



United Way of Richland County

Financial Statements and
Independent Auditor's Report

December 31, 2016

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*Wilging, Roush & Parsons CPAs
Accountants and Advisors*



United Way of Richland County

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Independent Auditor's Report

To the Board of Directors of
United Way of Richland County

We have audited the accompanying financial statements of United Way of Richland County (a nonprofit organization), which comprise the statement of financial position as of December 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Richland County as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wilging, Roush & Parsons CPAs

Wilging, Roush & Parsons CPAs
Mansfield, Ohio
November 1, 2017

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United Way of Richland County
Statement of Financial Position
December 31, 2016

Assets:

Cash and Cash Equivalents	\$ 421,275
Pledges Receivable, Net	581,759
Investments	253,753
Prepaid Expenses	1,399
Equipment and Leasehold Improvements, Net	6,029
Funds Held by Others	<u>53,024</u>
Total Assets	<u>\$ 1,317,239</u>

Liabilities:

Accounts Payable	\$ 7,284
Accrued Expenses	17,308
Designations Payable	192,252
Allocations Payable	<u>758</u>
Total Liabilities	217,602

Net Assets:

Unrestricted	412,439
Temporarily Restricted	687,199
Permanently Restricted	<u>0</u>
Total Net Assets	<u>1,099,637</u>
Total Liabilities and Net Assets	<u>\$ 1,317,239</u>

The accompanying notes are an integral part of the financial statements

United Way of Richland County
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

Changes in Unrestricted Net Assets:

Public Support and Revenue:

Additional Prior Year Campaign Revenues	\$ 365,256
Contributions	24,931
Grants	23,235
Special Events - Gross	6,958
Less Cost of Direct Expenses	(875)
Net Special Events	6,083
Investment Income	2,221
Administrative Fees	21,628
Gain (Loss) on Assets Held by Others	2,804
Net Assets Released from Restrictions	809,140
Total Public Support and Revenue	1,255,298

Expenses:

Program Services:

Allocation Services	955,647
Total Program Services	955,647

Supporting Services:

Management and General	96,882
Fund Raising	177,756
Total Supporting Services Expenses	274,638

Total Functional Expenses 1,230,285

United Way Worldwide Dues 16,121

Total Expenses 1,246,407

Increase in Unrestricted Net Assets 8,891

The accompanying notes are an integral part of the financial statements

United Way of Richland County
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

Changes in Temporarily Restricted Net Assets:

Gross Campaign Revenue	\$ 945,891
Less: Donor Designations	(213,341)
Less: Provision for Uncollectible Pledges	(51,430)
	681,121
Campaign Revenue, Net	681,121
Net Assets Released from Restrictions	(809,140)
	(128,019)
Decrease in Temporarily Restricted Net Assets	(128,019)

Changes in Permanently Restricted Net Assets:

None	0
	(119,128)
Decrease in Net Assets	(119,128)
Net Assets, Beginning of Year as restated	1,218,766
Net Assets, End of Year	\$ 1,099,637

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The accompanying notes are an integral part of the financial statements

United Way of Richland County
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program	Supporting Services			Total
	Services	Management	Fund	Total	Expenses
	Allocation	and General	Raising	Supporting	
	Services			Services	
Salary and Wages	\$ 78,822	\$ 38,249	\$ 86,926	\$ 125,175	\$ 203,998
Payroll Taxes	6,266	3,038	6,909	9,947	16,213
Employee Benefits	22,117	11,028	22,138	33,166	55,283
Total Salaries and Related Expenses	107,205	52,315	115,974	168,288	275,493
Professional Fees	0	22,074	2,603	24,677	24,677
Payroll Processing	0	1,202	0	1,202	1,202
Insurance	0	300	4,545	4,845	4,845
Office Supplies	49	4,952	188	5,139	5,189
Printing	221	1,263	5,565	6,828	7,050
Postage and Shipping	0	1,924	629	2,553	2,553
Bank and Finance Charges	0	4,935	0	4,935	4,935
Telephone and Internet	2,146	1,040	0	1,040	3,186
Advertising and Marketing	0	79	1,426	1,505	1,505
Travel	0	119	225	344	344
Occupancy	6,818	3,305	9,490	12,796	19,614
Repairs and Maintenance	0	227	3,723	3,950	3,950
Equipment Rent	2,449	1,187	2,592	3,780	6,228
Dues and Subscriptions	0	1,811	0	1,811	1,811
Campaign Awards and Expense	924	0	30,092	30,092	31,015
Big Red Book Shelf	1,774	0	0	0	1,774
Emergency Assistance	7,348	0	0	0	7,348
Allocations Expense	970,488	0	0	0	970,488
Less: Allocations Funded Through Designations	(143,925)	0	0	0	(143,925)
Total Expenses Before Depreciation	955,496	96,732	177,052	273,784	1,229,280
Depreciation	151	151	704	854	1,005
Total Expenses	\$ 955,647	\$ 96,882	\$ 177,756	\$ 274,638	\$ 1,230,285

The accompanying notes are an integral part of the financial statements

United Way of Richland County
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows From Operating Activities:

