

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

MURFREESBORO, TENNESSEE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2009

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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 statement of financial position of the United Way of Rutherford County dba United Way of Rutherford and Cannon Counties (a nonprofit organization) as of June 30, 2009, 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 the United Way of Rutherford County dba United Way of Rutherford and Cannon Counties, as of June 30, 2009, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Jobe, Hastings & Associates
Certified Public Accountants

Murfreesboro, Tennessee
April 30, 2010

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Statement of Financial Position
June 30, 2009

ASSETS

Current Assets -	
Cash and cash equivalents	\$ 1,720,482
Pledges receivable, net	778,875
Accrued interest receivable	1,666
Prepaid expenses	8,756
TOTAL CURRENT ASSETS	\$ <u>2,509,779</u>
Fixed Assets -	
Equipment, furniture, and leasehold improvements	\$ 75,633
Less accumulated depreciation	(38,921)
	\$ <u>36,712</u>
Other Assets -	
Investments	\$ 29,954
Investment in assets of Community Foundation	36,655
	\$ <u>66,609</u>
TOTAL ASSETS	\$ <u><u>2,613,100</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities -	
Accounts payable	\$ 51,486
Payroll liabilities	3,437
Due to agencies	1,425,893
Due to designated agencies	161,344
Vacation payable	11,741
TOTAL CURRENT LIABILITIES	\$ <u>1,653,901</u>
Net Assets -	
Unrestricted -	
Unrestricted net deficit	\$ (216,427)
Board designated investments and cash equivalents	29,954
Board designated endowment	36,655
	\$ <u>(149,818)</u>
Temporarily restricted	1,109,017
TOTAL NET ASSETS	\$ <u>959,199</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,613,100</u></u>

See notes to financial statements.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Statement of Activities
For the Year Ended
June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Support and Revenue -			
Public Support -			
Contributions	\$ 37,095	\$ 2,218,034	\$ 2,255,129
Net assets released from restrictions	1,972,243	(1,972,243)	
TOTAL PUBLIC SUPPORT	\$ 2,009,338	\$ 245,791	\$ 2,255,129
Revenue -			
Interest and dividend income	\$ 12,017		\$ 12,017
Federal grant income	1,087		1,087
Other income	10,823		10,823
TOTAL REVENUE	\$ 23,927		\$ 23,927
TOTAL PUBLIC SUPPORT AND REVENUE	\$ 2,033,265	\$ 245,791	\$ 2,279,056
Expenses -			
Programs -			
Fund distribution	\$ 1,460,132		\$ 1,460,132
Other programs	132,951		132,951
Total Program Expense	\$ 1,593,083		\$ 1,593,083
Fundraising	202,921		202,921
Management and general	315,058		315,058
TOTAL EXPENSES	\$ 2,111,062		\$ 2,111,062
Losses -			
Realized loss on investments	\$ 2,290		\$ 2,290
Unrealized loss on investments	10,051		10,051
TOTAL LOSSES	\$ 12,341		\$ 12,341
TOTAL EXPENSES AND LOSSES	\$ 2,123,403		\$ 2,123,403
CHANGE IN NET ASSETS	\$ (90,138)	\$ 245,791	\$ 155,653
Net Assets, July 1, 2008	\$ (59,680)	\$ 863,226	\$ 803,546
NET ASSETS, JUNE 30, 2009	\$ (149,818)	\$ 1,109,017	\$ 959,199

See notes to financial statements.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Statement of Functional Expenses
For the Year Ended
June 30, 2009

	<u>Programs</u>		<u>Other Functional Expenses</u>		<u>Total</u>
	<u>Fund Distribution</u>	<u>Other Programs</u>	<u>Fund Raising</u>	<u>Management and General</u>	
Salaries and Related Expenses -					
Salaries and wages	\$ 25,631	\$ 87,924	\$ 85,255	\$ 133,146	\$ 331,956
Employee insurance	4,147	5,741	5,044	16,725	31,657
Retirement expense	769	1,450	832	1,013	4,064
Payroll taxes	1,958	7,897	7,258	12,666	29,779
Total Salaries and Related Expenses	\$ 32,505	\$ 103,012	\$ 98,389	\$ 163,550	\$ 397,456
Other Expenses -					
Advertising expense			9,856	383	10,239
Agency allocations	1,427,627				1,427,627
Bank service fees				2,196	2,196
Conference fees				725	725
Consulting and contract expense		500		11,598	12,098
Depreciation				15,215	15,215
Employee development expense				1,035	1,035
Equipment maintenance/rental expense				8,844	8,844
General insurance				7,151	7,151
Meetings expense		1,195	6,500	4,009	11,704
Membership dues				6,042	6,042
Memberships/publications expense		14,798		10,250	25,048
Moving expense				375	375
Office supplies		2,489	12,543	9,678	24,710
Outside professional services		240		27,951	28,191
Printing expense		2,574	7,894	6,719	17,187
Office rent expense		6,000		13,800	19,800
Signage expense		531	11,250		11,781
Software purchases				705	705
Subscriptions				123	123
Taxes			100	1,090	1,190
Telephone expense				6,077	6,077
Travel expense		1,378	3,933	8,464	13,775
Volunteer appreciation expense				2,402	2,402
Postage expense		234		4,159	4,393
Special events expense			52,456	2,517	54,973
TOTAL EXPENSES	\$ 1,460,132	\$ 132,951	\$ 202,921	\$ 315,058	\$ 2,111,062

