

UNITED WAY OF THE GREATER
CLARKSVILLE REGION, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of the Greater Clarksville Region, Inc.
Clarksville, Tennessee

We have audited the accompanying financial statements of United Way of the Greater Clarksville Region, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2013 and the six months ended June 30, 2012, and the related 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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 also 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 on the previous page present fairly, in all material respects, the financial position of the Organization as of June 30, 2013 and June 30, 2012, and the changes in its net assets and its cash flows for the year ended June 30, 2013 and the six months ended June 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

October 25, 2013

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

<u>ASSETS</u>	2013	2012
<u>CURRENT ASSETS</u>		
Cash and cash equivalents		
Unrestricted	\$ 369,258	\$ 302,587
Restricted	5,585	8,905
Certificates of deposit	136,057	135,650
Pledges receivable, net - Note 3	304,422	310,987
Grants receivable	8,888	9,623
Prepaid expenses	2,006	3,573
Total current assets	826,216	771,325
 <u>PROPERTY AND EQUIPMENT</u>		
Office furniture, fixtures, and equipment	38,945	35,945
Less: accumulated depreciation	32,107	30,226
Net property and equipment	6,838	5,719
 Total assets	 \$ 833,054	 \$ 777,044
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Allocations and designations payable	\$ 540,315	\$ 473,408
Accrued expenses	18,420	42,901
Total current liabilities	558,735	516,309
 <u>NET ASSETS</u>		
Unrestricted	268,734	234,281
Temporarily restricted	5,585	26,454
Total net assets	274,319	260,735
 Total liabilities and net assets	 \$ 833,054	 \$ 777,044

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<u>PUBLIC SUPPORT AND REVENUE</u>				
Gross campaign results (2013)	\$ 903,265	\$ -	\$ -	\$ 903,265
Gross campaign results -				
Released from restriction	28,006	(28,006)	-	-
Total campaign results (2013)	931,271	(28,006)	-	903,265
Less: Donor designations	(85,896)	92	-	(85,804)
Less: Provision for uncollectible	(158,351)	1,830	-	(156,521)
Net campaign revenue (2013)	687,024	(26,084)	-	660,940
Net campaign revenue (2014)	-	5,215	-	5,215
CFC administrative fee income	17,114	-	-	17,114
Grant income	41,444	-	-	41,444
In-kind donations - Note 6	8,200	-	-	8,200
Miscellaneous income	3,737	-	-	3,737
Investment income	2,345	-	-	2,345
Sponsorship	6,085	-	-	6,085
Designated donations fee - Note 7	9,428	-	-	9,428
Total public support and revenue	775,377	(20,869)	-	754,508
<u>PROGRAM SERVICES</u>				
Gross funds awarded/distributed	539,807	-	-	539,807
Less: Donor designations	(85,804)	-	-	(85,804)
Net funds awarded/distributed	454,003	-	-	454,003
Other program services	173,894	-	-	173,894
Total program services	627,897	-	-	627,897
<u>SUPPORTING SERVICES</u>				
Organizational administration	27,078	-	-	27,078
Fundraising	55,525	-	-	55,525
Facility	19,749	-	-	19,749
CFC support services	5,475	-	-	5,475
In-kind expenses	5,200	-	-	5,200
Total supporting services	113,027	-	-	113,027
Total expenses	740,924	-	-	740,924
<u>CHANGE IN NET ASSETS</u>	34,453	(20,869)	-	13,584
<u>NET ASSETS - BEGINNING OF YEAR</u>	234,281	26,454	-	260,735
<u>NET ASSETS - END OF YEAR</u>	\$ 268,734	\$ 5,585	\$ -	\$ 274,319

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF ACTIVITIES
SIX MONTHS ENDED JUNE 30, 2012

