

UNITED WAY OF SUMNER COUNTY
Financial Statements
June 30, 2007 and 2006

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Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
DARREL E. TONGATE, CPA
KAREN R. STEPHENS, CPA
CATHY D. FISHER, CPA
KEVIN R. COOK, CPA
LAUREN S. HILGADIACK, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-8188
WWW.PARKERCPA.NET

Independent Auditors' Report

To the Board of Directors
United Way of Sumner County
Hendersonville, Tennessee

We have audited the accompanying statements of financial position of United Way of Sumner County (a nonprofit organization) as of June 30, 2007 and 2006 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Sumner County as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

September 12, 2007

Parker, Parker & Associates

UNITED WAY OF SUMNER COUNTY
Statements of Financial Position
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets		
Cash	\$ 222,936	\$ 288,348
Pledges Receivable, Net of Allowance of \$65,440 in 2007 and \$71,451 in 2006	270,482	271,629
Prepaid Expenses	<u>1,877</u>	<u>2,102</u>
Total Current Assets	<u>495,295</u>	<u>562,079</u>
 Property and Equipment		
Equipment	18,311	17,626
Leasehold Improvements	10,705	9,000
Accumulated Depreciation	<u>(15,234)</u>	<u>(11,687)</u>
Total Property and Equipment	<u>13,782</u>	<u>14,939</u>
 Total Assets	 <u><u>\$ 509,077</u></u>	 <u><u>\$ 577,018</u></u>
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Accounts Payable	\$ -	\$ 372
Payroll Taxes Payable	1,738	2,129
Accrued Vacation	4,198	3,700
Tornado Relief Payable	27,591	71,634
Allocations to Agencies	<u>406,435</u>	<u>479,339</u>
Total Current Liabilities	<u>439,962</u>	<u>557,174</u>
 Net Assets (Deficit)		
Unrestricted Net Assets (Deficit)	(30,023)	(79,294)
Unrestricted Net Assets - Board Designated	<u>99,138</u>	<u>99,138</u>
Total Net Assets	<u>69,115</u>	<u>19,844</u>
 Total Liabilities and Net Assets (Deficit)	 <u><u>\$ 509,077</u></u>	 <u><u>\$ 577,018</u></u>

See independent auditors' report and notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Statements of Activities
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Unrestricted Net Assets		
Support		
Contributions	\$ 683,745	\$ 785,191
In-kind Donations	5,821	9,079
Tornado Relief Effort (includes \$136,793 In-kind Donations in 2006)	3,232	233,090
Special Events	<u>-</u>	<u>13,792</u>
Total Support	<u>692,798</u>	<u>1,041,152</u>
Revenue		
Rent Income	2,550	6,150
Interest Income	6,464	2,807
Miscellaneous	<u>-</u>	<u>3,913</u>
Total Revenue	<u>9,014</u>	<u>12,870</u>
Total Support and Revenue	<u>701,812</u>	<u>1,054,022</u>
Program Expenses		
Allocations and Designations to Agencies	406,274	557,786
Other Program Expenses	<u>117,208</u>	<u>329,874</u>
Total Program Expenses	<u>523,482</u>	<u>887,660</u>
Supporting Services		
Management and General Expense	39,205	45,672
Fundraising	<u>89,854</u>	<u>96,619</u>
Total Supporting Services	<u>129,059</u>	<u>142,291</u>
Total Expenses	<u>652,541</u>	<u>1,029,951</u>
Increase in Unrestricted Net Assets	<u>49,271</u>	<u>24,071</u>
Net Assets (Deficit) - Beginning of Year	<u>19,844</u>	<u>(4,227)</u>
Net Assets - End of Year	<u>\$ 69,115</u>	<u>\$ 19,844</u>

See independent auditors' report and notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Statements of Functional Expenses
For the Years Ended June 30, 2007 and 2006

