

United Way of Williams County

Financial Statements

March 31, 2016

United Way of Williams County
Bryan, Ohio

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SHULTZ HUBER
AND ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS DEVELOPMENT SPECIALISTS
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Independent Auditor's Report

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

We have audited the accompanying financial statements of United Way of Williams County (an Ohio nonprofit corporation), which comprise the statement of financial position as of March 31, 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 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.

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SHULTZ HUBER
AND ASSOCIATES, INC.

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 2016 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Williams County as of March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Shultz Huber & Associates, Inc.

Bryan, Ohio
November 8, 2016

United Way of Williams County

Statement of Financial Position

March 31,

| | <u>2016</u> |
|---|--------------------------|
| Assets | |
| Current Assets | |
| Cash | \$ 347,293 |
| Promise To Give - Net | 142,147 |
| Investments | <u>98,744</u> |
| Total Current Assets | <u>588,184</u> |
| Property and Equipment | |
| Office Equipment | 10,071 |
| Less: Accumulated Depreciation | <u>7,899</u> |
| Total Property and Equipment - Net | <u>2,172</u> |
| Total Assets | <u><u>\$ 590,356</u></u> |
| Liabilities and Net Assets | |
| Current Liabilities | |
| Grants and Agencies Payable | \$ 182,125 |
| Accounts Payable | 4,281 |
| Accrued Payroll | 588 |
| Accrued and Withheld Payroll Taxes | <u>1,423</u> |
| Total Liabilities | <u>188,417</u> |
| Net Assets | |
| Unrestricted | 265,623 |
| Temporarily Restricted | <u>136,316</u> |
| Total Net Assets | <u>401,939</u> |
| Total Liabilities and Net Assets | <u><u>\$ 590,356</u></u> |

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



United Way of Williams County
Statement of Activities and Changes in Net Assets
For the Year Ended March 31,

| | 2016 | | Total |
|---|---------------|------------------------|-----------------|
| | Unrestricted | Temporarily Restricted | |
| Support | | | |
| Campaigns | \$ 204,280 | \$ 141,282 | \$ 345,562 |
| Gifts In-Kind | 5,751 | - | 5,751 |
| Bryan Area Foundation | 7,426 | - | 7,426 |
| | | | |
| Total Public Support | 217,457 | 141,282 | 358,739 |
| | | | |
| Revenue | | | |
| Interest and Dividends | 2,771 | - | 2,771 |
| Special Fundraising | 2,125 | - | 2,125 |
| Net Realized and Unrealized Loss on Investments | (4,412) | - | (4,412) |
| Net Assets Released from Restrictions | 244,665 | (244,665) | - |
| Total Public Support and Revenue | 462,606 | (103,383) | 359,223 |
| | | | |
| Expenses | | | |
| Program Services | 296,561 | - | 296,561 |
| Supporting Services | 24,867 | - | 24,867 |
| Fundraising | 49,694 | - | 49,694 |
| Total Expenses | 371,122 | - | 371,122 |
| | | | |
| Net Increase (Decrease) in Net Assets | 91,484 | (103,383) | (11,899) |
| | | | |
| Net Assets | | | |
| Balance - Beginning of Year | 174,139 | 239,699 | 413,838 |
| | | | |
| Balance - End of Year | \$ 265,623 | \$ 136,316 | \$ 401,939 |