Decrease in Net Assets	\$ (119,128)
Adjustments to Reconcile Decrease in Net Assets to Cash Used by Operating Activities:	
Depreciation	1,005
Income Reinvested in Investments	(1,832)
(Increase) Decrease in Assets:	
Pledges Receivable	116,956
Beneficial Interest in Assets Held by Foundation	(975)
Increase (Decrease) in Liabilities:	
Accounts Payable	(20,105)
Accrued Expenses	5,489
Allocations and Designations Payable	<u>(32,629)</u>
Net Cash Used by Operating Activities	(51,220)

Cash Flows from Investing Activities:

Purchase of Property and Equipment	<u>(3,378)</u>
Net Cash Used by Operating Activities	(3,378)

Cash Flows from Financing Activities:

Prior Period Adjustment	<u>16,121</u>
Net Decrease in Cash and Cash Equivalents	(38,476)
Cash and Cash Equivalents, Beginning of Year	<u>459,752</u>
Cash and Cash Equivalents, End of Year	<u>\$ 421,275</u>

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The accompanying notes are an integral part of the financial statements

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

United Way of Richland County (the "Organization") is a non-profit charitable corporation governed by a volunteer Board of Directors, with the purpose of meeting the human service needs of Richland County through the coordination of social services, problem solving, and financial support. The Organization is supported primarily through donor contributions.

The Organization is organized to improve the quality of people's lives throughout Richland County by efficiently raising and responsibly distributing funds to a collaborative agency network and to serve as the steward of donor contributions, investing in programs that measurably impact community needs in all parts of Richland County.

The Organization changes lives and builds a stronger community by helping people create solutions to important health and human service issues. Through fundraising, volunteerism and increasing community sufficiency, the Organization makes a better place to live, work and raise a family.

The Organization is dependent upon undesignated contributions from corporate and individual donors to support its program services. The choice on the part of donors to designate their gifts to specific agencies can result in reduced funding available for allocations and grants. A decrease in undesignated contributions could adversely affect the Organization's ability to provide community services and allocate funds to local not-for-profit organizations.

The Organization is a member of the United Way Worldwide ("UWW"). As such, the Organization is committed to comply with UWW Cost Deduction Standards. Those cost deduction standards require that fees charged for handling designated gifts be based on actual expenses, and that fees will not be deducted from designated gifts originated by or from another United Way organization.

The Organization is funded primarily by its annual campaign drive of 94%, contributions of 1%, grants of 2%, and administration fees of 2%.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Organization are reported in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

Permanently Restricted Net Assets - Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the nonprofit organization (NPO) to expend the income earned thereon.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the 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. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers cash and cash equivalents as all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Organization's deposits are not subject to significant credit risk.

Campaigns Pledges Receivable

Campaigns are conducted each year beginning in September. Most pledges to contribute to the campaign are made in the first three months of the campaign and are due within one year of being made. Campaign pledges for the current year campaign are recognized as revenue increasing temporarily restricted net assets unless the donor designates the contribution to a particular organization. The restrictions on pledges for the current campaign year generally expire in the following fiscal year. If the donor targets a gift, those restrictions expire when the resources are spent as the donor requested.

The allowance for uncollectible pledges is computed by management based on past experience of uncollectible pledges.

Designated Contributions

The Organization recognizes donor designated contributions in accordance with FASB ASC Topic, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others." When a donor specifically designates a participating agency to receive his or her campaign contribution, the Organization excludes the designated pledge from campaign revenue. The Organization is considered an agent for the designated beneficiary and, as such, records cash or a receivable from the donor and a liability to the designated beneficiary.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies, Continued

Contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with the *Contributions Received* section of the FASB ASC. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as assets released from restrictions.

Allocations Expense

Amounts allocated to other non-for-profit organizations are shown in total under allocations expense. Allocations to be paid from amounts designated by donors to those organizations are shown as a reduction of total campaign revenues.

Property and Equipment

Property and Equipment purchased by the Organization are recorded at cost. Donated equipment is recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities. The Organization accounts for investments in accordance with FASB standard for investments held by not-for-profit organizations. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities and changes in net assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies, Continued

Functional Allocation of Expenses

The cost of providing program and supporting services has been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based on time records, and estimates made by the Organization's management.

Advertising

Advertising costs are generally expensed as incurred. Advertising for 2016 amounted to approximately \$1,505.

Vacation and Sick Pay

Vacation pay is accrued and up to 5 days can be carried forward by employees to the following year. The accrued liability is included with accrued payroll.

Sick pay is expensed when paid.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long-lived assets during the year ended December 31, 2016.

Donated Materials and Services

Donated property and equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as 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 must 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.

Donated Materials and Services, Continued

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies, Continued

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as a public charity. The Organization is also exempt from state income tax. The Organization currently has no unrelated business income.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. Federal returns for the years ended 2013 and thereafter remain subject to examination by the Internal Revenue Service.

