

UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.

FINANCIAL STATEMENTS

Years Ended March 31, 2015 and 2014

UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.

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August 7, 2015

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, 2015 and 2014, 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, 2015 and 2014, 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.

Rudy + Company CPA

UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 59,861	\$ 63,023
Investment - Community Foundation - NOTE 4	1,143,047	1,147,696
Accounts Receivable - United Way of Hancock County	630	
Prepaid Expenses		4,492
Building and Improvements, less accumulated depreciation of \$88,636 and \$79,631	<u>291,353</u>	<u>299,946</u>
TOTAL ASSETS	<u><u>\$ 1,494,891</u></u>	<u><u>\$ 1,515,157</u></u>
 LIABILITIES		
Accounts Payable - United Way of Hancock County	\$ -	\$ 9,335
Note Payable - NOTE 6	<u>122,377</u>	<u>167,755</u>
TOTAL LIABILITIES	<u>122,377</u>	<u>177,090</u>
 NET ASSETS		
Unrestricted	458,077	419,910
Temporarily Restricted - NOTE 3	<u>914,437</u>	<u>918,157</u>
TOTAL NET ASSETS	<u>1,372,514</u>	<u>1,338,067</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,494,891</u></u>	<u><u>\$ 1,515,157</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Interest Income	\$ 56	\$ -	\$ 56
Rental Income	22,104		22,104
Contributions	500		500
Allocation from Community Foundation	49,910		49,910
Change in Community Foundation Investment	(929)	(3,720)	(4,649)
TOTAL REVENUE AND SUPPORT	<u>71,641</u>	<u>(3,720)</u>	<u>67,921</u>
EXPENSES			
Program Expenses	8,000		8,000
Management and General Expenses	25,474		25,474
TOTAL EXPENSES	<u>33,474</u>	<u>-</u>	<u>33,474</u>
INCREASE/(DECREASE) IN NET ASSETS	38,167	(3,720)	34,447
NET ASSETS, BEGINNING OF YEAR	<u>419,910</u>	<u>918,157</u>	<u>1,338,067</u>
NET ASSETS, END OF YEAR	<u>\$ 458,077</u>	<u>\$ 914,437</u>	<u>\$ 1,372,514</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, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Interest Income	\$ 54	\$ -	\$ 54
Rental Income	22,104		22,104
Contributions	704		704
Allocation from Community Foundation	48,410		48,410
Change in Community Foundation Investment	15,795	63,182	78,977
TOTAL REVENUE AND SUPPORT	<u>87,067</u>	<u>63,182</u>	<u>150,249</u>
EXPENSES			
Program Expenses	8,000		8,000
Management and General Expenses	24,069		24,069
TOTAL EXPENSES	<u>32,069</u>	<u>-</u>	<u>32,069</u>
INCREASE/(DECREASE) IN NET ASSETS	54,998	63,182	118,180
NET ASSETS, BEGINNING OF YEAR	<u>364,912</u>	<u>854,975</u>	<u>1,219,887</u>
NET ASSETS, END OF YEAR	<u>\$ 419,910</u>	<u>\$ 918,157</u>	<u>\$ 1,338,067</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, 2015

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Total</u>
Auditing Fees	\$ -	\$ 750	\$ 750
Filing Fees		200	200
Scholarships	8,000		8,000
Occupancy Expenses		385	385
Supplies		2,915	2,915
Insurance		4,492	4,492
Interest Expense		6,726	6,726
Depreciation		9,993	9,993
Miscellaneous		13	13
	<u>\$ 8,000</u>	<u>\$ 25,474</u>	<u>\$ 33,474</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, 2014

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Total</u>
Auditing Fees	\$ -	\$ 710	\$ 710
Filing Fees		200	200
Scholarships	8,000		8,000
Supplies		1,131	1,131
Insurance		4,423	4,423
Interest Expense		7,921	7,921
Depreciation		9,681	9,681
Miscellaneous		3	3
	<u>\$ 8,000</u>	<u>\$ 24,069</u>	<u>\$ 32,069</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in net assets	\$ 34,447	\$ 118,180
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,993	9,681
(Increase) Decrease in Prepaid Expenses	4,492	(69)
(Increase) Decrease in Accounts Receivable	(630)	
(Decrease) Increase in Accounts Payable	(9,335)	4,912
	<u>38,967</u>	<u>132,704</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	38,967	132,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Building Improvements	(1,400)	
Change in Community Foundation Investment	4,649	(78,977)
	<u>3,249</u>	<u>(78,977)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	3,249	(78,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowing	(45,378)	(44,183)
	<u>(45,378)</u>	<u>(44,183)</u>
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	(45,378)	(44,183)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,162)	9,544
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>63,023</u>	<u>53,479</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 59,861</u>	<u>\$ 63,023</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, 2015 and 2014

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 \$1,000. 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 2011, 2012 and 2013 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, 2015 and 2014

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, 2015 or 2014. 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 money to the Hancock County Community Foundation to establish a fund. This fund was established to support the work of the Organization in perpetuity. 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 investment once every five years. The Hancock County Community Foundation has no

THE UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2015 and 2014

NOTE 4 – INVESTMENT IN COMMUNITY FOUNDATION (continued)

variance power over the funds. For the years ended March 31, 2015 and 2014 the fund had a value of \$1,143,047 and \$1,147,696, respectively, which is reported in the Statement of Financial Position as Investment in Community Foundation.

Total funds at the Community Foundation at March 31, 2015 and 2014 amounted to \$1,193,477 and \$1,195,840 which includes the above investments as well as additional funds contributed by outside donors to the Organization's Designated Fund at the 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 with the financial statements of that 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. At March 31, 2015 UWHC owed UWF \$630, and at March 31, 2014 UWF owed UWHC \$9,335. 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, 2015 and 2014 was \$122,377 and \$167,755. 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 on this note total \$122,377 for 2016.

NOTE 7 – OPERATING LEASE COMMITMENT

The Organization leases office space to the United Way of Hancock County, Inc., a related entity, under a noncancelable operating lease, which expired October 31, 2012. The current extension runs through October 31, 2015 and there are twenty-one, one year extensions still available under the original lease through October 31, 2036. The Foundation has agreed to a monthly lease payment of \$1,842 for the office space. Rental income received for both the years ending March 31, 2015 and 2014 totaled \$22,104.

NOTE 8 - CASH FLOW INFORMATION

No amounts were paid for taxes for the years ended March 31, 2015 and 2014. Interest paid amounted to \$6,726 and \$7,921 at March 31, 2015 and 2014, respectively. There were no noncash financing or investing activities during the years ended March 31, 2015 and 2014.

THE UNITED WAY FOUNDATION OF HANCOCK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2015 and 2014

NOTE 9 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at one financial institution located in Findlay, Ohio. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At March 31, 2015 and 2014, 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 August 3, 2015, the date the financial statements were available to be issued.

As of July 22, 2015, the Board of the United Way of Hancock County, Inc. (UWHC) agreed to pay off the balance of the United Way Foundation of Hancock County, Inc. (UWF) note to Fifth Third Bank. In return, UWF will sign a promissory note to UWHC for an \$86,000 note, with interest at 3% per annum, due in monthly installments of \$1,545.31, starting September, 2015, through August, 2020.

NOTE 11 – FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Organization 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.

Investments – The fair value of investments in marketable equity and debt securities is based on quoted market prices in active markets (all Level 1 measurements).

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.