

**United Way of Sumner County
Audited Financial Statements
June 30, 2011 and 2010**

**UNITED WAY OF SUMNER COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010**

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Carl A. Davis & Company
Certified Public Accountants
131 Maple Row Boulevard
Suite A100
Hendersonville, TN 37075

Phone: 615-822-0231

Fax: 615-822-2220

Independent Auditors' Report

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

We have audited the accompanying statement of financial position of United Way of Sumner County (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 audit provides 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, 2011 and 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Carl A. Davis & Company

August 2, 2011

UNITED WAY OF SUMNER COUNTY
Statements of Financial Position
June 30, 2011 and 2010

Assets	<u>2011</u>	<u>2010</u>
Current Assets		
Cash	\$ 358,415	\$ 361,045
Pledges Receivable, Net of Allowance of \$70,039 in 2011 and \$58,116 in 2010	300,344	302,037
Prepaid Expenses	<u>1,224</u>	<u>2,202</u>
Total Current Assets	<u>\$ 659,983</u>	<u>\$ 665,284</u>
Property and Equipment		
Equipment	19,420	18,570
Leasehold Improvements	4,138	1,705
Accumulated Depreciation	<u>(17,966)</u>	<u>(16,786)</u>
Total Property and Equipment	5,593	3,490
Other Assets		
Deposits	<u>1,430</u>	<u>-</u>
Total Assets	<u><u>\$ 667,006</u></u>	<u><u>\$ 668,773</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 11,515	\$ 437
Payroll Taxes Payable	-	163
Accrued Vacation	3,988	5,208
Allocations to Agencies	<u>499,867</u>	<u>442,038</u>
Total Current Liabilities	<u>515,370</u>	<u>447,845</u>
Net Assets		
Unrestricted Net Assets	38,721	84,231
Unrestricted Net Assets - Board Designated	<u>91,850</u>	<u>108,032</u>
Total Unrestricted Net Assets	130,571	192,263
Temporarily Restricted Net Assets	<u>21,065</u>	<u>28,665</u>
Total Net Assets	<u>151,636</u>	<u>220,928</u>
Total Liabilities and Net Assets	<u><u>\$ 667,006</u></u>	<u><u>\$ 668,773</u></u>

See notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Statements of Activities
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets		
Support		
Contributions	\$ 746,294	\$ 714,153
In-kind Donations	7,220	-
Other Revenue	1,085	2,106
Total Support	<u>754,599</u>	<u>716,259</u>
Revenue		
Interest Income	3,809	4,818
Total Revenue	<u>3,809</u>	<u>4,818</u>
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments		<u>8,017</u>
Total Support and Revenue and Reclassifications	<u>758,408</u>	<u>729,094</u>
Program Expenses		
Allocations and Designations to Agencies	513,867	427,410
Other Program Expenses	164,028	103,839
Total Program Expenses	<u>677,895</u>	<u>531,249</u>
Supporting Services		
Management and General Expenses	42,424	36,639
Fundraising Expenses	99,781	79,766
Total Supporting Services	<u>142,205</u>	<u>116,405</u>
Total Expenses	<u>820,100</u>	<u>647,654</u>
Increase(Decrease) in Unrestricted Net Assets	<u>(61,692)</u>	<u>81,440</u>
Temporarily Restricted Net Assets		
Contributions		8,432
Net Assets Released from Restrictions	(7,600)	(8,017)
Increase(Decrease) in Temporarily Restricted Net Assets	<u>(7,600)</u>	<u>415</u>
Increase(Decrease) in Net Assets	(69,292)	81,855
Net Assets - Beginning of Year	<u>220,928</u>	<u>139,073</u>
Net Assets - End of Year	<u><u>\$ 151,636</u></u>	<u><u>\$ 220,928</u></u>

See notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Statements of Functional Expenses
For the Years Ended June 30, 2011 and 2010

	2011				2010			
	Supporting Services		Supporting Services		Supporting Services		Supporting Services	
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Allocations & Designations	\$ 513,867	\$ -	\$ -	\$ 513,867	\$ 427,410	\$ -	\$ -	\$ 427,410
Awards and Banquet	-	-	1,766	1,766			1,248	1,248
Bank Fees	-	289	-	289		142		142
Depreciation	393	393	393	1,180		375	375	1,126
Disaster Relief		-	-	-	8,017			8,017
Dues	4,477	2,238	2,238	8,953	4,188	2,094	2,094	8,377
Employee Benefits	2,260	879	3,138	6,278	2,326	905	3,229	6,460
Equipment Lease	920	358	1,279	2,556	1,009	393	1,403	2,805
Equipment Maintenance	1,323	514	1,839	3,677	1,362	530	1,893	3,785
Insurance	1,375	1,375	1,376	4,127	1,113	1,113	1,114	3,340
Legal & Professional Fees	-	11,176	-	11,176		10,454		10,454
Meeting Expenses	772	772	795	2,338	504	504	520	1,528
Miscellaneous	53	56	56	168	77	80	80	241
Moving Expenses	-	2,055	-	2,055				-
Office Supplies	213	937	981	2,131	213	937	981	2,131
Payroll Taxes	3,473	1,351	4,823	9,648	3,066	1,193	4,258	8,517
Periodicals/Publications	-	-	-	-			1	1
Pledge Loss	98,159	-	-	98,159	39,511			39,511
Postage	478	51	488	1,016	604	64	617	1,285
Printing	78	17	773	868	11	2	107	120
Publicity & Campaign Supplies	1,564	347	15,463	17,374	759	169	7,504	8,431
Rent	6,714	3,960	6,542	17,215	7,020	4,140	6,840	18,000
Salaries and Wages	36,555	14,216	50,773	101,544	31,304	12,174	43,480	86,958
Special Events	3,915	-	3,915	7,829	1,130		1,130	2,259
Training	-	-	-	-	247	247	254	748
Travel	90	224	1,926	2,240	80	200	1,714	1,994
Utilities	1,216	1,216	1,217	3,650	923	923	924	2,770
Subtotal	164,028	42,424	99,781	306,236	103,839	36,639	79,766	220,248
Total	\$ 677,895	\$ 42,424	\$ 99,781	\$ 820,100	\$ 531,249	\$ 36,639	\$ 79,766	\$ 647,654

See notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows form Operating Activities		
Increase (Decrease) in Net Assets	\$ (69,292)	\$ 81,855
Adjustments to Reconcile Increase in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	1,180	1,126
Donated Property and Equipment	(850)	-
(Increase) Decrease in Pledges Receivable	1,693	(30,904)
(Increase) Decrease in Prepaid Expenses	978	(483)
(Increase) Decrease in Deposits	(1,430)	
Increase (Decrease) in Accounts Payable	11,078	(264)
Increase (Decrease) in Payroll Taxes Payable	(163)	(1,770)
Increase (Decrease) in Accrued Vacation	(1,220)	1,361
Increase (Decrease) in Allocations to Agencies	57,829	(49,190)
Total Adjustments	<u>69,095</u>	<u>(80,124)</u>
 Net Cash Provided (Used) by Operating Activities	 <u>(197)</u>	 <u>1,731</u>
Cash Flows from Investing Activities		
Cash Payments for the Purchase of Capital Assets	<u>(2,433)</u>	<u>-</u>
 Net Cash Used by Investing Activities	 <u>(2,433)</u>	 <u>-</u>
 Net Increase (Decrease) in Cash	 <u>(2,630)</u>	 <u>1,731</u>
 Cash - Beginning of Year	 <u>361,045</u>	 <u>359,314</u>
 Cash - End of Year	 <u><u>\$ 358,415</u></u>	 <u><u>\$ 361,045</u></u>

See notes to financial statements.

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements
June 30, 2011 and 2010

Note 1. Summary of Significant Accounting Policies

A. Nature of Activities

United Way of Sumner Country (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 and educational 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 FASB ASC 958, *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 Permanently Restricted Net Assets for the year ended June 30, 2011 and 2010.

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, 2011 and 2010.

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

Fixed assets with a cost of \$500 or more and an estimated useful life of greater than one year are carried at cost if purchased or fair market value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, 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

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements - Continued
June 30, 2011 and 2010

Note 1. Summary of Significant Accounting Policies – Continued

assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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, 2011 and 2010.

J. 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.

K. Contributed Assets and Services

United Way receives contributions for various publicity, advertising and special events from time to time. When these contributions meet the requirements for recognition in the financial statements, they are 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.

L. Functional Expenses

The costs of proving 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.

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements - Continued
June 30, 2011 and 2010

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). At June 30, 2011 and 2010, United Way's accounts with financial institutions did not exceed FDIC insurance coverage.

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>2011</u>	<u>2010</u>
Receivable in Less than One Year	\$ 370,383	\$ 360,153
Receivable in One to Five Years	-	-
More than Five Years	-	-
Total Pledges Receivable – Unrestricted	\$ 370,383	\$ 360,153
Less:		
Allowance for Doubtful Accounts	(70,039)	(58,116)
Pledges Receivable – Net	<u>\$ 300,344</u>	<u>\$ 302,037</u>

Note 4. Contributed Assets and Services

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

Contributions	<u>2011</u>	<u>2010</u>
Donated Property and Equipment	\$ 850	\$ -
Donated Services	6,370	-
	<u>\$ 7,220</u>	<u>\$ -</u>
 Expenses and Assets	 <u>2011</u>	 <u>2010</u>
Property and Equipment	\$ 850	\$ -
Professional Services	6,370	-
	<u>\$ -</u>	<u>\$ -</u>

Note 5.

Operating Lease

United Way leases office space for \$1,180 per month under a lease expiring January 31, 2016. An additional lease expiring in 2015 is in place for office equipment. Total lease payments made during 2011 and 2010 were \$20,234 and \$20,806, respectively. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Lease</u> <u>Payments</u>
2012	\$ 16,599
2013	16,599
2014	16,599
2015	16,395
2016	8,257
	<u>\$ 74,449</u>

Note 6. Retirement Plan

Full time 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

UNITED WAY OF SUMNER COUNTY
Notes to Financial Statements - Continued
June 30, 2011 and 2010

Note 6. Retirement Plan - continued

matching contributions for the year ended June 30, 2011 and 2010 were \$0 and \$164, respectively.

Note 7. Restricted Net Assets

Board Designated

Board designated net assets consist of funds set aside to assist partner agencies with the financial needs associated with emergencies that arise within the Organizations.

Temporarily Restricted

Temporarily restricted net assets consist of funds raised to assist victims of natural disasters in Sumner, Macon, and Trousdale Counties.

Note 8. Subsequent Events

United Way has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2011 through August 2, 2011, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.