

ROANE COUNTY UNITED WAY, INC.

Harriman, Tennessee

FINANCIAL STATEMENTS

December 31, 2011 and 2010

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DANIELS, USELTON AND CLAY, P.C.

Certified Public Accountants & Consultants

Independent Auditors' Report

The Board of Directors
Roane County United Way, Inc.
Harriman, Tennessee

We have audited the accompanying statements of financial position of Roane County United Way, Inc., (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, changes in net assets, cash flows, and functional expenses 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 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 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 Roane County United Way, Inc., as of December 31, 2011 and 2010, 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 as a whole. The schedule of expenditures of federal awards and state financial assistance on page 16 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 related 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.

Daniels, Uselton & Clay, P.C.

March 15, 2012

ROANE COUNTY UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and cash equivalents	\$ 320,121	\$ 337,905
Investments	1,436	2,338
Grant receivable	-	1,601
Pledge receivables	299,343	245,324
Less allowance for uncollectibles	<u>(8,322)</u>	<u>(8,322)</u>
Total Current Assets	<u>612,578</u>	<u>578,846</u>
Property and Equipment		
Equipment	6,738	6,338
Less accumulated depreciation	<u>(6,514)</u>	<u>(5,899)</u>
Total Property and Equipment	<u>224</u>	<u>439</u>
Other Assets		
Utility deposit	<u>100</u>	<u>100</u>
Total Other Assets	<u>100</u>	<u>100</u>
Total Assets	<u>\$ 612,902</u>	<u>\$ 579,385</u>

See accompanying notes and auditors' report

ROANE COUNTY UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Current Liabilities		
Allocations payable	\$ 333,175	\$ 349,623
Donors designations payable	22,376	15,170
Accounts payable	329	684
Payroll liabilities	<u>995</u>	<u>1,495</u>
Total Current Liabilities	<u>356,875</u>	<u>366,972</u>
Net Assets Unrestricted	<u>256,027</u>	<u>212,413</u>
Total Liabilities and Net Assets	<u>\$ 612,902</u>	<u>\$ 579,385</u>

See accompanying notes and auditors' report

ROANE COUNTY UNITED WAY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

UNRESTRICTED NET ASSETS

	<u>2011</u>	<u>2010</u>
Revenue and Public Support		
Campaign applicable to current period	\$ 397,823	\$ 380,086
Campaign applicable to prior period	82,655	174,230
Miscellaneous gifts and donations	36,646	44,059
Grants	36,320	26,700
Less – amounts designated by donor	(22,376)	(3,041)
Less – provisions for uncollected pledges	(7,142)	(15,084)
	<u>523,926</u>	<u>606,950</u>
Other Revenue		
Interest and dividend income	437	281
Unrealized gain (loss) on investments	(902)	571
In-kind contributions	5,220	4,250
Miscellaneous	50	-
	<u>4,805</u>	<u>5,102</u>
	<u>528,731</u>	<u>612,052</u>

See accompanying notes and auditors' report

ROANE COUNTY UNITED WAY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

ALLOCATIONS AND EXPENSES

	<u>2011</u>	<u>2010</u>
Program Services		
Gross funds awarded/ distributed	365,303	382,163
Social Services Program	49,830	55,955
Total Program Services	<u>415,133</u>	<u>438,118</u>
 Support Services		
Campaign	16,688	13,740
Management and general	48,340	53,309
United Way of America dues	4,956	4,880
Total Support Services	<u>69,984</u>	<u>71,929</u>
 Total Program and Support Services	<u>485,117</u>	<u>510,047</u>
 Change in Unrestricted Net Assets	<u>43,614</u>	<u>102,005</u>
 NET ASSETS – Beginning of Year	<u>212,413</u>	<u>110,408</u>
 NET ASSETS – End of Year	<u>\$ 256,027</u>	<u>\$ 212,413</u>

