \$500 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or for donated items, at fair value as of the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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

Property and Equipment (Continued)

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The useful lives of the assets range from 3 to 10 years. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

Designated Pledges

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

The Organization's policy is for the community investment committee, which is made up of 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.

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 to valuation technique used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consist 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 of investments. 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.

Advertising

The Organization expenses advertising costs as they are incurred. For the years ended June 30, 2013 and 2012, advertising expenses totaled \$7,254 and \$6,632, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) (2) of the Internal Revenue Code.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are for the years ended June 30, 2010, 2011 and 2012.

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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

Income Taxes (Continued)

However the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended June 30, 2013 and 2012.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as unrestricted.

Functional Expenses

Presentation of operating expenses includes production costs directly incurred for program activities and supporting expense activity classifications of management and general as well as fund-raising.

Reclassification

Certain reclassifications have been made to the 2012 financial statements to conform to the presentation used in 2013.

NOTE B – PROMISES TO GIVE, NET

Included in promises to give, net are the following unconditional promises to give as of June 30, 2013 and 2012:

	<u>2013</u>		<u>2012</u>
2011 Campaign:		2009 Campaign:	
Undesignated	\$ 770	Undesignated	\$ 2,515
Designated	-	Designated	-
2012 Campaign:		2010 Campaign:	
Undesignated	1,178,743	Undesignated	10,082
Designated	<u>142,126</u>	Designated	-
Total promises to give, net	<u>\$ 1,321,639</u>		
		2011 Campaign:	
		Undesignated	\$ 1,126,656
		Designated	<u>86,458</u>
		Total promises to give, net	<u>\$ 1,225,711</u>

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE C – INVESTMENTS

The Organization has invested funds with Raymond James Financial Services. Investments are stated at fair value and are summarized as follows as of June 30, 2013 and 2012:

	2013		2012	
	Cost	Value	Cost	Value
Equity securities	\$ 323,242	\$ 366,395	\$ 318,112	\$ 334,298
Fixed Income securities	213,937	210,267	200,634	200,634
Mutual funds	172,164	182,403	168,684	167,164
Total	<u>\$ 709,343</u>	<u>\$ 759,065</u>	<u>\$ 687,430</u>	<u>\$ 702,096</u>

Unrealized gains (losses) during the years ended June 30, 2013 and 2012 totaled \$3,957 and \$(2,205) respectively. At June 30, 2013 and 2012 the Board designated funds of these investments consisted of stocks with a cost of \$172,164 and \$168,684, respectively, and a fair value of \$182,403 and \$167,164, respectively, and have been designated by the Board of Directors to support the general purposes and objectives of the Organization and they are long-term investments. Cash invested with Raymond James Financial Services is shown in cash and equivalents. Investments are stated at fair value and are measured using the Level 1 input on the fair value hierarchy chart.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment, net consist of the following at June 30, 2013 and 2012:

	2013	2012
Computers and office equipment	\$ 51,571	\$ 49,924
Furniture, fixtures and equipment	21,065	21,065
Total	72,636	70,989
Accumulated depreciation	(60,105)	(54,837)
Property and equipment, net	<u>\$ 12,531</u>	<u>\$ 16,152</u>

Depreciation for the years ended June 30, 2013 and 2012 totaled \$5,268 and \$7,638 respectively.

NOTE E - INVESTMENT IN ASSETS OF COMMUNITY FOUNDATION

Assets in the amount of \$30,228 have been transferred to the Community Foundation of Middle Tennessee, Inc. (the Foundation), a Tennessee not-for-profit corporation, exempt under Internal Revenue Code 501(c) (3) for its charitable, educational and public purposes. Control of the funds has been granted to the Foundation. The Foundation has the ultimate authority and control over all property of the fund, and the income derived therefrom, for the charitable purposes of the Foundation. Proceeds from the fund are to be paid annually to the Organization. The Organization's investment in assets of the Community Foundation is recorded at fair market value in the amount of \$54,396 and \$48,361 at June 30, 2013 and 2012 respectively. These funds have been designated by the Board of Directors to support the general purposes and objectives of the Organization and it is a long-term investment.

