

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**

**FINANCIAL STATEMENTS**

**Years Ended March 31, 2013 and 2012**

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**

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# *Thomas and Ridge*

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June 21, 2013

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
United Way Foundation of Hancock County, Inc.  
Findlay, OH 45840

We have audited the accompanying financial statements of The United Way Foundation of Hancock County, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2013 and 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**

The Organization's 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.

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 principles 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 The United Way Foundation of Hancock County, Inc. as of March 31, 2013 and 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.

Thomas and Kilgus CPAs

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
 March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 53,479	\$ 47,501
Investment - Community Foundation - NOTE 4	1,068,719	1,018,892
Accounts Receivable - United Way of Hancock County		1,729
Prepaid Expenses	4,423	4,303
Building and Improvements, less accumulated depreciation of \$69,950 and \$60,301	<u>309,627</u>	<u>310,734</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,436,248</u></u>	<u><u>\$ 1,383,159</u></u>
 <b>LIABILITIES</b>		
Accounts Payable - United Way of Hancock County	\$ 4,423	\$ -
Accounts Payable		8,324
Note Payable - NOTE 6	<u>211,938</u>	<u>224,003</u>
<b>TOTAL LIABILITIES</b>	<u>216,361</u>	<u>232,327</u>
 <b>NET ASSETS</b>		
Unrestricted	364,912	335,719
Temporarily Restricted - NOTE 3	<u>854,975</u>	<u>815,113</u>
<b>TOTAL NET ASSETS</b>	<u>1,219,887</u>	<u>1,150,832</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,436,248</u></u>	<u><u>\$ 1,383,159</u></u>

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

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended March 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Interest Income	\$ 24	\$ -	\$ 24
Rental Income	9,210		9,210
Contributions	7,084		7,084
Allocation from Community Foundation	47,184		47,184
Change in Community Foundation Investment	9,965	39,862	49,827
<b>TOTAL REVENUE AND SUPPORT</b>	<u>73,467</u>	<u>39,862</u>	<u>113,329</u>
<b>EXPENSES</b>			
Program Expenses	8,000		8,000
Management and General Expenses	36,274		36,274
<b>TOTAL EXPENSES</b>	<u>44,274</u>	<u>-</u>	<u>44,274</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	29,193	39,862	69,055
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>335,719</u>	<u>815,113</u>	<u>1,150,832</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 364,912</u>	<u>\$ 854,975</u>	<u>\$ 1,219,887</u>

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

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended March 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Interest Income	\$ 31	\$ -	\$ 31
Rental Income	1		1
Contributions	12,035		12,035
Allocation from Community Foundation	45,503		45,503
Change in Community Foundation Investment	<u>(10,783)</u>	<u>(43,134)</u>	<u>(53,917)</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>46,787</u>	<u>(43,134)</u>	<u>3,653</u>
<b>EXPENSES</b>			
Program Expenses	8,000		8,000
Management and General Expenses	<u>47,279</u>		<u>47,279</u>
<b>TOTAL EXPENSES</b>	<u>55,279</u>	<u>-</u>	<u>55,279</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(8,492)	(43,134)	(51,626)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>344,211</u>	<u>858,247</u>	<u>1,202,458</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 335,719</u>	<u>\$ 815,113</u>	<u>\$ 1,150,832</u>

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

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended March 31, 2013

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Total</u>
Auditing Fees	\$ -	\$ 675	\$ 675
Filing Fees		200	200
Scholarships	8,000		8,000
Occupancy Expenses		9,762	9,762
Insurance		4,303	4,303
Interest Expense		11,475	11,475
Depreciation		9,649	9,649
Miscellaneous		210	210
	<u>\$ 8,000</u>	<u>\$ 36,274</u>	<u>\$ 44,274</u>

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



**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended March 31, 2012

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Total</u>
Auditing Fees	\$ -	\$ 610	\$ 610
Filing Fees		225	225
Scholarships	8,000		8,000
Occupancy Expenses		16,747	16,747
Telephone		2,109	2,109
Insurance		4,225	4,225
Interest Expense		13,432	13,432
Depreciation		9,370	9,370
Miscellaneous		561	561
	<u>\$ 8,000</u>	<u>\$ 47,279</u>	<u>\$ 55,279</u>

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

**UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase/(Decrease) in net assets	\$ 69,055	\$ (51,626)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,649	9,370
(Increase) Decrease in Prepaid Expenses	(120)	(78)
(Increase) Decrease in Accounts Receivable	1,729	(1,729)
(Decrease) Increase in Accounts Payable	(3,901)	3,614
(Decrease) Increase in Scholarship Payable		<u>(2,000)</u>
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<u>76,412</u>	<u>(42,449)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Building Improvements	(8,542)	(7,200)
Change in Community Foundation Investment	<u>(49,827)</u>	<u>53,917</u>
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<u>(58,369)</u>	<u>46,717</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowing	<u>(12,065)</u>	<u>(10,825)</u>
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<u>(12,065)</u>	<u>(10,825)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,978	(6,557)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>47,501</u>	<u>54,058</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 53,479</u></u>	<u><u>\$ 47,501</u></u>

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

**THE UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2013 and 2012

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

*Basis of Accounting* – The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation* – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Property and Equipment* – Property and equipment are recorded at cost on items over \$500. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation of property and equipment is provided on the straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to costs and expensed as incurred.