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<u>PUBLIC SUPPORT AND REVENUE</u>				
Gross campaign results (2012)	\$ 308,746	\$ -	\$ -	\$ 308,746
Gross campaign results - Released from restriction	438,983	(438,983)	-	-
Total campaign results (2012)	747,729	(438,983)	-	308,746
Less: Donor designations	(82,447)	60,101	-	(22,346)
Less: Provision for uncollectible	(96,495)	49,489	-	(47,006)
Net campaign revenue (2012)	568,787	(329,393)	-	239,394
Gross campaign results (2013)	-	19,471	-	19,471
Less: Donor designations	-	(92)	-	(92)
Less: Provision for uncollectible	-	(1,830)	-	(1,830)
Net campaign revenue (2013)	-	17,549	-	17,549
CFC administrative fee income	14,430	-	-	14,430
Grant income	35,012	-	-	35,012
In-kind donations - Note 6	13,700	-	-	13,700
Miscellaneous income	2,040	-	-	2,040
Investment income	784	-	-	784
Sponsorship	3,880	-	-	3,880
Designated donations fee - Note 7	2,372	-	-	2,372
Total support and revenue	641,005	(311,844)	-	329,161
<u>PROGRAM SERVICES</u>				
Gross funds awarded/distributed	412,970	-	-	412,970
Less: Donor designations	(22,438)	-	-	(22,438)
Net funds awarded/distributed	390,532	-	-	390,532
Other program services	85,128	-	-	85,128
Total program services	475,660	-	-	475,660
<u>SUPPORTING SERVICES</u>				
Organizational administration	21,893	-	-	21,893
Fundraising	15,018	-	-	15,018
Facility	9,584	-	-	9,584
CFC support services	29,859	-	-	29,859
In-kind expenses	13,700	-	-	13,700
Total supporting services	90,054	-	-	90,054
Total expenses	565,714	-	-	565,714
<u>CHANGE IN NET ASSETS</u>	75,291	(311,844)	-	(236,553)
<u>NET ASSETS - DECEMBER 31, 2011</u>	158,990	338,298	-	497,288
<u>NET ASSETS - JUNE 30, 2012</u>	\$ 234,281	\$ 26,454	\$ -	\$ 260,735

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	PROGRAM SERVICES	SUPPORTING SERVICES					Total	
	Allocation Services	Organizational Administration	Fund-raising	Facility	CFC	In-kind	Supporting Services	Total
<u>EXPENSES</u>								
Salaries	\$ 115,265	\$ 6,177	\$ 16,138	\$ -	\$ -	\$ -	\$ 22,315	\$ 137,580
Payroll taxes	12,100	647	1,696	-	-	-	2,343	14,443
Employee benefits	16,019	858	2,243	-	-	-	3,101	19,120
Subtotal	<u>143,384</u>	<u>7,682</u>	<u>20,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,759</u>	<u>171,143</u>
Dues and fees	2,106	112	295	-	-	-	407	2,513
Fundraising	-	-	31,490	-	-	5,000	36,490	36,490
Insurance	2,651	143	372	-	-	-	515	3,166
Other	1,534	69	181	-	-	-	250	1,784
Phone	5,314	286	743	-	-	-	1,029	6,343
Postage	2,352	125	329	-	-	-	454	2,806
Printing and publications	1,840	95	254	-	-	-	349	2,189
Professional fees	-	8,601	-	-	5,475	-	14,076	14,076
Rent	-	-	-	14,400	-	-	14,400	14,400
Repairs and maintenance	-	-	-	65	-	-	65	65
Software upgrade	2,223	-	-	-	-	-	-	2,223
Supplies	5,686	322	838	-	-	200	1,360	7,046
Travel and meetings	6,804	363	946	-	-	-	1,309	8,113
United Way fair share	-	7,399	-	-	-	-	7,399	7,399
Utilities	-	-	-	5,284	-	-	5,284	5,284
Subtotal	<u>30,510</u>	<u>17,515</u>	<u>35,448</u>	<u>19,749</u>	<u>5,475</u>	<u>5,200</u>	<u>83,387</u>	<u>113,897</u>
Depreciation	-	1,881	-	-	-	-	1,881	1,881
<u>TOTAL OPERATIONS</u>	<u>173,894</u>	<u>27,078</u>	<u>55,525</u>	<u>19,749</u>	<u>5,475</u>	<u>5,200</u>	<u>113,027</u>	<u>286,921</u>
Gross funds awarded/distributed	539,807	-	-	-	-	-	-	539,807
Less: Donor designations	(85,804)	-	-	-	-	-	-	(85,804)
<u>TOTAL EXPENSES</u>	<u>\$ 627,897</u>	<u>\$ 27,078</u>	<u>\$ 55,525</u>	<u>\$ 19,749</u>	<u>\$ 5,475</u>	<u>\$ 5,200</u>	<u>\$ 113,027</u>	<u>\$ 740,924</u>