See accompanying notes and auditors' report

ROANE COUNTY UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 43,614	\$ 102,005
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Net Changes in Current Assets and Liabilities:		
Depreciation expense	615	513
(Increase) Decrease in campaign promised - net	(54,019)	(46,118)
(Increase) Decrease in grant receivable	1,601	(614)
Increase (Decrease) in allocations payable	(16,448)	28,476
Increase (Decrease) in accounts payable	(355)	684
Increase (Decrease) in payroll liabilities and other payables	6,706	3,007
Net unrealized (gain) loss on investments	<u>902</u>	<u>(571)</u>
Net Cash Provided (Used) by Operating Activities	<u>(17,384)</u>	<u>87,382</u>
Cash Flows from Investing Activities		
Purchases of equipment	<u>(400)</u>	<u>(606)</u>
Net Cash Provided (Used) by Investing Activities	<u>(400)</u>	<u>(606)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,784)	86,776
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>337,905</u>	<u>251,129</u>
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 320,121</u>	<u>\$ 337,905</u>

See accompanying notes and auditors' report

**ROANE COUNTY UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Services		Support Services			Total
	Fund Distribution	Information and Referral	Total Program Services	Campaign	Management and General	
Allocations to Agencies						
Allocations /Awards	\$ 387,679	\$ -	\$ 387,679	\$ -	\$ -	\$ 387,679
Less: Donor Designations	(22,376)	-	(22,376)	-	-	(22,376)
Net Agency Allocation	<u>365,303</u>	-	<u>365,303</u>	-	-	<u>365,303</u>
Salaries and Benefits						
Salaries and Wages	-	41,238	41,238	6,522	23,379	71,139
Payroll Taxes	-	2,494	2,494	433	1,718	4,645
Total Salaries and Benefits	-	<u>43,732</u>	<u>43,732</u>	<u>6,955</u>	<u>25,097</u>	<u>75,784</u>
Other Expenses						
Professional Fees	-	650	650	-	4,600	5,250
Office Supplies	-	116	116	-	2,208	2,324
Bank Charges	-	101	101	-	400	501
Telephone and Internet	-	384	384	-	684	1,068
Rent	-	1,250	1,250	-	1,250	2,500
Postage	-	185	185	-	223	408
Utilities	-	874	874	-	874	1,748
Repairs and Maintenance	-	735	735	-	383	1,118
Miscellaneous	-	100	100	-	527	627
Insurance	-	1,293	1,293	-	2,233	3,526
Campaign Expense	-	-	-	9,733	-	9,733
Dues and Subscriptions	-	390	390	-	146	536
Meetings, Conferences, Travel	-	-	-	-	1,933	1,933
VITA/EITC	-	-	-	-	6,842	6,842
Licenses and Permits	-	-	-	-	345	345
Depreciation	-	20	20	-	595	615
Total Other Expense	-	<u>6,098</u>	<u>6,098</u>	<u>9,733</u>	<u>23,243</u>	<u>39,074</u>
United Way of America Dues	-	-	-	-	-	4,956
Total Expenses	<u>\$ 365,303</u>	<u>\$ 49,830</u>	<u>\$ 415,133</u>	<u>\$ 16,688</u>	<u>\$ 48,340</u>	<u>\$ 485,117</u>

See accompanying notes and auditors' report.

**ROANE COUNTY UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Services			Support Services			Total
	Fund Distribution	Information and Referral	Total Program Services	Campaign	Management and General	UWA Dues	
Allocations to Agencies							
Allocations /Awards	\$ 390,030	\$ -	\$ 390,030	\$ -	\$ -	\$ -	\$ 390,030
Less: Donor Designations	(7,867)	-	(7,867)	-	-	-	(7,867)
Net Agency Allocation	<u>382,163</u>	-	<u>382,163</u>	-	-	-	<u>382,163</u>
Salaries and Benefits							
Salaries and Wages	-	43,270	43,270	7,753	25,063	-	76,086
Payroll Taxes	-	2,815	2,815	593	1,917	-	5,325
Total Salaries and Benefits	-	<u>46,085</u>	<u>46,085</u>	<u>8,346</u>	<u>26,980</u>	-	<u>81,411</u>
Other Expenses							
Equipment Upgrades	-	2,355	2,355	-	-	-	2,355
Professional Fees	-	650	650	-	4,917	-	5,567
Office Supplies	-	310	310	-	1,677	-	1,987
Bank Charges	-	-	-	-	471	-	471
Telephone and Internet	-	1,317	1,317	-	1,165	-	2,482
Rent	-	1,250	1,250	-	1,250	-	2,500
Postage	-	269	269	-	269	-	538
Utilities	-	1,169	1,169	-	1,198	-	2,367
Repairs and Maintenance	-	780	780	-	220	-	1,000
Miscellaneous	-	940	940	-	1,225	-	2,165
Insurance	-	696	696	-	1,896	-	2,592
Campaign Expense	-	-	-	5,394	-	-	5,394
Dues and Subscriptions	-	100	100	-	96	-	196
Meetings, Conferences, Travel	-	-	-	-	4,764	-	4,764
Grant Writer	-	-	-	-	6,432	-	6,432
Licenses and Permits	-	-	-	-	270	-	270
Depreciation	-	34	34	-	479	-	513
Total Other Expense	-	<u>9,870</u>	<u>9,870</u>	<u>5,394</u>	<u>26,329</u>	-	<u>41,593</u>
United Way of America Dues	-	-	-	-	-	4,880	4,880
Total Expenses	\$ <u>382,163</u>	\$ <u>55,955</u>	\$ <u>438,118</u>	\$ <u>13,740</u>	\$ <u>53,309</u>	\$ <u>4,880</u>	\$ <u>510,047</u>

