

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

Financial Statements

For the Years Ended June 30, 2012 and 2011

With Independent Auditor's Report Thereon

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



H A Beasley & Company, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

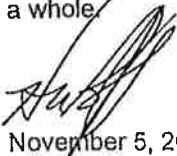
To the Board of Directors
United Way of Rutherford County
DBA United Way of Rutherford and Cannon Counties
Murfreesboro, Tennessee

We have audited the accompanying statements of financial position of United Way of Rutherford County DBA United Way of Rutherford and Cannon Counties (a nonprofit organization) as of June 30, 2012 and 2011, 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 Rutherford County DBA United Way of Rutherford and Cannon Counties as of June 30, 2012 and 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Amounts Given to Agencies (Cash Basis) schedules on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



November 5, 2012

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
As of June 30, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,170,203 ✓	\$ 1,536,949
Pledges Receivable (See Note C)	1,225,711 ✓	930,632
Investments (See Note E)	550,315 ✓	-
Prepaid Expenses	21,809 ✓	18,727
Total Current Assets	<u>2,968,038</u>	<u>2,486,308</u>
Property and Equipment		
Property and Equipment (See Note D)	70,989 ✓	69,194
Less Accumulated Depreciation	<u>(54,837) ✓</u>	<u>(47,199)</u>
Total Property and Equipment	<u>16,152</u>	<u>21,995</u>
Other Assets		
Investments (See Note E)	172,546 ✓	119,429
Investments in Assets of Community Foundation (See Note F)	<u>48,361 ✓</u>	<u>49,603</u>
Total Other Assets	<u>220,907</u>	<u>169,032</u>
TOTAL ASSETS	<u>\$ 3,205,097</u>	<u>\$ 2,677,335</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 13,765 ✓	\$ 16,000
Due to Agencies	1,825,500 ✓	1,655,481
Due to Designated Agencies	190,650 ✓	121,182
Deferred Revenue	32,419 ✓	59,276
Payroll Liabilities	267 ✓	839
Vacation Payable	17,040 ✓	11,645
Total Current Liabilities	<u>2,079,641</u>	<u>1,864,423</u>
Total Liabilities	<u>2,079,641</u>	<u>1,864,423</u>
Net Assets		
Unrestricted (See Note G)	(1,200) ✓	(57,485)
Temporarily Restricted (See Note G)	1,126,656 ✓	870,397
Total Net Assets	<u>1,125,456</u>	<u>812,912</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 3,205,097</u> ✓	<u>\$ 2,677,335</u>

See accompanying notes and independent auditor's report

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
Statements of Activities
For the Years Ended June 30, 2012 and 2011**

	2012		2011	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Public Support and Revenue				
Public Support				
Contributions	\$ 1,653,842	\$ 1,126,656	\$ 1,577,668	\$ 870,397
Net Assets Released From Restrictions	870,397	(870,397)	718,028	(718,028)
Total Public Support	<u>2,524,239</u>	<u>256,259</u>	<u>2,295,696</u>	<u>152,369</u>
Revenue				
Interest and Dividend Income (See Note L)	26,062		17,719	17,719
Realized Gains (Losses) on Investments	13,103		814	814
Unrealized Gains (Losses) on Investments	(2,205)		1,393	1,393
Federal Grant Income	11,407		3,016	3,016
Other Income	20,500		1,000	1,000
Total Revenue	<u>68,867</u>	<u>-</u>	<u>23,942</u>	<u>-</u>
Total Public Support and Revenue	<u>2,593,106</u>	<u>256,259</u>	<u>2,319,638</u>	<u>152,369</u>
Expenses				
Programs				
Fund Distribution	1,813,880		1,697,265	1,697,265
Information and Referral Program	18,522		32,000	32,000
Other Programs	334,062		288,358	288,358
Total Programs	<u>2,166,464</u>	<u>-</u>	<u>1,997,623</u>	<u>-</u>
Fundraising	102,114		122,852	122,852
Management and General	268,243		277,046	277,046
Total Expenses	<u>2,536,821</u>	<u>-</u>	<u>2,397,521</u>	<u>-</u>
Increase/(Decrease) in Net Assets	<u>56,285</u>	<u>256,259</u>	<u>(77,883)</u>	<u>152,369</u>
Net Assets, Beginning of Year	<u>(57,485)</u>	<u>870,397</u>	<u>20,398</u>	<u>718,028</u>
Net Assets, End of Year	<u>\$ (1,200)</u>	<u>\$ 1,126,656</u>	<u>\$ (57,485)</u>	<u>\$ 870,397</u>