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
SIX MONTHS ENDED JUNE 30, 2012

	PROGRAM SERVICES		SUPPORTING SERVICES				Total	
	Allocation Services	Organizational Administration	Fund-raising	Facility	CFC	In-kind	Supporting Services	Total
<u>EXPENSES</u>								
Salaries	\$ 46,609	\$ 2,498	\$ 6,526	\$ -	\$ 8,347	\$ -	\$ 17,371	\$ 63,980
Payroll taxes	5,682	304	796	-	984	-	2,084	7,766
Employee benefits	12,158	652	1,702	-	3,833	-	6,187	18,345
Subtotal	<u>64,449</u>	<u>3,454</u>	<u>9,024</u>	<u>-</u>	<u>13,164</u>	<u>-</u>	<u>25,642</u>	<u>90,091</u>
Dues and fees	339	18	47	-	-	-	65	404
Fundraising	-	-	3,263	-	3,214	-	6,477	6,477
Insurance	1,175	63	165	-	22	-	250	1,425
Other	4,828	217	568	-	100	12,800	13,685	18,513
Phone	3,541	191	496	-	91	-	778	4,319
Postage	989	53	139	-	117	-	309	1,298
Printing and publications	752	39	104	-	-	-	143	895
Professional fees	-	12,367	-	-	11,525	-	23,892	23,892
Rent	-	-	-	7,200	-	-	7,200	7,200
Repairs and maintenance	43	2	5	99	242	-	348	391
Software upgrade	495	-	-	-	-	-	-	495
Supplies	2,803	159	413	-	93	900	1,565	4,368
Travel and meetings	5,714	305	794	-	1,291	-	2,390	8,104
United Way fair share	-	3,678	-	-	-	-	3,678	3,678
Utilities	-	-	-	2,285	-	-	2,285	2,285
Subtotal	<u>20,679</u>	<u>17,092</u>	<u>5,994</u>	<u>9,584</u>	<u>16,695</u>	<u>13,700</u>	<u>63,065</u>	<u>83,744</u>
Depreciation	-	1,347	-	-	-	-	1,347	1,347
<u>TOTAL OPERATIONS</u>	<u>85,128</u>	<u>21,893</u>	<u>15,018</u>	<u>9,584</u>	<u>29,859</u>	<u>13,700</u>	<u>90,054</u>	<u>175,182</u>
Gross funds awarded/distributed	412,970	-	-	-	-	-	-	412,970
Less: Donor designations	(22,438)	-	-	-	-	-	-	(22,438)
<u>TOTAL EXPENSES</u>	<u>\$ 475,660</u>	<u>\$ 21,893</u>	<u>\$ 15,018</u>	<u>\$ 9,584</u>	<u>\$ 29,859</u>	<u>\$ 13,700</u>	<u>\$ 90,054</u>	<u>\$ 565,714</u>

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30, 2013 AND
SIX MONTHS ENDED JUNE 30, 2012

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 13,584	\$ (236,553)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,881	1,347
Donated equipment	(3,000)	-
Changes in:		
Pledges receivable, net	6,565	104,188
Receivable - Combined Federal Campaign	-	136,112
Grants receivable	735	(9,623)
Prepaid expenses	1,567	523
Allocations and designations payable	66,907	192,746
Accrued expenses	(24,481)	33,077
Net cash provided by operating activities	63,758	221,817
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of certificates of deposit	(407)	(202)
Net cash used in investing activities	(407)	(202)
 <u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	63,351	221,615
 <u>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</u>	311,492	89,877
 <u>CASH AND CASH EQUIVALENTS - END OF PERIOD</u>	\$ 374,843	\$ 311,492

During the year ended June 30, 2013 and the six months ended June 30, 2012, the Organization received non-cash assistance recorded as in-kind revenue and program services totaling \$5,200 and \$13,700, respectively.