*Donated Property and Equipment* - Donated furniture and fixtures are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

*Cash and Cash Equivalents* - For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

*Tax Exemption* - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization's Forms 990, *Returns of Organization Exempt from Income Tax*, for the years ending 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

*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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2013 and 2012**

***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

*Restricted and Unrestricted Revenue* – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

*Accounts Receivable* - Accounts receivable are reported at their net realizable value. The organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

***NOTE 2 – PURPOSE OF ORGANIZATION***

1. To receive, accept and administer any gifts, bequests or devises specifically for the use and benefit of any designated corporation, association, institution or society organized for educational, charitable, religious, scientific or literary purpose.
2. To make gifts, provide scholarships and otherwise render financial aid, assistance and support to such other corporations, associations, institutions and societies organized and operated exclusively for educational, charitable, religious, scientific, or literary purposes as the directors may elect, provided such corporations, associations, institutions and societies qualify for exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954, such section may be amended or renumbered; and further provided said corporations, associations, institutions, and societies are duly accredited members or affiliated members and agencies of the United Way of Hancock County, Inc., or any successor agency thereto.

***NOTE 3 – RESTRICTIONS ON NET ASSETS***

There are no permanently restricted net assets as of March 31, 2013 or 2012. Temporarily restricted net assets consist of funds held by the Findlay-Hancock County Community Foundation on behalf of the United Way Foundation. Twenty percent of these funds are available to the Foundation during a five year period, thus the temporary restriction on the remaining eighty percent of the funds.

***NOTE 4 – INVESTMENT IN COMMUNITY FOUNDATION***

In 1996, the Organization transferred \$100,000 from its investment portfolio to the Hancock County Community Foundation to establish a fund. In 2002, an additional \$1,140,987 of Foundation funds was transferred to the Hancock County Community Foundation. Under the terms of the agreement, in the first quarter of each year, the organization receives a distribution based on a specified formula and the needs of the organization, with the excess returning to principal. Additionally, the Foundation can request up to twenty percent of the value of the

**THE UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2013 and 2012

***NOTE 4 – INVESTMENT IN COMMUNITY FOUNDATION (continued)***

investment once every five years. The Hancock County Community Foundation has no variance power over the funds. For the years ended March 31, 2013 and 2012 the fund had a value of \$1,068,719 and \$1,018,892, respectively, which is reported in the Statement of Financial Position as Investment in Community Foundation.

***NOTE 5 – RELATED ENTITIES***

While the Organization has a controlling interest in the United Way of Hancock County, Inc. (UWHC), it does not have an economic interest. Therefore, its operations are not consolidated in the financial statement of the Organization.

The Board of Directors of the United Way Foundation of Hancock County, Inc. (UWF) consists of members that are all also voting members of the UWHC Board of Directors. These two organizations share a common focus on improving the lives of those that live in Hancock County. UWHC owed UWF \$1,729 at March 31, 2012. At March 31, 2013, UWF owed UWHC \$4,423. UWF leases its building to UWHC, as further detailed in Note 7.

***NOTE 6 – NOTE PAYABLE***

The Organization has an unsecured note payable with Fifth Third Bank. The outstanding balance on this note at March 31, 2013 and 2012 was \$211,938 and \$224,003. The note is due in current monthly installments of \$1,842, including a fixed interest rate of 4.15%. The note has a balloon payment due on August 25, 2015. Principal reductions of this note total \$13,569 in 2014, \$14,143 in 2015 and \$184,226 in 2016.

***NOTE 7 – OPERATING LEASE COMMITMENT***

The Organization leases office space to the United Way of Hancock County, Inc., a related party, under a noncancelable operating lease, which expired August 31, 2012. Per the December 14, 2012 United Way Administrative Advisory Committee minutes, the Foundation has agreed to a monthly lease payment of \$1,842 a month for the office space. As of June 21, 2013 no official lease agreement has been signed. Rental income received for the years ending March 31, 2013 and 2012 totaled \$9,210 and \$1.

***NOTE 8 - CASH FLOW INFORMATION***

No amounts were paid for taxes for the years ended March 31, 2013 and 2012. Interest paid amounted to \$11,475 and \$13,432 at March 31, 2013 and 2012, respectively. There were no noncash financing or investing activities during the years ended March 31, 2013 and 2012.

**THE UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2013 and 2012

***NOTE 9 – CONCENTRATION OF CREDIT RISK***

The Organization maintains its cash balances at one financial institution located in Findlay, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Included in the cash balance is one sweep account which is not FDIC insured, but is collateralized separately. At March 31, 2013 and 2012, the Organization's uninsured/ uncollateralized cash balances both totaled \$-0-. The Organization regularly monitors the financial condition of the institution in which it has depository accounts and believes the risks of loss are minimal.

***NOTE 10 – SUBSEQUENT EVENTS***

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 21, 2013, the date the financial statements were available to be issued. The following items were deemed to need further disclosure:

***NOTE 11 – FAIR VALUE MEASUREMENTS***

The following methods and assumptions were used by the Agency in estimating the fair value of its financial instruments:

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.

Note Payable – The carrying amount reported in the statement of financial position approximates fair value because the Organization can obtain similar loans at the same terms.