See accompanying notes and independent auditor's 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 and Management and General	
Salaries and Related Expenses					
Salaries and Wages	\$ 1,560	\$ -	\$ 195,571	\$ 132,418	\$ 403,269
Employee Insurance			27,242	(104)	61,662
Pension Expense			3,666	153	7,497
Payroll Taxes	119		15,404	10,440	32,299
Total Salaries and Related Expenses	1,679	-	241,883	181,060	504,727
Other Expenses					
Advertising			2,951	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	728	2,234
Membership Dues		18,522	14,021	15,873	48,416
Miscellaneous			182	151	333
Occupancy			10,472	9,350	30,600
Office Supplies			2,434	174	5,893
Outside Professional Services			6,375	600	15,093
Postage			1,415	40	3,205
Printing and Publication			3,262	2,437	9,934
Signage			79	101	418
Software			361	460	821
Taxes			221	600	1,061
Telephone			2,690	1,294	8,799
Travel		25	4,067	3,875	8,956
Volunteer Appreciation			585	734	1,319
Total Expenses	\$ 1,813,880	\$ 18,522	\$ 334,062	\$ 268,243	\$ 2,536,821

See accompanying notes and independent auditor's report

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
Statement of Functional Expenses
For the Year Ended June 30, 2011**

	Programs		Other Functional Expenses		Total
	Fund Distribution	Information and Referral	Other Programs	Fund Raising and General Management	
Salaries and Related Expenses					
Salaries and Wages	\$ 36,838	\$ -	\$ 137,104	\$ 161,081	\$ 397,190
Employee Insurance	(48)		30,066	33,942	62,458
Retirement			1,881	2,293	4,174
Payroll Taxes	3,164		11,863	15,743	36,320
Total Salaries and Related Expenses	39,954	-	180,914	213,059	500,142
Other Expenses					
Advertising			8,814	542	14,566
Agency Allocations					1,655,481
Bank Service Fees	1,655,481		849	1,769	2,618
Campaign Incentives			387	396	9,663
Depreciation			3,172	5,848	9,020
Employee Development			79	226	305
Equipment Maintenance/Rental			3,429	3,728	7,157
Fundraiser Events			17,046	1,166	26,404
General Insurance			2,046	2,620	4,666
Loss on Sale of Fixed Assets			2,844	2,039	4,883
Meetings	782		1,347	(2,878)	(595)
Membership Dues		32,000	12,447	15,501	59,948
Miscellaneous			274	371	862
Occupancy			9,600	9,600	28,800
Office Supplies			3,149	646	6,977
Outside Professional Services			10,320	12,633	22,953
Postage	34		1,420	1,568	3,283
Printing and Publication			5,092	2,409	11,581
Signage			321	409	8,224
Software			360	458	818
Taxes			19	74	993
Telephone	372		3,426	1,256	9,742
Travel	642		2,576	1,959	7,517
Volunteer Appreciation			672	841	1,513
Total Expenses	\$ 1,697,265	\$ 32,000	\$ 270,603	\$ 282,208	\$ 2,397,521