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

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

1. Summary of Significant Accounting Policies

Description of Organization

United Way of the Greater Clarksville Region, Inc. (the Organization) is a nonprofit organization established May 21, 1956. Its objective is to coordinate and cooperate in fundraising campaigns that are directed toward meeting the health and human needs of the community. The Organization is governed by a volunteer Board of Directors composed of a cross section of community and business leaders. The Organization is located in Clarksville, Tennessee.

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It has not been determined to be a private foundation and is considered by the Internal Revenue Service (IRS) to be a public charity. Accordingly, no provision for income tax has been made. However, the Organization does file information returns required by the IRS. The Organization is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2010.

Use of Estimates

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from these estimates in the near term and these variations can have a material effect on these financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Organization utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. Operating revenues and expenses include those items that increase or decrease unrestricted net assets.

The Financial Accounting Standards Board (FASB) has established standards concerning contributions and financial statement presentation applicable to non-governmental not-for-profit organizations such as the Organization. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the Organization to distinguish among contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows.

Unrestricted

Unrestricted net assets are free of grant-imposed or donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by grantors or donors are included in this classification. All expenditures are reported in the unrestricted class of net assets since the use of restricted contributions in accordance with the grantors' or donors' stipulations results in the release of the restriction.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2013 AND 2012

1. Summary of Significant Accounting Policies (Cont'd)

Basis of Accounting (Cont'd)

Temporarily Restricted

Temporarily restricted net assets are limited as to use by grant-imposed or donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose. The Organization had temporarily restricted net assets of \$5,585 and \$29,454 at June 30, 2013 and 2012, respectively.

Permanently Restricted

Permanently restricted net assets are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Organization had no permanently restricted net assets at June 30, 2013 and 2012.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and pledges receivable. The Organization places its cash with federally-insured financial institutions. With respect to pledges receivable, credit risk is dispersed across a large number of contributors who are geographically concentrated in the Clarksville, Tennessee service area. Consequently, the Organization's ability to collect the pledges due from contributors is affected by economic and other conditions in this geographic area. The Organization does not require collateral with respect to pledges receivable.

Cash and Cash Equivalents

The Organization considers all highly-liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Restricted cash and cash equivalents are limited in use to payments to partner agencies for financial relief in connection with natural disasters.

Contributions, Pledges Receivable, Campaign Expenses, and Program Investments

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Campaigns are conducted beginning in the first half of each fiscal year to raise support for program investments in participating agencies during the next year. Pledges receivable are recognized in the period received, with an allowance provided for estimated uncollectible accounts. The allowance for uncollectible accounts is computed based on management's estimates of current economic factors applied to gross campaign results including donor designations. Pledge receivables are expected to be collected within the campaign year.

Campaign support pledged is recognized as an increase in temporarily restricted net assets until the year of investment. All contributions are considered available for use as approved by the Board of Directors unless specifically restricted or designated by the donor. Campaign pledges designated by donors are considered to be agency-type transactions and are not included in net revenues or expenses of the Organization. Campaign expenses are recognized in the period incurred.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2013 AND 2012

1. Summary of Significant Accounting Policies (Cont'd)

Contributions, Pledges Receivable, Campaign Expenses, and Program Investments (Cont'd)

Program investments in partner agencies are recognized as program service expenses in the period approved by the Board of Directors and corresponding to the period of the release of time restrictions for related campaign pledges.

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at historical cost or, if contributed, at estimated fair values at the date of receipt. Property and equipment acquired with a unit cost of \$2,500 or greater and a useful life of more than one year are capitalized. Expenditures for additions, major renovations and improvements are capitalized while those for maintenance and repairs are charged to expense as incurred. Capitalized assets are depreciated over their estimated useful lives using the straight line method.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time toward the annual campaign and the various community activities that support the Organization's programs. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC Codification 958-605-50-1 have not been satisfied. Donated property, professional services and other in-kind contributions are recognized in the financial statements at fair value when received.

Advertising Costs

Advertising costs are expensed as incurred. The Organization incurred advertising costs of \$15,354 and \$12,800 during the year ended June 30, 2013 and the six month period ended June 30, 2012, respectively.

