

UNITED WAY OF WILLIAMS COUNTY

FINANCIAL STATEMENTS

Years Ended March 31, 2013 and 2012

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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 financial statements of United Way of Williams County (a nonprofit organization), which comprise the statements of financial position as of March 31, 2013 and March 31, 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 audits. We conducted our audits 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 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 United Way of Williams County as of March 31, 2013 and March 31, 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

7/15/14

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF FINANCIAL POSITION
 March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ 374,100	\$ 324,835
Unconditional promises to give, less allowance for uncollectible promises of \$6,000 for 2013 and \$20,000 for 2012	137,830	155,236
Investments	94,184	79,064
Equipment	<u>1,111</u>	<u>2,103</u>
TOTAL ASSETS	<u>\$ 607,225</u>	<u>\$ 561,238</u>
LIABILITIES		
Grants payable	\$ 162,410	\$ 171,285
Accounts payable	-	1,350
Accrued wages	1,601	1,431
Payroll withholdings	<u>898</u>	<u>977</u>
TOTAL LIABILITIES	164,909	175,043
NET ASSETS		
Unrestricted net assets	304,486	230,959
Temporarily restricted net assets		
Implied time restriction	<u>137,830</u>	<u>155,236</u>
TOTAL NET ASSETS	<u>442,316</u>	<u>386,195</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 607,225</u>	<u>\$ 561,238</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Gross campaign results	\$ 336,558	\$ 324,960
Less: Designations	(33,705)	(27,892)
Less: Allowance for uncollectible promises	(13,962)	(19,627)
Less: Implied time restricted contributions	(137,830)	(155,236)
Campaign contributions	<u>151,061</u>	<u>122,205</u>
Gifts in-kind	3,251	2,882
Interest income	400	787
Investment income	<u>2,310</u>	<u>2,043</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	157,022	127,917
Net assets released from restrictions:		
Satisfaction of implied time restriction	<u>155,236</u>	<u>176,522</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE AND RECLASSIFICATIONS	312,258	304,439
Expenses		
Program services	168,960	182,926
Supporting services		
Management and general	29,467	28,613
Fund raising	41,528	33,458
	<u>239,955</u>	<u>244,997</u>
Donation to endowment fund at Bryan Area Foundation	<u>2,500</u>	<u>3,533</u>
TOTAL EXPENSES	<u>242,455</u>	<u>248,530</u>
Other change in unrestricted net assets:		
Net realized and unrealized gain on investment securities	<u>3,724</u>	<u>2,206</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>73,527</u>	<u>58,115</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF ACTIVITIES
 Years Ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
TEMPORARILY RESTRICTED NET ASSETS		
Campaign contributions	137,830	155,236
Net assets released from restrictions	<u>(155,236)</u>	<u>(176,522)</u>
DECREASE IN		
TEMPORARILY RESTRICTED NET ASSETS	<u>(17,406)</u>	<u>(21,286)</u>
CHANGE IN NET ASSETS	56,121	36,829
NET ASSETS AT BEGINNING OF YEAR	<u>386,195</u>	<u>349,366</u>
NET ASSETS AT END OF YEAR	<u>\$ 442,316</u>	<u>\$ 386,195</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2013 and 2012