See accompanying notes and independent auditor's report

UNITED WAY OF RUTHERFORD COUNTY
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Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Increase/(Decrease) in Net Assets	\$ 312,544	\$ 74,486
Depreciation	7,638	9,020
(Gain) Loss on Disposal of Fixed Assets	-	4,883
Earnings on Investments	(23,006)	(11,492)
Fees Paid on Investments	8,637	627
Realized (Gains) Losses on Sale of Investments	(13,103)	(814)
Unrealized (Gains) Losses on Investments	2,205	(1,393)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease/(Increase) in Pledges Receivable	(295,079)	(182,957)
Decrease/(Increase) in Investments	(525,048)	-
Decrease/(Increase) in Interest Receivable	-	529
Decrease/(Increase) in Prepaid Expenses	(3,082)	1,596
Increase/(Decrease) in Accounts Payable	(2,235)	(4,263)
Increase/(Decrease) in Due to Agencies	170,019	76,018
Increase/(Decrease) in Due to Designated Agencies	69,468	32,991
Increase/(Decrease) in Deferred Revenues	(26,857)	29,791
Increase/(Decrease) in Payroll Liabilities	(572)	106
Increase/(Decrease) in Vacation Payable	5,395	(8,911)
Net Cash Provided from Operating Activities	<u>(313,076)</u>	<u>20,217</u>
Cash Flows from Investing Activities:		
(Purchase)/Sale of Property and Equipment	(1,795)	(12,023)
(Purchase)/Sale of Investments	(51,875)	(82,431)
Net Cash from (to) Investing Activities	<u>(53,670)</u>	<u>(94,454)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(366,746)	(74,237)
Cash and Cash Equivalents, Beginning of Year	1,536,949	1,611,186
Cash and Cash Equivalents, Year End	<u>\$ 1,170,203</u>	<u>\$ 1,536,949</u>
Supplemental Disclosures:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE A – 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 of America. According to the by-laws of the Organization, 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, the Organization 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 equipment, and to manage its operations effectively. The Organization campaigns annually for contributions from donors in Rutherford and Cannon counties and allocates support to member agencies and other charities in Rutherford and Cannon counties based on the recommendation of an allocation committee appointed by the board of directors. Comprehensive information and referral services are supported by the Organization in the form of an annual contribution. The Success By 6 activity is a community initiative that brings together existing resources, promotes collaboration and increases community awareness about the needs of young children and their families.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis

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

Basis of Presentation

The Organization's net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

--Unrestricted net assets- Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes such as endowment by the Organization's board.

--Temporarily restricted net assets- Net assets 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- Net assets 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.

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

**UNITED WAY OF RUTHERFORD COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

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. The Organization has no permanently restricted net assets.

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

The Organization's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted.

Cash and Cash Equivalents

For purposes of the statement 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/Pledges

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 contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investments

Investments are valued at their fair market values in the statement of financial position. Gains and losses are included in the change in net assets.

Property and Equipment

All property and equipment are recorded at cost as of the date of acquisition or fair market value as of the date of receipt in the case of gifts. All fixed assets with a cost of \$1,000 or more are capitalized.

**UNITED WAY OF RUTHERFORD COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

Depreciation is computed using the straight-line method based on the estimated useful life of the asset. The useful life of an asset ranges from 3 to 10 years. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. 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.

Designated Pledges

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

The Organization's policy is for the allocation panel, which is made up of community volunteers to set allocation amounts per agency with designated donor contributions being the first dollars in. Any supplemental amount is allocated from the unrestricted pool.

Advertising

The Organization expenses advertising costs as they are incurred.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and did not conduct unrelated business activities. 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.

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.

**UNITED WAY OF RUTHERFORD COUNTY
 DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2012 and 2011**

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 Allocation of Expenses

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

NOTE C – PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of June 30, 2012:

2009 Campaign:		
Undesignated	\$	2,515
Designated		0
2010 Campaign:		
Undesignated		10,082
Designated		0
2011 Campaign:		
Undesignated		1,126,656
Designated		<u>86,458</u>
Amounts due in less than one year		<u>\$ 1,225,711</u>

1,213,114

Included in pledges receivable are the following unconditional promises to give as of June 30, 2011:

2009 Campaign:		
Undesignated	\$	13,455
Designated		0
2010 Campaign:		
Undesignated		870,397
Designated		<u>46,780</u>
Amounts due in less than one year		<u>\$ 930,632</u>

**UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE D – PROPERTY AND EQUIPMENT

Property and Equipment consist of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Computers and Office Equipment	\$ 49,924	\$ 48,129
Furniture, Fixtures and Equipment	21,065	21,065
Accumulated Depreciation	<u>(54,837)</u>	<u>(47,199)</u>
Total	<u>\$ 16,152</u>	<u>\$ 21,995</u>

Depreciation for the years ended June 30, 2012 and 2011 totaled \$7,638 and \$9,020 respectively.

NOTE E – 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, 2012 and 2011:

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	Fair <u>Market Value</u>	<u>Cost</u>	Fair <u>Market Value</u>
Alternative Investments	\$ 13,400	\$ 12,092	\$ 6,033	\$ 5,585
Cash	20,765	20,765	4,098	4,098
Equities	318,112	334,298	0	0
Fixed Income	200,634	200,634	0	0
Mutual funds	<u>155,284</u>	<u>155,072</u>	<u>111,012</u>	<u>109,746</u>
Total	<u>\$ 708,195</u>	<u>\$ 722,861</u>	<u>\$ 121,143</u>	<u>\$ 119,429</u>

Unrealized gains (losses) during the year ended June 30, 2012 and 2011 totaled (\$2,205) and \$1,393 respectively. At June 30, 2012 and 2011 the Board designated endowment funds of these investments consisted of stocks and cash with a cost of \$174,070 and \$121,143 respectively and a fair value of \$172,546 and \$119,429 respectively and have been designated by the Board of Directors to support the general purposes and objectives of the Organization.

