

ROANE COUNTY UNITED WAY, INC.

**FINANCIAL STATEMENTS
WITH
SUPPLEMENTAL FINANCIAL
INFORMATION**

DECEMBER 31, 2012 AND 2011

ROANE COUNTY UNITED WAY, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Marie I. Niekerk
Josh Stone
Earl O. Wright - 1988 - 2002

Stephen J. Parsons
Catherine R. Hulme
William R. Scandlyn - 1988 - 1999

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Roane County United Way, Inc.
Harriman, Tennessee 37748

We have audited the accompanying statements of financial position of Roane County United Way, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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.

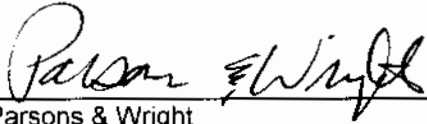
The December 31, 2011 financial statements of the Roane County United Way, Inc. were audited by other auditors. Those auditors expressed an unqualified opinion on the financial statements in their report dated March 15, 2012.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Parsons & Wright", is written over a horizontal line.

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

February 21, 2013

ROANE COUNTY UNITED WAY, INC.
FINANCIAL STATEMENT INFORMATION
DECEMBER 31, 2012 AND 2011

**ROANE COUNTY UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

	<u>DECEMBER 31, 2012</u>	<u>DECEMBER 31, 2011</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 302,694	\$ 320,121
Investments	2,381	1,436
Pledges Receivable	302,774	299,343
Less: Allowance for Uncollectibles	<u>(8,322)</u>	<u>(8,322)</u>
Total Current Assets	\$ 599,527	\$ 612,578
PROPERTY AND EQUIPMENT		
Equipment	\$ 9,780	\$ 6,738
Less: Accumulated Depreciation	<u>(7,603)</u>	<u>(6,514)</u>
Total Property and Equipment	\$ 2,177	\$ 224
OTHER ASSETS		
Utility Deposit	\$ 100	\$ 100
Total Other Assets	\$ 100	\$ 100
TOTAL ASSETS	<u>\$ 601,804</u>	<u>\$ 612,902</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Allocations Payable	\$ 332,273	\$ 333,175
Donor Designations Payable	2,775	22,376
Accounts Payable	344	329
Accrued Payroll	5,244	0
Payroll Liabilities	<u>1,464</u>	<u>995</u>
Total Current Liabilities	342,100	356,875
NET ASSETS		
Unrestricted	\$ 259,704	\$ 256,027
Temporarily Restricted	0	0
Permanently Restricted	<u>0</u>	<u>0</u>
TOTAL NET ASSETS	<u>\$ 259,704</u>	<u>\$ 256,027</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 601,804</u>	<u>\$ 612,902</u>

The accompanying notes are an integral part of the financial statements.

ROANE COUNTY UNITED WAY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	<u>DECEMBER</u> <u>31, 2012</u>	<u>DECEMBER</u> <u>31, 2011</u>
UNRESTRICTED NET ASSETS		
Unrestricted Revenues and Other Support		
Campaign Applicable to Current Period	\$ 359,256	\$ 397,823
Campaign Applicable to Prior Period	82,989	82,655
Miscellaneous Gifts and Donations	40,108	36,646
Grants	27,763	36,320
Less: Amounts Designated by Donor	(27,375)	(22,376)
Less: Provisions for Uncollectible Pledges	<u>(17,134)</u>	<u>(7,142)</u>
<i>Total Unrestricted Revenues and Other Support</i>	\$ <u>465,607</u>	\$ <u>523,926</u>
Unrestricted Other Revenue		
Interest and Dividend Income	\$ 617	\$ 437
Unrealized Gain (Loss) on Investments	945	(902)
In-kind Contributions	3,005	5,220
Miscellaneous	<u>3,842</u>	<u>50</u>
<i>Total Unrestricted Other Revenue</i>	\$ <u>8,409</u>	\$ <u>4,805</u>
Total Unrestricted Revenue and Other Revenue	\$ <u>474,016</u>	\$ <u>528,731</u>
Allocations and Expenses		
Program Services		
Gross Funds Awarded/Distributed	\$ 332,003	\$ 365,303
All Other Programs	<u>64,652</u>	<u>56,672</u>
<i>Total Program Services</i>	\$ <u>396,655</u>	\$ <u>421,975</u>
Support Services		
Campaign	\$ 20,951	\$ 16,688
Management & General	47,857	41,498
United Way of America Dues	<u>4,876</u>	<u>4,956</u>
<i>Total Support Services</i>	\$ <u>73,684</u>	\$ <u>63,142</u>
Total Program and Support Services	\$ <u>470,339</u>	\$ <u>485,117</u>
CHANGE IN UNRESTRICTED NET ASSETS	\$ <u>3,677</u>	\$ <u>43,614</u>
NET ASSETS BEGINNING OF YEAR	\$ <u>256,027</u>	\$ <u>212,413</u>
NET ASSETS AT END OF YEAR	\$ <u><u>259,704</u></u>	\$ <u><u>256,027</u></u>