	2013			2012				
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Program service grants	\$ 145,684	\$ -	\$ -	\$ 145,684	\$ 166,063	\$ -	\$ -	\$ 166,063
Compensation and related expenses	16,969	8,485	16,969	42,423	11,763	9,663	20,587	42,013
Mileage and travel	-	-	78	78	-	-	20	20
Legal and accounting	-	6,650	-	6,650	-	5,707	-	5,707
Office supplies	635	318	635	1,588	85	255	-	340
Telephone	1,121	561	1,121	2,803	797	2,391	-	3,188
Equipment rent & maintenance	1,754	877	1,754	4,385	599	1,796	-	2,395
Rent	1,920	960	1,920	4,800	1,200	3,600	-	4,800
Insurance	469	469	469	1,407	668	1,723	226	2,617
Association fees	183	1,648	1,831	3,662	591	-	5,318	5,909
Printing and materials	45	22	14,108	14,175	230	689	6,550	7,469
Postage	153	76	2,616	2,845	70	210	757	1,037
Conferences and meetings	(533)	-	(533)	(1,066)	411	1,233	-	1,644
Dues and subscriptions	-	71	-	71	6	17	-	23
Professional development	-	689	-	689	25	75	-	100
Taxes	-	400	-	400	75	225	-	300
Bad debt expense	-	7,962	-	7,962	-	-	-	-
Miscellaneous	163	81	163	407	95	285	-	380
Depreciation	397	198	397	992	248	744	-	992
	<u>\$ 168,960</u>	<u>\$ 29,467</u>	<u>\$ 41,528</u>	<u>\$ 239,955</u>	<u>\$ 182,926</u>	<u>\$ 28,613</u>	<u>\$ 33,458</u>	<u>\$ 244,997</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 56,121	\$ 36,829
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	992	992
Unrealized gain on investment securities	(3,154)	(1,991)
Realized gain on investment securities	(570)	(215)
(Increase) decrease in operating assets:		
Unconditional promises to give	17,406	21,286
Increase (decrease) in operating liabilities:		
Grants payable	(8,875)	(8,252)
Accounts payable	(1,350)	(204)
Accrued wages	170	800
Payroll withholdings	(79)	598
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>60,661</u>	<u>49,843</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(18,212)	(22,483)
Proceeds from sale of investments	6,816	22,005
NET CASH USED BY INVESTING ACTIVITIES	<u>(11,396)</u>	<u>(478)</u>
NET INCREASE IN CASH	49,265	49,365
CASH AT BEGINNING OF YEAR	<u>324,835</u>	<u>275,470</u>
CASH AT END OF YEAR	<u>\$ 374,100</u>	<u>\$ 324,835</u>

See accompanying notes and independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2013 and 2012

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.

Cash Equivalents

The Organization considers all short-term debt securities and certificates of deposit purchased with maturity of three months or less to be cash equivalents.

Promises To Give

An annual fund-raising campaign is conducted each fall to obtain donations and promises to give. Generally, unconditional promises to give are due within one year of the promise. Accordingly, unconditional promises to give are recorded at the amount the Organization expects to collect from outstanding balances at year-end. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for unconditional promises to give. After two years, uncollected campaign promises to give are written off through a charge to the valuation allowance and a credit to unconditional promises to give.

Investment Securities

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

Campaign Contributions

Contributions are recognized when a donor contributes cash without an associated promise to give or when a donor makes a promise to give to the Organization that is, in substance, unconditional.

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 FASB ASC 958-605 *Not-for-Profit Entities Revenue Recognition*, the Organization recognizes the designation as an asset, an associated liability, and excludes the designation from campaign contributions and program service expense.

See independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2013 and 2012

Depreciation

Net of accumulated depreciation, equipment is stated at cost if purchased or, if donated, at the estimated fair value at the date of donation. Depreciation is provided primarily using the straight-line method over the estimated useful lives of the depreciable assets. The following table represents the range of estimated useful lives by major class of depreciable assets:

	<u>Estimated Useful Lives In Years</u>
Equipment	3 to 5

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.

The federal income tax returns of the organization for 2009, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Penalties and interest assessed by income taxing authorities, if any, are included in management and general expenses of the organization.

Use of Estimates

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

Net Asset Classifications

To ensure compliance with restrictions placed on the resources available to the Organization, accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purposes. In the financial statements, funds that have similar characteristics have been combined into the net asset categories of permanently restricted, temporarily restricted and unrestricted.

Permanently restricted net assets contain donor-imposed restrictions that require the Organization to permanently maintain these resources but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. The Organization does not have permanently restricted net assets.

See independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2013 and 2012

Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired. If the Organization receives temporarily restricted contributions and the donor restrictions have been satisfied within the same reporting period, the contributions and associated expenses are reported as unrestricted net assets.