See accompanying notes and auditors' report.

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The Roane County United Way, Inc, founded November 4, 1996, and governed by a volunteer board of directors, uses annual campaigns to raise support primarily through individual, corporate and other donor contributions to be allocated to participating agencies. The Mission for which this organization was formed is to bring together a cross section of people and organizations in a community-wide effort to support the efficient delivery of human services programs that are directly related to current needs.

1. Basis of Accounting

The financial statements of the Roane County United Way, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standards FASB ASC 958 (SFAS Number 117), *Financial Statements of Not-for-Profit Organizations*. 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. In addition, the Organization is required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has accordingly reclassified its financial statements to present the three classes of net assets required. During the years presented, the Organization had no permanently restricted or temporarily restricted net assets.

3. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in FASB ASC 958 (SFAS Number 116), *Accounting for Contributions Received and Contributions Made*. Accordingly, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, 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.

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – Continued

5. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets and in the Statement of Functional Expenses.

6. Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization is not a private foundation under Section 509 (a)(2). The Organization's tax returns are subject to possible examination by the taxing authorities. For federal and state income tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed. As of December 31, 2011 and 2010, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

7. Investments

Investments are carried at market value in accordance with FASB ASC 958 (formally SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*). Investments in equity securities with readily determinable fair values are measured at fair value (based on quoted market prices). Gains or losses are reported as increases or decreased in unrestricted net assets, unless use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment transactions are recorded as of the settlement date. Donated investments are reflected as contributions at their market value at date of receipt.

8. Promises to Give

Contribution revenue is recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets in the fiscal year in which the restriction expires. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

9. Use of 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 may differ from those estimates.

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES – Continued

10. Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost. Contributed property and equipment is recorded at fair market value at the date of donation. Depreciation is computed using the modified accelerated cost recovery system (MACRS) over the estimated useful lives of the assets, which is five years for office equipment and furniture and fixtures. Maintenance and repairs are charged to operations as incurred; major renewals and betterments are capitalized.

11. Provisions for Uncollectible Pledges

Provision for uncollectible is computed based upon management estimates of current economic factors applied to gross campaign, including donor designations.

12. Date of Management's Review

Subsequent events have been evaluated through March 16, 2012, which is the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash at December 31, 2011 and 2010, consisted of the following:

CASH AND CASH EQUIVALENTS	<u>2011</u>	<u>2010</u>
Cash on Hand	\$ -	\$ 13,744
Regions Bank	5,767	2,205
Regions Bank - Certificate of Deposit	22,860	22,559
Regions Bank - Money Market	238,218	261,141
United Community Bank	<u>53,276</u>	<u>38,256</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 320,121</u>	<u>\$ 337,905</u>

The cash and cash equivalents are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 per banking institution. Total uninsured cash balance at December 31, 2011 and 2010 was \$0 and \$35,905, respectively.