**UNITED WAY OF RUTHERFORD COUNTY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE F – RESTRICTIONS ON AND DESIGNATIONS OF NET ASSETS

Net assets released from restrictions during the year ended June 30, 2013 and 2012 were comprised of the following:

	<u>2013</u>	<u>2012</u>
Campaign 2011 and 2010, respectively	<u>\$ 1,126,656</u>	<u>\$ 870,397</u>

Unrestricted net assets at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Board designated for operations	\$ 188,940	\$ 172,546
Board designated for agency endowment	54,396	48,361
Unrestricted, undesignated	<u>(35,892)</u>	<u>(222,107)</u>
Total unrestricted net assets	<u>\$ 207,444</u>	<u>\$ (1,200)</u>

Temporarily restricted net assets at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Campaign 2012 and 2011, respectively	<u>\$ 1,178,785</u>	<u>\$ 1,126,656</u>

NOTE G – FUNCTIONAL EXPENSES

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

For the years ended June 30, 2013 and 2012 the Organization incurred expenses amounting to \$2,156,745 and \$2,166,464, respectively, related to program services and \$285,084 and \$268,243, respectively, related to management and general and \$102,440 and \$102,114, respectively, related to fund-raising.

NOTE H – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash equivalents and promises to give. The Organization estimates that the fair value of all financial instruments at June 30, 2013 and 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and equivalents and the current portion of promises to give reported in the statement of financial position approximate fair market values because of the short maturities of those instruments. The Organization does not have any long term promises to give requiring estimation by discounting of future cash flows using a risk-free rate of return.

**UNITED WAY OF RUTHERFORD COUNTY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE I – SIMPLIFIED EMPLOYEE PENSION PLAN

The Organization adopted a simplified employee pension plan effective January 1, 1991 for the benefit of eligible employees. An employee is eligible for participation one year after their service entry date. Contributions to the plan are made at the discretion of the Board of Directors. For each of the years ended June 30, 2013 and 2012 the board approved a 3% matching retirement contribution.

For the years ended June 30, 2013 and 2012 retirement expense totaled \$7,975 and \$7,497 is included in the accompanying financial statements for the years ended June 30, 2013 and 2012 respectively.

NOTE J – OPERATING LEASES

The Organization entered into a lease for office space for 12 months commencing on July 1, 2011 and terminating on June 30, 2012. The monthly rent due under this lease is \$2,550. The Organization is currently under a month-to-month lease beginning July 1, 2012 with a monthly lease payment of \$2,550. The Lessor and the Organization can terminate the lease with a 90 day notice to the other party. The rent may be increased at any time upon 90 days written notice to the Organization. If the Organization does not accept the increase in rent it may terminate the lease with a 90 day notice. Rent expense totaled \$30,600 for each of the years ended June 30, 2013 and 2012, respectively, were included in management and general, fundraising and program expenses in the accompanying financial statements.

The Organization leases two pieces of office equipment with operating agreements of varying lengths. Rent expense of \$5,396 and \$5,087 for the years ended June 30, 2013 and 2012, respectively, were included in management and general and program expenses in the accompanying financial statements.

The future minimum lease payments due are as follows:

2014	\$	5,992
2015		5,812
2016		5,272
2017		5,272
2018		3,954
Total	\$	<u>26,302</u>

NOTE K – INTEREST AND DIVIDEND INCOME

Investment income is comprised of interest earned on money held in money market accounts and certificates of deposit at financial institutions, dividends earned on investments in assets of Community Foundation and securities held in brokerage accounts. The income is reported as unrestricted revenue.

NOTE L – CONCENTRATIONS OF RISK

At June 30, 2013 and 2012 and at certain times during the years then ended, the balances on deposit at financial institutions exceeded federally insured limit of \$250,000. The amounts exceeding the FDIC coverage at June 30, 2013 and 2012 totaled \$725,428 and \$55,839 respectively. As of June 30, 2013 and 2012 the total amount of funds in a financial institution which is not federally insured totaled \$26,105 and \$20,765, respectively. The Organization manages this risk by maintaining all deposits in high quality institutions.