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



United Way of Williams County

Statement of Functional Expenses

For Year Ended March 31,

2016

| | Program Services | Management and General | Fund Raising | Total |
|-----------------------------------|-----------------------------|---------------------------------------|-------------------------|-------------------|
| Program Services | \$ 273,143 | \$ - | \$ - | \$ 273,143 |
| Compensation and Related Expenses | 18,154 | 9,077 | 18,155 | 45,386 |
| Legal and Accounting | - | 9,940 | - | 9,940 |
| Office Supplies | 152 | 76 | 153 | 381 |
| Telephone | 714 | 357 | 714 | 1,785 |
| Equipment Rent and Maintenance | 962 | 481 | 962 | 2,405 |
| Rent | 2,440 | 1,220 | 2,440 | 6,100 |
| Insurance | 544 | 545 | 545 | 1,634 |
| Association Fees | 45 | 404 | 448 | 897 |
| Printing and Materials | - | - | 20,790 | 20,790 |
| Postage | 240 | 120 | 5,305 | 5,665 |
| Dues and Subscriptions | - | - | 15 | 15 |
| Taxes | - | 205 | - | 205 |
| Bad Debt Expenses | - | 1,300 | - | 1,300 |
| Miscellaneous | - | 1,058 | - | 1,058 |
| Depreciation | 167 | 84 | 167 | 418 |
| Balance - End of Year | <u>\$ 296,561</u> | <u>\$ 24,867</u> | <u>\$ 49,694</u> | <u>\$ 371,122</u> |

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



United Way of Williams County

Statement of Cash Flows
For the Year Ended March 31,

| | <u>2016</u> |
|--|--------------------------|
| Cash Flows Used in Operating Activities | |
| Cash Received from: | |
| Campaign Receipts | \$ 302,399 |
| Interest Received | 3,140 |
| Other Receipts | 9,551 |
| Cash Paid for: | |
| Agencies | (268,032) |
| Employee Compensation and Benefits | (46,160) |
| Campaign Expenses | (23,259) |
| Other Expenses | (25,413) |
| | <u>(47,774)</u> |
| | |
| Cash Flows Provided by Investing Activities | |
| Purchase of Fixed Assets | (1,500) |
| Proceeds from Sale of Investments | 12,134 |
| Marketable Securities Purchased | (8,126) |
| | <u>2,508</u> |
| | |
| Net Decrease in Cash | (45,266) |
| | |
| Cash - Beginning of Year | <u>392,559</u> |
| | |
| Cash - End of Year | <u><u>\$ 347,293</u></u> |

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



United Way of Williams County

Statement of Cash Flows
For the Year Ended March 31,

| | <u>2016</u> |
|--|---------------------------|
| Reconciliation of Net Decrease in Net Assets to Net Cash Used in Operating Activities | |
| Net Decrease in Net Assets | <u>\$ (11,899)</u> |
| Adjustments to Reconcile Net Decrease in Net Assets to Net Cash Provided by Operating Activities: | |
| Depreciation | 418 |
| Net Realized and Unrealized Loss on Investments | 4,781 |
| Changes in Assets and Liabilities: | |
| Decrease (Increase) Promise To Give - Net | (41,863) |
| Decrease (Increase) Inventory | 12,548 |
| (Decrease) Increase Grants and Agencies Payable | (12,405) |
| (Decrease) Increase Accounts Payable | 1,420 |
| (Decrease) Increase Accrued Payroll | (1,120) |
| (Decrease) Increase Accrued and Withheld Payroll Taxes | <u>346</u> |
| Total Adjustments | <u>(35,875)</u> |
| Net Cash Used in Operating Activities | <u><u>\$ (47,774)</u></u> |

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



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 1 - Summary of Operations and Significant Accounting Policies

This summary of significant accounting policies of United Way of Williams County, is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies, as described below, have been consistently applied in the preparation of the financial statements.

Nature of Activities - The Organization's primary purpose is to fund not-for-profit agencies in Williams County, Ohio who serve the local communities in ways that promote a better environment for residents to live. The following is a description of certain programs conducted by the Organization:

Feeding Williams County - To provide food to local food pantries which is then distributed to Williams County residents whose food expense is causing financial burden on them or their family.

Imagination Library - To provide, in conjunction with the Dollywood Foundation, age appropriate books to children between birth and their fifth birthday to promote literacy,

Let Me Play - To provide participation scholarships to all area recreation programs with the goal of allowing all youth the opportunity to take part.

We Care Cabinet - To provide personal hygiene and care items to local food pantries which is then distributed to Williams County residents whose personal care expense is causing financial burden on them or their family.