The accompanying notes are an integral part of the financial statements.

**ROANE COUNTY UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Services			Support Services			2012 Total
	Fund Distribution	All Other Programs	Total Program Services	Campaign	Management and General	UWA Dues	
Allocations to Agencies							
Allocations/Awards	\$ 359,378	\$ 0	\$ 359,378	\$ 0	\$ 0	\$ 0	\$ 359,378
Less: Donor Designations	(27,375)	0	(27,375)	0	0	0	(27,375)
Net Agency Allocation	\$ 332,003	\$ 0	\$ 332,003	\$ 0	\$ 0	\$ 0	\$ 332,003
Salaries and Benefits							
Salaries and Wages	\$ 0	\$ 44,466	\$ 44,466	\$ 5,616	\$ 21,853	\$ 0	\$ 71,935
Payroll Taxes	0	3,484	3,484	511	1,511	0	5,506
Total Salaries and Benefits	\$ 0	\$ 47,950	\$ 47,950	\$ 6,127	\$ 23,364	\$ 0	\$ 77,441
Other Expenses							
Professional Fees	\$ 0	\$ 650	\$ 650	\$ 0	\$ 4,200	\$ 0	\$ 4,850
Office Supplies	0	1,240	1,240	0	250	0	1,490
Bank Charges	0	0	0	0	464	0	464
Telephone and Internet	0	1,335	1,335	0	540	0	1,875
Rent	0	1,250	1,250	0	1,250	0	2,500
Postage	0	260	260	0	379	0	639
Utilities	0	859	859	0	859	0	1,718
Repairs & Maintenance	0	474	474	0	352	0	826
Miscellaneous	0	1,786	1,786	0	2,674	0	4,460
Insurance	0	2,982	2,982	0	3,051	0	6,033
Campaign Expense	0	0	0	3,360	0	0	3,360
Contract Labor	0	100	100	10,769	0	0	10,869
Dues and Subscriptions	0	50	50	0	384	0	434
Meetings, Conferences, Travel	0	925	925	0	2,465	0	3,390
VITA/EITC	0	1,558	1,558	0	0	0	1,558
Licenses and Permits	0	0	0	0	320	0	320
Needs Assessment	0	0	0	0	5,797	0	5,797
Equipment/Software Upgrade	0	1,073	1,073	0	268	0	1,341
In-kind Expense	0	2,160	2,160	695	150	0	3,005
Depreciation	0	0	0	0	1,090	0	1,090
Total Other Expense	\$ 0	\$ 16,702	\$ 16,702	\$ 14,824	\$ 24,493	\$ 0	\$ 56,019
United Way of America Dues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,876	\$ 4,876
TOTAL EXPENSES	\$ 332,003	\$ 64,652	\$ 396,655	\$ 20,951	\$ 47,857	\$ 4,876	\$ 470,339

The accompanying notes are an integral part of the financial statements.