See notes to financial statements.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Statement of Cash Flows
For the Year Ended
June 30, 2009

Cash Flows from Operating Activities -	
Increase in net assets	\$ 155,653
To reconcile increase in net assets to net cash provided by operating activities -	
Add: Depreciation	15,215
Decrease in pledges receivable, net	131,964
Decrease in accrued interest receivable	4,564
Decrease in prepaid expenses	17,556
Net realized/unrealized loss from investments	11,740
Increase in accounts payable	50,490
Increase in payroll liabilities	3,334
Increase in due to designated agencies	40,162
Deduct: Decrease in due to agencies	(178,107)
Decrease in deferred revenue	(50,017)
Decrease in vacation payable	(8,413)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 194,141</u>
Cash Flows from Investing Activities -	
Purchase of fixtures, furniture and office equipment	\$ <u>(5,323)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (5,323)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 188,818
Cash and cash equivalents July 1, 2008	<u>1,531,664</u>
CASH AND CASH EQUIVALENTS JUNE 30, 2009	<u><u>\$ 1,720,482</u></u>

See notes to financial statements.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Notes to Financial Statements

June 30, 2009

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties 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 commitment, 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. Other programs include the comprehensive information and referral services and the Success By 6 program.

Basis of Accounting - The Organization's financial statements 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 - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, United Way is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The Organization has no permanently restricted net assets.

Investments - Investments are recorded at fair market value in accordance with the Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Gains and losses on market value adjustments are recognized as the market fluctuates.

Contributions - The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support 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, United Way reports the contribution as unrestricted.

Income Tax Status - The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation under Section 509(a)(2). Accordingly, federal income taxes are not provided in the accompanying financial statements.

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 time period in which the contribution is received, the contribution is reported as unrestricted.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2009

Note A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising - The Organization expenses advertising costs as they are incurred.

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.

Accounts Receivable - Accounts receivable are presented at face value, net of the allowance for doubtful accounts. Management considers all accounts to be collectible and, therefore, has not established a provision for uncollectible accounts.

Functional Allocation of Expenses - The costs of providing the United Way'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.

Cash and Cash Equivalents - The United Way considers all liquid investments with maturity of three months or less and all certificate of deposits to be cash equivalents. Cash equivalents at June 30, 2009, consisted of checking accounts, savings accounts, money market funds, and certificates of deposit, totaling \$1,720,482.

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

Designated Pledges - A designated pledge is a contribution to the Organization that is to be paid to a donor specified charity. This is by SFAS No. 116 definition an agent transaction and is not to be included in revenue. Donor's designations that exceed United Way allocations to member agencies and other specified charities are recorded as a liability until such time as the distributions are made to the designated recipients.

Equipment and Furniture - Fixed assets with a cost of \$1,000 or more are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is computed using the straight-line method based on the estimated useful life of the asset. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized. Depreciation expense for the year ended June 30, 2009 is \$15,215 recorded as management and general expense.

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated fair 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.

Subsequent Events - Management has evaluated events through April 30, 2010, the date the financial statements were available to be issued.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2009

Note B - PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

2006 Campaign:	
Undesignated	\$ 15,000
2008 Campaign:	
Undesignated	\$ 682,509
Designated	<u>81,366</u>
	\$ <u>763,875</u>
Amount due in less than one year	\$ <u>778,875</u>

Note C - OPERATING LEASE AGREEMENT

Effective July 1, 2007, the Organization entered into a twenty-four (24) month lease for office space. Rent expense for the year ended June 30, 2009, was \$19,800 of which \$13,800 was included in management and general expenses and \$6,000 was included in other program expenses in the accompanying financial statements.

Subsequently, the Organization entered into a twenty-four (24) month lease for office space effective July 1, 2009, requiring monthly payments in the amount of \$2,400.