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE C – INVESTMENTS

At December 31, 2011 and 2010, the Organization had the following investments, stated at fair market value based on quoted prices in active markets:

	<u>2011</u>	<u>2010</u>
334 Shares Regions Financial Corp. Stock	<u>\$ 1,436</u>	<u>\$ 2,338</u>

NOTE D – PROMISES RECEIVABLE – CAMPAIGN

Promises receivable at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Total Promises Receivable - Campaign (due within one year)	\$ 299,343	\$ 245,324
Less: Allowance for Uncollectible	<u>(8,322)</u>	<u>(8,322)</u>
Promises Receivable - Net	<u>\$ 291,021</u>	<u>\$ 237,002</u>
Charges Off Promises to Give	<u>\$ 7,142</u>	<u>\$ 15,084</u>

NOTE E – IN-KIND SUPPORT

In-kind support for the years ended December 31, 2011 and 2010 is reflected in the financial statements as both revenue and expense based on the value of goods and services donated to the Organization consisting of:

Donated Goods and Services	<u>2011</u>	<u>2010</u>
Advertising	\$ 2,500	\$ 2,500
Office Space	2,070	-
Teaching Services	500	1,600
Wine	<u>150</u>	<u>150</u>
Total In-Kind Support	<u>\$ 5,220</u>	<u>\$ 4,250</u>

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE E – IN-KIND SUPPORT - Continued

The Organization has a substantial number of volunteers that have donated significant amounts of their time in the Organization's program services and fund-raising campaigns. In accordance with FASB ASC 958 (SFAS No. 116), "Accounting for Contributions Received and Contributions Made", no amounts have been reflected in the financial statements for these services.

NOTE F – FUNCTIONAL EXPENSES

Salaries and wages have been allocated to the Organization's functions based on time sheets prepared by United Way personnel. Other expenses have been allocated on a functional basis, based on actual expenses and estimates.

NOTE G – CONCENTRATION OF CREDIT RISK

Due to the nature of the Organization's activity, promises receivable are considered a credit risk. The Organization is relying on the donor's promise to give without any collateral or means for collecting delinquent payments. Management is relying on past experience and judgment for recording its allowances for uncollectible promises.

NOTE H – ECONOMIC CONCENTRATION

The largest percentage of the Organization's revenue and receivables is derived from Pro2Serve, and BWXT Y-12 employees' pledges. As a result, reductions in these pledges could have a material effect on the Organization's operations.

NOTE I – DESIGNATED CONTRIBUTIONS

The Organization accepts contributions that are designated by the donor to be passed on to member agencies or to other United Way agencies. Designations to member agencies are distributed under the Organization's allocation procedure, and designations to other United Way agencies are distributed on a pro-rata basis as receipts for promises to give are received. The amount of designated donor contributions for specific organizations for year ended December 31, 2011 and 2010 were \$22,376 and \$7,867

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE J – OPERATING LEASE

The Organization conducts its administrative activities from facilities that are leased under a four year operating lease expiring in December 2012. The agreement may be changed with mutual consent of both parties. Future minimum rental payments due under the lease are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2012	<u>\$ 2,500</u>
Total	<u>\$ 2,500</u>

For the year ended December 31, 2011 and 2010, rental expense was \$2,500 and \$2,500.

NOTE K – DEPRECIATION

Depreciable property, accumulated depreciation and depreciation expense for the years ended December 31, 2011 and 2010 is summarized as follows:

	<u>2011</u>	<u>2010</u>
Depreciable Property		
Equipment & Furniture	\$ 5,088	\$ 4,688
Leasehold Improvements	<u>1,650</u>	<u>1,650</u>
Total	<u>\$ 6,738</u>	<u>\$ 6,338</u>
Accumulated Depreciation	<u>\$ 6,513</u>	<u>\$ 5,899</u>
Depreciation Expense	<u>\$ 615</u>	<u>\$ 513</u>

ROANE COUNTY UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE L – FAIR VALUE FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Investments – The investments consist of common stocks which are valued at quoted market prices for identical assets. The valuation of the investment according to the fair value hierarchy is a Level 1 input.

Allocations payable/Accounts payable – The carrying amount reported in the balance sheet approximates fair value because of the short maturity of these instruments.

Unconditional Promises to Give – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

ROANE COUNTY UNITED WAY, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS & STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2011

<u>GRANTOR</u>	<u>BEGINNING BALANCE</u>	<u>CASH RECEIPTS</u>	<u>EXPENDITURES</u>	<u>ENDING BALANCE</u>
<u>Federal Agency/Program</u>				
United Way of Metropolitan Nashville Pass-Through Grant	\$ 1,601	\$ 21,474	\$ 19,873	\$ -
Total Federal Awards	\$ 1,601	\$ 21,474	\$ 19,873	\$ -

The above schedule of expenditures of federal and state awards is presented on the accrual basis of accounting.