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

	Program Services			Support Services			2011 Total
	Fund Distribution	All Other Programs	Total Program Services	Campaign	Management and General	UWA Dues	
Allocations to Agencies							
Allocations/Awards	\$ 387,679	\$ 0	\$ 387,679	\$ 0	\$ 0	\$ 0	\$ 387,679
Less: Donor Designations	(22,376)	0	(22,376)	0	0	0	(22,376)
Net Agency Allocation	\$ 365,303	\$ 0	\$ 365,303	\$ 0	\$ 0	\$ 0	\$ 365,303
Salaries and Benefits							
Salaries and Wages	\$ 0	\$ 41,238	\$ 41,238	\$ 6,522	\$ 23,379	\$ 0	\$ 71,139
Payroll Taxes	0	2,494	2,494	433	1,718	0	4,645
Total Salaries and Benefits	\$ 0	\$ 43,732	\$ 43,732	\$ 6,955	\$ 25,097	\$ 0	\$ 75,784
Other Expenses							
Professional Fees	\$ 0	\$ 650	\$ 650	\$ 0	\$ 4,600	\$ 0	\$ 5,250
Office Supplies	0	116	116	0	2,208	0	2,324
Bank Charges	0	101	101	0	400	0	501
Telephone and Internet	0	384	384	0	684	0	1,068
Rent	0	1,250	1,250	0	1,250	0	2,500
Postage	0	185	185	0	223	0	408
Utilities	0	874	874	0	874	0	1,748
Repairs & Maintenance	0	735	735	0	383	0	1,118
Miscellaneous	0	100	100	0	527	0	627
Insurance	0	1,293	1,293	0	2,233	0	3,526
Campaign Expense	0	0	0	7,233	0	0	7,233
Dues and Subscriptions	0	390	390	0	146	0	536
Meetings, Conferences, Travel	0	0	0	0	1,783	0	1,783
VITA/EITC	0	4,272	4,272	0	0	0	4,272
Licenses and Permits	0	0	0	0	345	0	345
In-kind Expense	0	2,570	2,570	2,500	150	0	5,220
Depreciation	0	20	20	0	595	0	615
Total Other Expense	\$ 0	\$ 12,940	\$ 12,940	\$ 9,733	\$ 16,401	\$ 0	\$ 39,074
United Way of America Dues	\$ 0	0	0	0	0	4,956	4,956
TOTAL EXPENSES	\$ 365,303	\$ 56,672	\$ 421,975	\$ 16,688	\$ 41,498	\$ 4,956	\$ 485,117

The accompanying notes are an integral part of the financial statements.

**ROANE COUNTY UNITED WAY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

	<u>DECEMBER 31, 2012</u>	<u>DECEMBER 31, 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,677	\$ 43,614
<i>Adjustments to reconcile changes in net assets to cash provided (used) by operating activities:</i>		
Depreciation	1,090	615
Net Unrealized (Gain)/Loss on Investments	(945)	902
Changes in Assets and Liabilities		
(Increase) Decrease in Campaign Promised - Net	(3,431)	(54,019)
Increase (Decrease) in Grant Receivable	0	1,601
Increase (Decrease) in Allocations Payable	(902)	(16,448)
Increase (Decrease) in Accounts Payable	15	(355)
Increase (Decrease) in Payroll Liabilities and Other Payables	<u>(13,889)</u>	<u>6,706</u>
<i>Net Cash Provided (Used) by Operating Activities</i>	\$ <u>(14,385)</u>	\$ <u>(17,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	\$ <u>(3,042)</u>	\$ <u>(400)</u>
<i>Net Cash Provided (Used) by Investing Activities</i>	\$ <u>(3,042)</u>	\$ <u>(400)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (17,427)	\$ (17,784)
CASH AND CASH EQUIVALENTS		
Beginning of Period	<u>320,121</u>	<u>337,905</u>
End of Period	\$ <u><u>302,694</u></u>	\$ <u><u>320,121</u></u>

**ROANE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Nature of Activities

The Roane County United Way, Inc. (the Organization) 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 relate to current needs.

2. 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.

3. 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. 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.

CATAGORIES OF ASSETS	BALANCE DECEMBER 31, 2012	BALANCE DECEMBER 31, 2011
a. Unrestricted Net Assets, which are not restricted by donors or by law.	\$ 259,704	\$ 256,027
b. Temporarily Restricted Net Assets, whose use has been limited by donor-imposed time restrictions or purpose restrictions.	0	0
c. Permanently Restricted Net Assets, which have been restricted by donor or by law to be maintained by the organization in perpetuity.	0	0
TOTAL	\$ 259,704	\$ 256,027

4. 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.

5. Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in FASB ACS 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – Continued

6. Expense Allocation

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

7. Income Tax Status

The Organization has qualified as a publicly supported organization 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, 2012 and 2011, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

8. Investments

Investments are carried at market value in accordance with FASB ADC 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 decreases 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.

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 could differ from those estimates.

10. 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 assets are reclassified to unrestricted net assets.

11. 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.

**ROANE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES – Continued

12. Provision for Uncollectible Pledges

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

13. Reclassification

Certain items in the prior year financial statements have been reclassified for comparative purposes.