In-Kind Contributions

In-kind contributions are recorded as revenue and expense at estimated fair value at the time the items are received or services rendered. In-kind contributions consisting of services and products such as information technology back up and support, program supplies, and fund raising supplies provided by donors amounted to \$3,251 and \$2,882 for 2013 and 2012, respectively.

Gifts of property and equipment are considered unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Gifts of long-lived assets are recorded at the estimated fair value on the date of the gift.

Subsequent Events

The Organization performed subsequent events procedures through July 15, 2014, the date financial statements were available to be issued. The Organization has not evaluated any subsequent events after this date related to these financial statements.

NOTE B - PROMISES TO GIVE

Unconditional promises to give are as follows:

	<u>2013</u>	<u>2012</u>
Unrestricted promises	<u>\$ 143,830</u>	<u>\$ 175,236</u>
Receivable in less than one year	\$ 143,830	\$ 175,236
Less allowance for uncollectible promises to give	<u>(6,000)</u>	<u>(20,000)</u>
Net unconditional promises to give	<u>\$ 137,830</u>	<u>\$ 155,236</u>

See independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
 Years Ended March 31, 2013 and 2012

NOTE C - EQUIPMENT

The equipment is stated at cost and consists of the following:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 9,918	\$ 12,407
Accumulated depreciation	<u>(8,807)</u>	<u>(10,304)</u>
	<u>\$ 1,111</u>	<u>\$ 2,103</u>

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

NOTE D - INVESTMENT INCOME

Investment income consists of dividends and capital gains distributions of \$2,907 and investment expense of \$597 and dividends of \$2,608 and investment expenses of \$565 for 2013 and 2012, respectively.

NOTE E - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) ASC 820, Fair Value Measurements and Disclosures, 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 ASC 820 are described below:

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

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.

See independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2013 and 2012

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 March 31, 2013 or 2012.

Mutual funds - valued at the closing price reported on the active market on which the individual mutual fund is traded.

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 Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended March 31, 2013 and 2012.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets reported at fair value on a recurring basis as of March 31, 2013 and 2012.

Assets at Fair Value as of March 31, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Available for sale:				
Mutual Funds				
Debt securities	\$ 68,342	\$ -	\$ -	\$ 68,342
Equity securities	<u>25,842</u>	<u>-</u>	<u>-</u>	<u>25,842</u>
Total assets at fair value	<u>\$ 94,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,184</u>

Assets at Fair Value as of March 31, 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Available for sale:				
Mutual Funds				
Debt securities	\$ 55,204	\$ -	\$ -	\$ 55,204
Equity securities	<u>23,860</u>	<u>-</u>	<u>-</u>	<u>23,860</u>
Total assets at fair value	<u>\$ 79,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,064</u>

See independent auditor's report.

**UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS**
Years Ended March 31, 2013 and 2012

NOTE F - OVERHEAD RATIO

The Organization's overhead ratio was 21.19% for 2013 and 18.94% for 2012. The overhead ratio was calculated using standards of the United Way Worldwide. 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 G - ENDOWMENT FUND

The Organization has established an endowment fund with the Bryan Area Foundation, who also is granted variance power over the endowment fund, and transferred \$2,500 and \$3,533 in 2013 and 2012, respectively. On a periodic basis, the Organization may receive an income distribution from the endowment fund that will be used to pay for administrative expenses.

NOTE H - RETIREMENT PLAN

The Organization provides a qualified salary deferral plan under Internal Revenue Code Section 403(b) covering eligible employees who meet certain eligibility requirements. Employees may contribute a percentage of their compensation to the plan. The Company may make discretionary contributions to the plan. No discretionary contributions were made for the years ended March 31, 2013 and 2012.

NOTE I - CONCENTRATION

The Organization maintains a cash balance in which the balance is not insured by the Federal Deposit Insurance Corporation. The Organization's uninsured cash at March 31, 2013, was \$64,873.