	2007				2006			
	Program Services	Supporting Services Management & General	Fundraising	Total	Program Services	Supporting Services Management & General	Fundraising	Total
Allocations and Designations	\$ 406,274	\$ -	\$ -	\$ 406,274	\$ 557,786	\$ -	\$ -	\$ 557,786
Audit	-	4,424	-	4,424	-	4,900	-	4,900
Awards and Banquet	352	352	352	1,056	947	947	947	2,841
Bad Debt	48,942	-	-	48,942	24,942	-	-	24,942
Bank Fees	-	185	-	185	-	149	-	149
Depreciation	1,182	1,183	1,182	3,547	1,137	1,137	1,138	3,412
Dues	4,548	2,274	2,274	9,096	4,463	2,231	2,231	8,925
Employee Benefits	4,324	1,681	6,005	12,010	4,682	1,821	6,502	13,005
Equipment Lease	892	347	1,238	2,477	1,094	426	1,520	3,040
Equipment Maintenance	731	284	1,016	2,031	238	93	330	661
Insurance	-	3,014	-	3,014	-	3,227	-	3,227
Meeting Expenses	645	323	323	1,291	913	456	456	1,825
Miscellaneous	363	363	363	1,089	168	168	168	504
Moving Expenses	817	818	818	2,453	-	-	-	-
Rent	7,972	4,701	7,767	20,440	10,838	6,391	10,560	27,789
Office Supplies	155	680	711	1,546	265	1,166	1,219	2,650
Payroll Taxes	2,800	1,089	3,888	7,777	2,753	1,071	3,824	7,648
Periodicals/Publications	8	2	76	86	8	2	78	88
Postage	643	68	658	1,369	854	89	854	1,797
Printing	158	35	1,557	1,750	217	48	2,148	2,413
Publicity and Campaign Supplies	376	84	3,716	4,176	517	115	5,118	5,750
Salaries and Wages	37,954	14,760	52,714	105,428	35,542	13,822	49,364	98,728
Special Events	-	-	-	-	4,603	4,603	4,742	13,948
Tornado Relief (including in-kind)	2,019	-	-	2,019	233,090	-	-	233,090
Training	-	-	-	-	157	157	157	471
Travel	140	350	3,009	3,499	137	344	2,954	3,435
Utilities	2,187	2,188	2,187	6,562	2,309	2,309	2,309	6,927
Subtotal	117,208	39,205	89,854	246,267	329,874	45,672	96,619	472,165
Total	\$ 523,482	\$ 39,205	\$ 89,854	\$ 652,541	\$ 887,660	\$ 45,672	\$ 96,619	\$ 1,029,951

See independent auditors' report and notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Statements of Cash Flows
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 49,271	\$ 24,071
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	3,547	3,412
(Increase) Decrease in Accounts Receivable	1,147	(1,901)
Decrease in Prepaid Expenses	225	241
Decrease in Accounts Payable	(372)	(24)
Decrease in Payroll Taxes Payable	(391)	(23)
Increase (Decrease) in Accrued Liabilities	(43,545)	70,583
Decrease in Deferred Revenue	-	(39,610)
Decrease in Allocations to Agencies	<u>(72,904)</u>	<u>(91,114)</u>
Total Adjustments	<u>(112,293)</u>	<u>(58,436)</u>
Net Cash Used by Operating Activities	<u>(63,022)</u>	<u>(34,365)</u>
Cash Flows from Investing Activities		
Cash Payments for the Purchase of Property	<u>(2,390)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(2,390)</u>	<u>-</u>
Net Decrease in Cash	(65,412)	(34,365)
Cash - Beginning of Year	<u>288,348</u>	<u>322,713</u>
Cash - End of Year	<u>\$ 222,936</u>	<u>\$ 288,348</u>

See independent auditors' report and notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements
June 30, 2007 and 2006

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

United Way of Sumner County (the "United Way") adopted by-laws in April 1985. Its purpose is to bring together in one united appeal all possible contribution campaigns of the community's health, welfare, educational and recreational agencies. Additionally, United Way is committed to deploy financial support to agencies, to maximize the resources available for services aimed at the most urgent needs of the community, to muster community support and commitment and to manage its operation effectively. A campaign is held annually for contributions from donors in Sumner County which are then allocated as support to member agencies and other charities in Sumner County based on the recommendation of an allocation committee appointed by the board of directors.

B. Basis of Accounting

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

C. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted – Net assets subject to donor-imposed restrictions that may or will be met, either by actions of United Way and/or the passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions that do not expire with the passage of time and cannot be removed or fulfilled by United Way's actions. Permanently restricted net assets must be maintained by United Way in perpetuity.

There are no Temporarily Restricted or Permanently Restricted Net Assets for the years ended June 30, 2007 and 2006.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes demand deposits and savings accounts. United Way had no cash equivalents at June 30, 2007 and 2006.

E. Income Taxes

The Chapter is a nonprofit corporation that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

F. Property and Equipment

Property and equipment are recorded at cost or estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over their estimated useful lives, which vary from three to fifteen years.