The Organization leases an office copier under an operating lease. The lease began February, 2006 and ends January, 2011. Lease expense for the year ended June 30, 2009, was \$4,145 and is included in management and general expenses in the accompanying financial statements. The future minimum lease payments due for the years ending June 30, 2010 and 2011 are \$4,145 and \$2,417, respectively.

Note D - INVESTMENT INCOME

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

Note E - 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.

Note F - 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 United Way estimates that the fair value of all financial instruments at June 30, 2009 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 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.

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2009

Note G - 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 the year ended June 30, 2009, the board approved a 3% retirement contribution. Pension expense in the amount of \$4,064 is included in the accompanying financial statements for the year ended June 30, 2009.

Note H - CONCENTRATIONS

At June 30, 2009, the Organization had on deposit with financial institutions cash in the amount of \$1,642,696. Cash held in bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. These deposits exceeded the amount insured by the FDIC in the amount of \$454,583.

Approximately 98% of the United Way's revenue for the year ended June 30, 2009 was from pledges promised or received in its fall 2008 fundraising campaign.

Note I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions contain donor-imposed restrictions that direct the United Way to use the donation as specified and is satisfied either by the passage of time (time restriction) or by fulfilling the donor-imposed purpose (purpose restriction).

A time restriction stipulates the time period for which the contribution is to be used and is released from the restriction with the passage of time. Campaign pledges are initially recorded as temporarily restricted contributions based on the fact that a time restriction is implicit in an unconditional promise to give when it is scheduled to be paid in future periods.

A purpose restriction specifies the purpose or specific program that the contribution is to support. The release from a purpose restriction is by fulfillment of the purpose.

Temporarily restricted net assets at June 30, 2009:

Time restrictions (net campaign pledges received for future periods): \$ 1,109,017

Note J - NET ASSETS RELEASED FROM RESTRICTION

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Net assets released from restriction during the year ended June 30, 2009:

Time restrictions (net campaign pledges received for future periods): \$ 1,972,243

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Notes to Financial Statements (continued)

June 30, 2009

Note K - INVESTMENTS

Investments are recorded at fair value. The value assigned to investments received by gift is the market value at the date of the donation. At June 30, 2009, investments consisted of stock with a cost of \$43,815 and a fair value of \$29,954. These funds have been designated by the Board of Directors to support the general purposes and objectives of the Organization.

Note L - 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 value in the amount of \$36,655. These funds have been designated by the Board of Directors to support the general purposes and objectives of the Organization.

SUPPLEMENTARY INFORMATION

UNITED WAY OF RUTHERFORD COUNTY
DBA UNITED WAY OF RUTHERFORD AND CANNON COUNTIES

Murfreesboro, Tennessee

Amounts Given to Agencies (Cash Basis)
For the Year Ended
June 30, 2009

	<u>Total</u>
Boys and Girls Club of Rutherford County	\$ 136,612
Boy Scouts of America	40,000
Bradley Nursery	8,500
Cannon County 4-H	1,881
Cannon County R.E.A.C.H. Program	16,864
Cannon County Senior Citizens Center	13,915
CASA of Rutherford County	21,000
Child Advocacy Center	23,000
Community Helpers of Rutherford County	200,000
Crisis Intervention Center	13,000
Discovery Center	20,000
Domestic Violence Program Inc.	55,000
Girl Scout Council of Cumberland Valley	63,000
Heart of Tennessee Chapter American Red Cross	155,338
Holloway Harbor Child Care Program	4,500
Hospice of Murfreesboro-MTMC	42,991
Kids on the Block of Middle Tennessee	10,500
Legal Aid Society of Middle Tennessee	15,000
MCHRA Homemaker Program	47,500
MCHRA Meals on Wheels Program	52,100
MCHRA Ombudsman Program	3,500
Murfreesboro City Schools Children's Fund	14,618
Nashville's Table	10,000
Nurses for Newborns	4,791
Project Help	90,000
Rutherford County Adult Activity Center	94,775
Rutherford County Emergency Food Bank	71,000
Rutherford County Primary Care Clinic	36,814
Rutherford County Schools' Charity Fund	24,000
Sexual Assault Services of Domestic Violence	2,949
Smyrna-Lavergne Food Bank	79,975
Special Kids	3,333
St. Clair Street Senior Center	41,000
Students Taking a Right Stand	13,500
Teen Peace-Domestic Violence Intervention	524
Tennessee Poison Center	12,000
The Exchange Club Family Center	24,868
The Guidance Center	36,000
The Salvation Army	22,415
UCHRA Nutrition Program	1,752
Vanderbilt Bill Wilkerson Center	4,000
Wee Care Day Care	18,000
West Main Mission	55,000
	<u>\$ 1,605,515</u>