Date of Management's Review

Subsequent events have been evaluated through October 25, 2013, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash and cash equivalents were represented by deposits in financial institutions totaling \$518,064 and \$475,486 at June 30, 2013 and 2012, respectively, of which \$386,057 and \$385,650, respectively, were federally insured by the Federal Deposit Insurance Corporation and \$132,007 and \$89,836, respectively, were uninsured.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2013 AND 2012

3. Pledges Receivable

	2013	2012
Current year campaign	\$ 483,958	\$ 410,119
Prior year's campaign	75,310	84,464
Next year's campaign	-	4,095
	559,268	498,678
Less: Allowance for uncollectible pledges		
Current year campaign	158,351	96,495
Prior year's campaign	96,495	89,366
Next year's campaign	-	1,830
	254,846	187,691
Net pledges receivable	\$ 304,422	\$ 310,987

The results of the next year's campaign, net of the related allowance for uncollectible pledges, less designations payable, have been included in temporarily restricted net assets on the accompanying statements of financial position, as such contributions are restricted for allocations of the future periods. All pledges receivable are due within one year.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$5,585 and \$26,454 as shown on the June 30, 2013 and 2012 statements of financial position include:

	2013	2012
Contributions to support allocations and operations	\$ 5,215	\$ 19,471
Less: Designations for the next year's campaign	-	(92)
Less: Provision for uncollectible	-	(1,830)
Disaster pledges received but not expended	370	8,905
Net temporarily restricted net assets	\$ 5,585	\$ 26,454

5. Board Designations

The Organization's board of directors had designated unrestricted net assets totaling \$112,794 for internal purposes as of June 30, 2013 and 2012.

6. In-Kind Donations

In-kind donations totaling \$8,200 and \$13,700 were recorded for fundraising related goods and professional services received during the year ended June 30, 2013 and the six month period ended June 30, 2012, respectively.

7. Designations

Contributors can designate recipient agencies to which their contributions will be directed. Gross designated pledges from the 2013 Campaign were \$85,896. The Organization's policy is to deduct an eight-and-a-half-percent administrative fee and a fifteen-percent shrinkage allowance from these specified designations. These rates are based upon historical data relating to administrative expenses and uncollectible pledges.

UNITED WAY OF THE GREATER CLARKSVILLE REGION, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
JUNE 30, 2013 AND 2012

7. Designations (Cont'd)

Designations for the 2014 Campaign as of June 30, 2013, were \$-0-

Designations for the 2013 Campaign as of June 30, 2012, were \$92. An eight-and-a-half-percent administrative fee of \$8 and a fifteen-percent shrinkage allowance of \$14 were deducted by the Organization from these specified designations.

8. Lease of Building

The Organization is a party to an operating lease with the Clarksville Charitable and Educational Foundation, Inc. for the office building at 529 North Second Street. The monthly rental payment is \$1,200 and all improvements and maintenance are the responsibility of the Organization. The lease expires on January 1, 2021. Lease expense was \$14,400 and \$7,200 for the year ended June 30, 2013 and the six months ended June 30, 2012, respectively. Future minimum rental payments due under the lease are as follows:

	<u>Amount</u>
2014	\$ 14,400
2015	14,400
2016	14,400
2017	14,400
2018	14,400
Thereafter	36,000

9. United Way of America

The Organization paid membership dues of \$7,399 and \$3,678 to United Way of America during the year ended June 30, 2013 and the six month period ended June 30, 2012, respectively.

10. Retirement Plan

The Organization sponsors a defined contribution 401(k) plan covering all full-time employees. Mutual of America serves as trustee of the plan which became effective June 1, 2007. After twelve months of employment, the Organization provides an annual discretionary contribution of 2.5% and a matching contribution up to 5% of each covered employee's salary. Contributions totaled \$4,617 and \$1,699 for the year ended June 30, 2013 and the six month period ended June 30, 2012, respectively. Employee contributions totaled \$3,641 and \$844 for the year ended June 30, 2013 and the six month period ended June 30, 2012, respectively.

11. Risk Management

The Organization is exposed to various risks of loss including, but not limited to, torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization has elected to obtain various insurance policies to transfer risk to commercial insurance companies. There were no insurance claims during the audit periods.