

UNITED WAY OF WILLIAMS COUNTY

FINANCIAL STATEMENTS

Years Ended December 31, 2008 and 2007

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To the Board of Trustees
United Way of Williams County
Bryan, Ohio

Independent Auditor's Report

We have audited the accompanying statements of financial position of United Way of Williams County as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Williams County as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Penrod, George & Co.

August 25, 2009

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash | \$ 338,133 | \$ 260,648 |
| Unconditional promises to give, less allowance for uncollectible promises of \$18,310 for 2008 and \$12,349 for 2007 | 158,144 | 193,919 |
| Investment | 39,146 | 94,184 |
| Equipment | <u>328</u> | <u>702</u> |
| TOTAL ASSETS | <u>\$ 535,751</u> | <u>\$ 549,453</u> |
| LIABILITIES | | |
| Grants payable | \$ 235,190 | \$ 247,420 |
| Accounts payable | 170 | 406 |
| Accrued wages | 1,335 | - |
| Payroll withholdings | <u>2,036</u> | <u>1,897</u> |
| TOTAL LIABILITIES | 238,731 | 249,723 |
| NET ASSETS | | |
| Unrestricted | <u>297,020</u> | <u>299,730</u> |
| TOTAL NET ASSETS | <u>297,020</u> | <u>299,730</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 535,751</u> | <u>\$ 549,453</u> |

See accompanying notes and accountant's report.

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| UNRESTRICTED NET ASSETS | | |
| Support and revenue | | |
| Gross campaign results | \$ 363,584 | \$ 433,176 |
| Less: Designations | (29,540) | (39,283) |
| Campaign contributions | <u>334,044</u> | <u>393,893</u> |
| Interest income | 5,958 | 8,127 |
| Investment income | <u>2,852</u> | <u>1,229</u> |
| TOTAL SUPPORT AND REVENUE | 342,854 | 403,249 |
| Expenses | | |
| Program services | 223,267 | 256,932 |
| Supporting services | | |
| Management and general | 32,759 | 27,702 |
| Fund raising | <u>56,853</u> | <u>47,954</u> |
| | 312,879 | 332,588 |
| Donation to endowment fund at Bryan Area Foundation | <u>10,750</u> | <u>35,233</u> |
| TOTAL EXPENSES | <u>323,629</u> | <u>367,821</u> |
| Other change in unrestricted net assets: | | |
| Net loss on investment securities | <u>(21,935)</u> | <u>(2,847)</u> |
| INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS | <u>(2,710)</u> | <u>32,581</u> |
| CHANGE IN NET ASSETS | (2,710) | 32,581 |
| NET ASSETS AT BEGINNING OF YEAR | <u>299,730</u> | <u>267,149</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 297,020</u> | <u>\$ 299,730</u> |

See accompanying notes and accountant's report.

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$(2,710) | \$ 32,581 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 374 | 580 |
| Unrealized loss on investment securities | 22,395 | 2,847 |
| Realized gain on investment securities | (460) | - |
| (Increase) decrease in operating assets: | | |
| Unconditional promises to give | 35,775 | (34,295) |
| Increase (decrease) in operating liabilities: | | |
| Grants payable | (12,230) | (20,588) |
| Accounts payable | (236) | 232 |
| Accrued wages | 1,335 | - |
| Payroll withholdings | 139 | 647 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>44,382</u> | <u>(17,996)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (30,414) | (97,031) |
| Proceeds from sale of investments | 63,517 | 121,754 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>33,103</u> | <u>24,723</u> |
| NET INCREASE IN CASH | 77,485 | 6,727 |
| CASH AT BEGINNING OF YEAR | <u>260,648</u> | <u>253,921</u> |
| CASH AT END OF YEAR | <u>\$ 338,133</u> | <u>\$ 260,648</u> |

See accompanying notes and accountant's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The purpose of the Organization is to receive and accept property to be administered exclusively for charitable purposes for the benefit of the people in the Williams County, Ohio area.

Basis of Accounting

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

Promises To Give

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investment Securities

Investment securities are stated at fair value as determined by the market value of individual financial instruments.

Campaign Contributions

As a component of gross campaign results, the Organization receives and includes donor designated contributions intended to be provided directly to specified beneficiary organizations. Upon receipt of a designated asset, in accordance with SFAS 136 *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the Organization recognizes the designation as an asset, an associated liability, and excludes the designation from campaign contributions and program service expense.

Depreciation

The Organization's equipment is depreciated using the straight-line method.

Income Taxes

The Organization is a not-for-profit corporation and has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

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.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE B - PROMISES TO GIVE

Unconditional promises to give at December 31 are as follows:

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| Unrestricted promises | <u>\$ 176,454</u> | <u>\$ 206,268</u> |
| Receivable in less than one year | \$ 176,454 | \$ 206,268 |
| Less allowance for uncollectible promises receivable | <u>(18,310)</u> | <u>(12,349)</u> |
| Net unconditional promises to give at December 31 | <u>\$ 158,144</u> | <u>\$ 193,919</u> |

NOTE C - EQUIPMENT

Equipment is recorded at historical cost and consists of the following:

| | <u>2008</u> | <u>2007</u> |
|--------------------------|-----------------|-----------------|
| Equipment | \$ 7,747 | \$ 7,747 |
| Accumulated depreciation | <u>(7,419)</u> | <u>(7,045)</u> |
| | <u>\$ 328</u> | <u>\$ 702</u> |

The Organization capitalizes all equipment in excess of \$300.

NOTE D - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in Northwest Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, the Organization's uninsured cash balances total \$39,227.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE E - INVESTMENT

Investment securities are stated at fair value, as discussed further in Note F, and consist of debt and equity securities as follows:

| | <u>2008</u> | <u>2007</u> |
|------------------------------|------------------|------------------|
| Available for sale: | | |
| Aggregate cost | | |
| Marketable debt securities | \$ - | \$ 31,042 |
| Marketable equity securities | 64,369 | 65,989 |
| Gross unrealized loss | <u>(25,223)</u> | <u>(2,847)</u> |
| Market value | <u>\$ 39,146</u> | <u>\$ 94,184</u> |

Included in investment income are dividends of \$3,302 and investment expenses of \$450 and dividends of \$301 and investment expenses of \$94, for 2008 and 2007, respectively.

NOTE F - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2008.

Mutual funds - valued at the net asset value ("NAV") of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2008.

| <u>Assets at Fair Value as of December 31, 2008</u> | | | | |
|---|-------------------------|--------------------|--------------------|-------------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Mutual Funds | <u>\$ 39,146</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,146</u> |
| Total assets at fair value | <u><u>\$ 39,146</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 39,146</u></u> |

NOTE G - OVERHEAD RATIO

The Organization's overhead ratio was 24.17% for 2008 and 17.21% for 2007. For 2008, the Organization's overhead ratio increased significantly mainly as a result of a decline in campaign contributions, not from a considerable increase in internal expenses. The overhead ratio was calculated using standards of the United Way of America. The ratio is calculated by dividing the total of management and general expenses, fundraising expenses, and expenses to affiliates by total income including gross campaign results, interest income, investment income, and realized gains.

NOTE H - ENDOWMENT FUND

The Organization has established an endowment fund with the Bryan Area Foundation and transferred \$10,750 and \$35,233 in 2008 and 2007, respectively. Annually, the Organization will receive an income distribution from the endowment fund that will be used to pay for administrative expenses.

NOTE I - FASB INTERPRETATION NO. 48

The Organization has elected to defer the application of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. The Organization is awaiting further guidance before establishing an accounting policy of evaluating uncertain tax positions.