NOTE F - 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. Variance power 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 \$48,361 and

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

\$49,603 at June 30, 2012 and 2011 respectively. These funds have been designated by the Board of Directors to support the general purposes and objectives of the Organization.

NOTE G – RESTRICTIONS ON AND DESIGNATIONS OF NET ASSETS

Net assets released from restrictions during fiscal year 2012 were comprised of the following:

Campaign 2010	\$ 870,397
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Unrestricted net assets at June 30, 2012 are as follows:

Board Designated for Operations	\$ 172,546
Board Designated Agency Endowment	48,361
Unrestricted, Undesignated	<u>(225,441)</u>
Total Unrestricted Net Assets	<u>\$ (4,534)</u>

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

Campaign 2011	\$ 1,126,656
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Net assets released from restrictions during fiscal year 2011 were comprised of the following:

Campaign 2009	\$ 718,028
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Unrestricted net assets at June 30, 2011 are as follows:

Board Designated for Operations	\$ 119,429
Board Designated Agency Endowment	49,603
Unrestricted, Undesignated	<u>(226,517)</u>
Total Unrestricted Net Assets	<u>\$ (57,485)</u>

Temporarily restricted net assets at June 30, 2011 are as follows:

Campaign 2010	\$ 870,397
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NOTE H – IN-KIND DONATIONS

The Organization has many volunteers who contribute their time and provide other services and supplies to assist the Organization during the annual fund-raising campaign. The value of donated volunteer services is not reflected in the accompanying financial statements because of the difficulty in monitoring the time donated and of placing a monetary value on the donated services and supplies.

**UNITED WAY OF RUTHERFORD COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011**

NOTE I – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and contributions receivable. The Organization estimates that the fair value of

all financial instruments at June 30, 2012 and 2011 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 cash equivalents and the current portion of contributions receivable 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 contributions receivable requiring estimation by discounting of future cash flows using a risk-free rate of return.

NOTE J – 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 on January 1st 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, 2012 and 2011 the board approved a 3% matching retirement contribution.

Pension expense in the amount of \$7,497 and \$4,174 is included in the accompanying financial statements for the years ended June 30, 2012 and 2011 respectively.

NOTE K – OPERATING LEASES

The Organization leased office space for a term of 24 months commencing on July 1, 2009 and terminating on June 30, 2011. The monthly rent due under this lease is \$2,400. The Organization entered into a new lease for office space for 12 months commencing on July 1, 2011 and terminating on June 30, 2012. The monthly rent due under this new lease is \$2,550. The Organization is not under a lease now but plans to lease another 12 months at \$2,550/month from July 1, 2012 to June 30, 2013. Rent expense of \$30,600 and \$28,800 for the years ended June 30, 2012 and 2011 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 \$5,087 and \$7,157 for the years ended June 30, 2012 and 2011 respectively were included in management and general and program expenses in the accompanying financial statements.

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 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2012 and 2011**

The future minimum lease payments due for the years ending June 30 are as follows:

	<u>2012</u>	<u>2011</u>
2012	\$ 0	\$ 35,459
2013	3,479	3,479
2014	720	720
2015	540	540
2016	0	0
2017	0	0
Total	<u>\$ 4,739</u>	<u>\$ 40,198</u>

NOTE L – 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 M – CONCENTRATIONS OF RISK

At June 30, 2012 and 2011 and at certain times during the years then ended, the balances on deposit at financial institutions exceeded federally insured limits. The amount exceeding the FDIC coverage at June 30, 2012 and 2011 was \$76,605 and \$359,098. The risk is managed by the Organization by maintaining all deposits in high quality institutions.

Approximately 89.0% of the Organization's revenue for the year ended June 30, 2012 was from pledges promised or received in its Fall 2011 fundraising campaign. Approximately 92.0% of the Organization's revenue for the year ended June 30, 2011 was from pledges promised or received in its Fall 2010 fundraising campaign.

NOTE N – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through November 5, 2012 and November 4, 2011 for the years ending June 30, 2012 and 2011 respectively, which are the financial statement issuance dates.