**UNITED WAY OF RUTHERFORD COUNTY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE L – CONCENTRATIONS OF RISK (CONTINUED)

Approximately 93.0% of the Organization's public support and revenue for the year ended June 30, 2013 was from pledges promised or received in its Fall 2012 fundraising campaign. Approximately 89.0% of the Organization's support and revenue for the year ended June 30, 2012 was from pledges promised or received in its Fall 2011 fundraising campaign.

NOTE M – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through November 8, 2013, which is the date the financial statements were available to be issued.

**UNITED WAY OF RUTHERFORD COUNTY
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SCHEDULES OF AMOUNTS GIVEN TO AGENCIES (CASH BASIS)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
Alive Hospice, Inc.	\$ -	\$ 33,811
American Red Cross - Heart of Tennessee	135,000	135,000
Big Brother Big Sisters	25,000	5,000
Boy Scouts of America, Middle Tennessee Council	37,000	37,000
Boys & Girls Clubs of Rutherford County	150,000	135,000
Cannon County 4-H Clubs	1,800	2,000
Cannon County SAVE	5,000	5,000
Cannon County Senior Citizens Center	25,000	20,000
CASA of Rutherford County	30,000	24,000
Child Advocacy Center of Rutherford County	39,500	35,000
Community Food Partners - 2nd Harvest	23,000	18,000
Community Helpers of Rutherford County	227,000	220,000
Crisis Intervention Center	13,000	13,000
Discovery Center of Murfree Spring	29,000	25,000
Domestic Violence Program, Inc.	59,000	55,000
Exchange Club Family Center, Inc.	28,000	26,000
Girl Scouts Council of Cumberland Valley	32,000	32,420
Greenhouse Ministries	5,000	5,000
Holloway HS Child Care Program	4,500	4,500
Hospice of Murfreesboro - MTMC	39,134	-
Interfaith Dental Clinic	3,000	-
Journeys in Community Living (formerly RCAAC)	-	100,000
Kids on the Block: A Program of STARS Nashville	15,000	12,000
Legal Aid Society of Middle Tennessee	16,000	15,000
MCHRA - Homemaker Program	47,000	35,000
MCHRA - Long-term Care Ombudsman Program	3,000	3,500
MCHRA - Meals on Wheels & Senior Dining	45,000	42,000
MCHRA - Youth-CAN-Career Action Network	29,000	25,000
MCS Indigent Childrens Fund	15,000	-
MCS - Franklin Heights Tutoring and Homework Help	-	10,000
Nurses for Newborns Foundation	13,000	6,500
Project Care & Hope Clinic	-	44,000
Project Help - Middle Tennessee State University	106,000	97,000
Read To Succeed	3,000	-
Rutherford-Cannon County Drug Court	3,450	-
Rutherford Co. Adult Activity Center	110,000	-
Rutherford Co. Books from Birth	3,000	-
Rutherford Co. Emergency Food Bank	59,000	57,000
Rutherford Co. Primary Care & Hope Clinic	50,000	-
Rutherford Co. Schools' Charity Fund	27,000	27,000
Sexual Assault Services of Domestic Violence Program	8,500	8,000
Smyrna-Lavergne Food Bank	81,000	79,000
St. Clair Street Senior Center	39,366	44,000
STARS Nashville	25,000	23,000
Tennessee Poison Center	10,000	7,500
The Guidance Center	51,000	48,000
The Salvation Army	45,000	37,500
Vanderbilt Bill Wilkerson Center	4,750	4,750
Wee Care Day Care Center	30,000	27,000
West Main Mission	55,000	50,000
Total	<u>\$ 1,805,000</u>	<u>\$ 1,633,481</u>

See accompanying notes to financial statements and independent auditors' report