Accounting Method - The Organization's policy is to prepare its financial statements in the conformity with accounting principles generally accepted by the United States of America.

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.

Advertising - The Organization's policy is to expense advertising costs as incurred. Advertising expense was \$10,393 for 2016.

Fair Value of Financial Instruments - The Organization's financial instruments are cash, promise to give, grants and agencies payables and accounts payable. The recorded values of cash, promise to give, grants and agencies payables and accounts payable approximate their fair values based on their short-term nature.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 1 - Summary of Operations and Significant Accounting Policies (cont.)

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give and Revenue - 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. 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 and a credit to unconditional promises to give.

Revenues that are identified as exchange transactions or contributions with no restrictions are reported as increases in unrestricted net assets in the year that service is provided or the promise to contribute is received and/or receipt of funding occurred, respectively.

Unconditional contributions are recognized as revenue in the year the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met, the pledge or grant can be considered legally enforceable, or the likelihood of the condition not occurring is remote. Contributions of assets other than cash are recorded at estimated fair value at the date of receipt.

Campaign Contributions - Current Period - Significant revenue funding is reported on the statements of activities as follows:

Campaign contributions include the annual campaign directed at corporation, individuals, employers/employees of for-profit, non-profit and governmental entities, as well as public and private foundations.

The funding is originally recorded as temporarily restricted contribution revenue in the month that the promise to give is received. The core campaign is conducted each fall, and a majority of the pledges are received after March 31. The contributions are restricted based on timing of promised payments. All payments are typically expected by March 31 of the following year. Designations to specific not-for-profit organizations other than United Way are deducted from campaign resources raised during the current year campaign. Similarly, the grant and allocation expense is reduced by donor designations. Processing fees to record and distribute designations are recorded in unrestricted other revenues.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 1 - Summary of Operations and Significant Accounting Policies (cont.)

Investments - The Organization carries investments in marketable equities with readily determinable fair values at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying statement of activities and changes in net assets.

Property and Equipment - Property and equipment are reflected in the statement of financial position at historical cost or at fair value for donated items. Improvements and betterments that materially extend the useful economic life of property or equipment are capitalized, while routine repairs and maintenance costs are expensed in the period incurred. Depreciation is provided for over the estimated useful economic lives of assets 3 to 5 years using primarily straight-line rates for financial reporting purposes.

Display of Net Assets by Class - The net assets of the Organization are to be reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

The Organization displays revenue in the following two natural classifications:

Support - Unconditional gifts to the Organization of cash or other assets in a voluntary nonreciprocal transfer by another entity.

Revenue - Interest and dividends received on the Organization's investments, program fees, fundraising activities, and other miscellaneous non-recurring revenues.

In-Kind Contributions - Contributed professional services are recognized if services received (a) create or enhance long-lived asset or (b) require specialized skills are provided by individuals possessing those skills, and would typically need to purchase if not donated.

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 \$5,751 for 2016.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 1 - Summary of Operations and Significant Accounting Policies (cont.)

Gifts of property and equipment are considered unrestricted support unless restricted by donor. Gifts of long-lived assets are recorded at the estimated fair value on the date of the gift. There were no gifts of equipment by donor for year ending March 31, 2016.

Tax Exempt Status - The Internal Revenue Service has determined the Organization to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has further determined that the Organization is not a private foundation within the meaning of Section 509 (a) of the Code.

The Organization is no longer under the statute of limitations by the Internal Revenue Service for years prior to March 31, 2012.