NOTE J - FUNCTIONAL ALLOCATION OF EXPENSES

The Statements of Activities present expenses by functional classification. Certain expenses are directly allocable to a given function including, but not limited to, program service grants, printing and materials expenses for the annual campaign, and legal and accounting expenses. However, there are various expenses that are allocated based upon different methods of functional allocation. These allocation methods would include an estimate of usage of space for a given function, estimate of time by employees incurred for a given function, and an estimated benefit of services received.

The allocated costs totaled \$78,421 and \$72,784 for 2013 and 2012, respectively. Referring to the Statements of Functional Expenses, the functionally allocated line items include compensation and related expenses, office supplies, telephone, equipment rent and maintenance, rent, insurance, association fees, printing and materials, postage, conferences and meetings, miscellaneous expense, and depreciation expense.

See independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2013 and 2012

NOTE K - RECLASSIFICATION AND RESTATEMENT

During the 2013 year-end, the Organization reviewed the 2012 presentation of what had been considered bad debt expense and included as a management and general functional expense. As opposed to being considered a bad debt expense, it was determined this amount is a valuation adjustment to the unconditional promises to give and the associated gross campaign results in an effort to present an estimated net realizable value from the campaign.

Therefore, the Organization is reclassifying the 2012 amount of \$19,627 previously considered as bad debt expense and included in the functional expenses to offsetting gross campaign results in the statement of activities.

During the 2013 year-end, it was identified that the unconditional promises to give for the current year campaign do not contain an indication that these promises to give are available for current year usage and allocation. Therefore, the unconditional promises to give contain an implied time restriction which is generally released when payment on the unconditional promise to give is due. Consequently, the Organization is restating the 2011 and 2012 unrestricted and temporarily restricted net assets.

The change in presentation and restatement did not alter the total change in net assets.

	<u>As Originally Stated</u>	<u>As Reclassified and Restated</u>
<u>Statement of Financial Position</u>		
As of March 31, 2011		
Unrestricted net assets	\$ 349,366	\$ 172,844
Temporarily restricted net assets	-	176,522
Total net assets as of March 31, 2011	<u>\$ 349,366</u>	<u>\$ 349,366</u>
As of March 31, 2012		
Unrestricted net assets	\$ 386,195	\$ 230,959
Temporarily restricted net assets	-	155,236
Total net assets as of March 31, 2012	<u>\$ 386,195</u>	<u>\$ 386,195</u>

See independent auditor's report.

UNITED WAY OF WILLIAMS COUNTY
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2013 and 2012

	<u>As Originally Stated</u>	<u>As Reclassified and Restated</u>
<u>Statement of Activities</u>		
For the year ended March 31, 2012		
Unrestricted net assets		
Support and revenue		
Gross campaign results	\$ 324,960	\$ 324,960
Less: Designations	(27,892)	(27,892)
Less: Allowance for uncollectible promises	-	(19,627)
Less: Implied time restricted contributions	-	(155,236)
	<u>297,068</u>	<u>122,205</u>
Gifts in-kind	2,882	2,882
Interest income	787	787
Investment income	<u>2,043</u>	<u>2,043</u>
Total support and revenue	302,780	127,917
Net assets released from restrictions		
Satisfaction of implied time restriction	-	<u>176,522</u>
Total unrestricted support and revenue and reclassifications	302,780	304,439
Expenses		
Program services	182,926	182,926
Supporting services		
Management and general	48,240	28,613
Fund raising	<u>33,458</u>	<u>33,458</u>
	264,624	244,997
Donation to endowment fund at Bryan Area Foundation	<u>3,533</u>	<u>3,533</u>
Total expenses	268,157	248,530
Net realized and unrealized gain on investment securities	<u>2,206</u>	<u>2,206</u>
Increase in unrestricted net assets	36,829	58,115
Temporarily restricted net assets		
Campaign contributions	-	155,236
Net assets released from restrictions	<u>-</u>	<u>(176,522)</u>
Decrease in temporarily restricted net assets	<u>-</u>	<u>(21,286)</u>
Change in net assets	36,829	36,829
Net assets at beginning of year	<u>349,366</u>	<u>349,366</u>
Net assets at end of year	<u>\$ 386,195</u>	<u>\$ 386,195</u>

See independent auditor's report.