G. 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.

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 1. Summary of Significant Accounting Policies – Continued

H. Sick Pay and Vacation Accrual

Unused sick time can be accrued and carried forward from year-to-year up to a maximum of 90 days. Sick time is not paid upon termination and is not recorded on the financial statements. Vacation time is earned after 90 days of service. Five days can be carried forward from year-to-year. Vacation time is paid upon termination and has been accrued in the financial statements.

I. Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows unless the value not discounted is immaterial to the financial statements as a whole. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for pledges receivable is an amount established by management, based on historical trends and current information, for expected uncollectible pledges at June 30, 2007 and 2006.

K. Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, United Way reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

L. Contributed Assets and Services

United Way receives contributions for office rent, publicity and advertising and special events. These contributions meet the requirements for recognition in the financial statements and have been recorded at fair market value on the date of contribution.

Citizens of Sumner County donate many hours of their time to the United Way. These volunteer services neither create nor enhance non-financial assets nor do they require specialized skills, and thus are not recognized as support in the accompanying statement of activities.

M. Functional Expenses

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

N. Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to 2007 presentation.

Note 2. Concentration of Credit Risk

United Way holds cash with various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2007 and 2006, United Way's accounts with financial institutions exceed FDIC insurance coverage by \$69,910 and \$179,006, respectively.

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 3. Pledges Receivable

The amounts of pledges receivable and future collections as of June 30 are as follows. Pledges receivable have not been discounted as the amount is immaterial:

	<u>2007</u>	<u>2006</u>
Receivable in Less than One Year	\$ 335,922	\$ 343,080
Receivable in One to Two Years	-	-
Total Pledges Receivable-Unrestricted	<u>\$ 335,922</u>	<u>\$ 343,080</u>
	<u>2007</u>	<u>2006</u>
Pledges Receivable - Unrestricted	\$ 335,922	\$ 343,080
Less:		
Allowance for Doubtful Accounts	(65,440)	(71,451)
Pledges Receivable, Net	<u>\$ 270,482</u>	<u>\$ 271,629</u>

Note 4. Contributed Assets and Services

The value of donated assets and services for the year ended June 30 are as follows:

	<u>2007</u>	<u>2006</u>
Contributions		
Office Rent	\$ 5,821	\$ 9,079
Tornado Concert		136,793
	<u>\$ 5,821</u>	<u>\$ 145,872</u>
Expenses		
Office Rent	\$ 5,821	\$ 9,079
Tornado Relief Expenses	-	136,793
	<u>\$ 5,821</u>	<u>\$ 145,872</u>

Note 5. Operating Lease

Beginning January 1, 2007, United Way leases office space for \$1,000 per month under a three-year lease that expires December 31, 2009. Upon expiration of the three-year term United Way can continue to rent month-to-month for an additional three-year term for \$1,000 per month. For the year ended June 30, 2006 and the period July 1, 2006 through December 31, 2006, United Way leased office space for \$2,301 per month of which \$744 per month was donated. Refer to note 5 for the donation of rent and a sublease. The lease rate increased annually in relation to the Consumer Price Index and expired in December 2006. United Way also leased a copier for \$227 per month which expired in September 2006 and began leasing another copier for \$218 per month under a lease which expires in June 2011. Total rent paid during 2007 and 2006 was \$20,440 and \$27,789, respectively.

Future minimum lease payments are as follows:

Year Ending June 30,	Annual Lease Payments
2008	\$ 14,616
2009	14,616
2010	8,616
2011	2,616
	<u>\$ 40,464</u>

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements - Continued
June 30, 2007 and 2006

Note 6. Related Party Transactions

During the year ended June 30, 2007 and 2006, United Way paid \$8,769 and \$18,711, respectively, to a board member for rent of office space.

United Ways of Tennessee, a related organization to United Way, shared employees and office space with United Way. United Ways of Tennessee paid \$500 per month for rent through December 31, 2006. Employees are paid independently by each organization.

Note 7. Retirement Plan

Employees of United Way are eligible to participate in the 401(k) retirement plan through salary deferral after one year of service. United Way will match 100% up to 3% of the employee's salary. The employer contribution to the plan begins on the first day of the new calendar quarter after the employee has been employed one full year. Total employer matching contributions for the year ended June 30, 2007 and 2006 were \$1,279 and \$660, respectively.

Note 8. Tornado Relief Effort

On April 4, 2006 a tornado struck Sumner County, Tennessee. As a result, United Way hosted a benefit concert to assist victims. All proceeds from the fundraiser including concessions, ticket sales, donations and miscellaneous will go to benefit victims. The balance of the proceeds that had not been distributed at June 30, 2007 and 2006 is \$27,591 and \$71,634, respectively. United Way intends to distribute all funds within the next year.