Note 2 - Promise To Give

Unconditional promises to give are as follows:

| | <u>2016</u> |
|--|-------------------|
| Unconditional Promises | <u>\$ 159,447</u> |
| Receivable In Less Than One Year | \$ 159,447 |
| Less: Allowance For Uncollectible Promises To Give | <u>(17,300)</u> |
| Promise To Give - Net | <u>\$ 142,147</u> |

Note 3 - Concentrations

The majority of contributions to the Organization are from residents and companies located in Williams County and the surrounding area.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 4 - Investments

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The following table presents the Organizations' fair value hierarchy for the financial assets measured at fair value on a recurring basis:

| | Fair Value Measurements at Reporting Date Using | |
|------------------------------------|--|---|
| | <u>Fair Value</u> | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> |
| Mutual Funds March 31, 2016 | <u>\$ 98,744</u> | <u>\$ 98,744</u> |

The Organization's short-term investments are comprised of mutual funds, all of which are classified as trading securities and are carried at their fair value based on the quoted market prices of the securities at March 31, 2016. The future value of the investments is dependent on changes in the market that can occur. Net unrealized gains and losses on trading securities are included in changes in net assets. For purpose of determining realized gains and losses, the cost of securities sold is based on specific identification.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 4 - Investments (cont.)

The composition of trading securities, classified as current assets, is as follows at March 31, 2016:

| | <u>Cost</u> | <u>Fair Value</u> |
|-----------------------|------------------|-------------------|
| Mutual Funds - Debt | \$ 69,654 | \$ 66,455 |
| Mutual Funds - Equity | <u>27,154</u> | <u>32,289</u> |
| | <u>\$ 96,808</u> | <u>\$ 98,744</u> |

Net Investment Income for the year ended March 31, 2016, consists of the following:

| | <u>2016</u> |
|---|-------------------|
| Dividend and Capital Gain Distribution | \$ 3,234 |
| Interest | 193 |
| Management Fee | <u>(656)</u> |
| Net Interest and Dividends | <u>2,771</u> |
| Net Realized Gain From Sale on Investments | 1,662 |
| Net Unrealized Loss on Investments | <u>(6,074)</u> |
| Net Realized and Unrealized Loss on Investments | <u>(4,412)</u> |
| Net Investment Loss | <u>\$ (1,641)</u> |

Note 5 - Operating Leases

As of October 1, 2014, the Organization entered into a new office space and lease at 520 West Mulberry Street, Bryan, Ohio. The lease agreement is a month to month for \$450 per month for the year ended March 31, 2016, amounts paid for office space totaled \$5,400.

On December 1, 2014, the Organization entered into a storage space lease. The lease agreement is month to month for \$50 per month March 31, 2016, amounts paid for space totaled \$600.

Note 6 - Overhead Ratio

The Organization's overhead ratio was 19.4% for 2016. 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.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 7 - Assets Transferred to a Recipient Organization

An endowment fund is established with the Bryan Area Foundation who was granted variance power and retains ownership over the endowment fund. On a periodic basis, the Organization may receive an income distribution, at the sole discretion of the Bryan Area Foundation, from the endowment fund that will be used to pay for administrative expenses. The Organization received \$7,426 in 2016.

Note 8 - Related Party Transactions

The Organization has a director who is also in management of a newspaper company which the Organization will utilize on occasion. The Organization expensed \$7,650 in 2016 for advertising to this related party.

Note 9 - 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 year ended March 31, 2016.

Note 10 - Functional Allocation of Expenses

The statement of activities and changes in net assets presents 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 \$86,519 for 2016. In the statement of functional expenses, the functionally allocated line items may not 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.

Note 11 - Uninsured Cash Balances

At March 31, 2016 the Organization had cash balances totaling \$10,325 not FDIC insured.



United Way of Williams County

Notes to Financial Statements

March 31, 2016

Note 12 - Prior Period Adjustment

During the fiscal year 2016 an error in the March 31, 2015 financial statements was identified. As of March 31, 2015, grants payable were understated by \$17,500. This same error caused net assets for the fiscal year ending March 31, 2015 to be understated by \$17,500 as well. This error was corrected for the year ending March 31, 2016 by adjusting the beginning grants payable and unrestricted net assets. This error and related adjustment did not impact net income for 2016.

Note 13 - Subsequent Events

The Organization has evaluated subsequent events through November 8, 2016, the date on which the financial statements were available to be issued. There were no events subsequent to March 31, 2016 through November 8, 2016 that had a material effect on the financial statements.