NOTE B – CASH AND CASH EQUIVALENTS

The cash in bank total consists of:

ACCOUNT DESCRIPTION	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2012
Regions Bank	\$ 6,706	\$ 5,767
Regions Bank - Certificate of Deposit	0	22,860
Regions Bank - Money Market	247,416	238,218
United Community Bank	48,572	53,276
TOTAL CASH IN BANK	\$ 302,694	\$ 320,121

Note: The total cash in bank includes \$0 in restricted cash.

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, 2012 and 2011 was \$52,572 and \$0, respectively.

NOTE C – INVESTMENTS

At December 31, 2012 and 2011, the Organization had the following investments, stated at fair market value based on quoted prices in active markets:

	2012	2011
334 Shares Regions Financial Corp. Stock	\$ 2,381	\$ 1,436

NOTE D – PROMISES RECEIVABLE – CAMPAIGN

Promises receivable at December 31, 2012 and 2011 consisted of the following:

Total Promises Receivable - Campaign (due within one year)	\$ 302,774	\$ 299,343
Less: Allowance for Uncollectible	(8,322)	(8,322)
Promises Receivable- Net	\$ 294,452	\$ 291,021
Charges off Promises to Give	\$ 17,134	\$ 7,142

**ROANE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011**

NOTE E – IN-KIND SUPPORT

In-kind support for the years ended December 31, 2012 and 2011 is reflected in the financial statements as both revenue and expense base on the value of goods and services donated to the Organization consisting of:

DONATED GOODS AND SERVICES	<u>2012</u>	<u>2011</u>
Advertising	\$ 695	\$ 2,500
Office Space	2,160	2,070
Teaching Services	0	500
Wine	<u>150</u>	<u>150</u>
TOTAL IN-KIND SUPPORT	<u>\$ 3,005</u>	<u>\$ 5,220</u>

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 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 – PROPERTY AND EQUIPMENT

The following summarizes the activity in the property and equipment accounts for the years ended December 31, 2012 and 2011, respectively:

	<u>BALANCE</u> <u>1/1/2012</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ DISPOSITIONS</u>	<u>BALANCE</u> <u>12/31/2012</u>
Equipment and Furniture	\$ 5,088	\$ 3,042	\$ -	\$ 8,130
Leasehold Improvements	1,650	-	-	1,650
Total	<u>\$ 6,738</u>	<u>\$ 3,042</u>	<u>\$ -</u>	<u>\$ 9,780</u>
Depreciation				
Accumulated Depreciation	\$ 6,513	\$ 1,090	\$ -	\$ 7,603
Total	<u>\$ 6,513</u>	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ 7,603</u>
Total Property and Equipment	<u>\$ 225</u>	<u>\$ 1,952</u>	<u>\$ -</u>	<u>\$ 2,177</u>

	<u>BALANCE</u> <u>1/1/2011</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ DISPOSITIONS</u>	<u>BALANCE</u> <u>12/31/2011</u>
Equipment and Furniture	\$ 4,688	\$ 400	\$ -	\$ 5,088
Leasehold Improvements	1,650	-	-	1,650
Total	<u>\$ 6,338</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 6,738</u>
Depreciation				
Accumulated Depreciation	\$ 5,899	\$ 615	\$ -	\$ 6,514
Total	<u>\$ 5,899</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ 6,514</u>
Total Property and Equipment	<u>\$ 439</u>	<u>\$ (215)</u>	<u>\$ -</u>	<u>\$ 224</u>

ROANE COUNTY UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE H – OPERATING LEASE

The Organization conducts its administrative activities from facilities that are leased under a four year operating lease that expired in December 2012. The terms of the lease called for lease payments totaling \$2,500 annually. As of the financial statement date the lease had not been renewed. The Organization and the lessor have continued the terms of the lease on a month to month basis until a new lease agreement can be negotiated. Lease expense was \$2,500 for the years ended December 31, 2012 and 2011.

NOTE I – CONCENTRATION OF CREDIT RISKS

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 allowance for uncollectible promises.

NOTE J – 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 K – 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 designation 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, 2012 and 2011 were \$27,375 and \$22,376

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:

1. 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.
2. 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.
3. Allocations Payable / Accounts Payable – The carrying amount reported in the balance sheet approximates fair value because of the short maturity of these instruments.
4. 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.

NOTE M – SUBSEQUENT EVENTS

The Organization did not have any subsequent events through February 21, 2013, which is the date the financial statements were available to be issued, which would require recording or disclosure in the financial statements for the year ended December 31, 2012.