Recent Accounting Pronouncements

New accounting standards are now issued by the Financial Accounting Standards Board (FASB) through Accounting Standards Updates (ASUs) to the FASB Accounting Standards Codification (ASC). The FASB does not consider the updates authoritative on a standalone basis; they become authoritative when incorporated into the ASC. The ASUs will be in a six-digit, two-segment format (20YY-XX) where YY is the year issued and XX is the sequential number of each update. So, ASU 2015-01 would be the first update issued in 2015, and so forth.

Note 2 – Cash and Cash Equivalents

At December 31, 2016, cash and cash equivalents were comprised of the following:

Keybank Business Rewards Checking - Organizational	\$ 153,524
Richland Bank Interest Earning Checking	80,746
Mechanics Interest Earning Checking - Combined Federal Campaign	3,592
Keybank Business Rewards Checking - Administrative	42,036
Mechanics - Jessamine Lewis Fund	56,930
Richland Bank - Vision Aid	1,769
Richland Bank - Employee Civic Fund	243
Richland Bank Business Money Market	82,285
Petty Cash	150
Total Cash and Cash Equivalents	<u>\$ 421,275</u>

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 3 – Pledges Receivable

At December 31, 2016, pledges receivable consisted of the following:

Pledges Receivable:	
Due in Less than One Year	\$ 706,387
Less Allowance for Uncollectible Pledges	<u>(124,628)</u>
Total Pledges Receivable, Net	<u>\$ 581,759</u>

Pledges receivable are valued utilizing historical information and current payment expectations allowing for anticipated losses. The Organization believes that the amount reported is expected to be collected and as a result represents fair value.

Note 4 – Investments

Investments at December 31, 2016 are comprised of the following, as recorded at fair value:

Certificates of Deposit	<u>\$ 253,753</u>
Total	<u>\$ 253,753</u>

The following schedule summarizes the investment return in the statement of activities and changes in net assets for the year ended December 31, 2016:

Interest	\$ 2,330
Realized Loss on Investments	<u>(109)</u>
Total	<u>\$ 2,221</u>

The certificates of deposit have maturity dates ranging from 24 to 60 months and interest rates ranging from .40% to 1.489%.

Note 5 – Property and Equipment

At December 31, 2016, property and equipment consisted of the following:

	<u>Useful Lives</u>	
Furniture and Equipment	5 - 10 Years	\$ 41,699
Leasehold Improvements	20 Years	10,733
Accumulated Depreciation		<u>(46,403)</u>
Total Property and Equipment, Net		<u>\$ 6,029</u>

Depreciation expense for the year ended December 31, 2016 was \$1,005.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 6 – Related Party Transactions

Included in the statement of activities and changes in net assets for the year ended December 31, 2016 is annual dues to United Way Worldwide, the national organization, of \$16,121.

Note 7 – Funds Held by Others

The Organization established an account with the Richland County Foundation (the Foundation) for quasi-endowment purposes and designated itself the beneficiary. Accordingly, the fair value of the fund is recoded as the asset “funds held by others” on the statement of financial position. Since the establishment of the account, third-party donors have also contributed to the account. The portion of the account which represents third-party donor funds is subject to the variance power of the Foundation’s governing body and is therefore excluded from the Organization’s financial statements.

At December 31, 2016, the account with the Foundation is comprised of the following:

Balance on Statement of Financial Position - Organization gifts	\$ 53,024
Unrecorded balance subject to variance - Third-party gifts	<u>100,644</u>
Total	<u>\$ 153,668</u>

Distributions from the Foundation related to this account amounted to \$2,496 for the year ended December 31, 2016.

In addition, another endowment fund is maintained at the Richland County Foundation (the Foundation) for the benefit of the Organization. This fund represents endowment funds of the Foundation established solely by third-party donors. They are subject to the variance power of the Foundation’s governing body and are therefore excluded from the Organization’s financial statements. The Organization’s interest in the fair value of this fund was approximately \$84,505 at December 31, 2016. There were no distributions from the fund to the Organization during the year ended December 31, 2016.

Note 8 – Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and pledges receivable.

During the year ended December 31, 2016, the Organization received approximately 21% of its total campaign income from three donors. At December 31, 2016, the Organization was owed approximately 34% of its total pledges receivable from three donors.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 9 – Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Note 10 – Summary of Fair Value Measurements

Generally accepted accounting principles establish 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 are described below:

Level 1: Quoted prices in active markets for identical securities.

Certificates of deposit – Valued at current fair value as confirmed with financial institutions.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Funds Held by Others – The fair value of the Organization's investments in funds held by others has been established by using the present value of the estimated future cash receipts (an amount approximating the Organization's percentage of the value of the underlying assets of the trust).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those assets and liabilities.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016:

	Fair Value Measurements on a Recurring Basis as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments	\$ 253,753	\$ 0	\$ 0	\$ 253,753
Funds Held by Others	0	53,024	0	53,024
	\$ 253,753	\$ 53,024	\$ 0	\$ 306,777

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 10 – Summary of Fair Value Measurements, Continued

Effective for 2011, the FASB Accounting Standards Update, Improving Disclosures about Fair Value Measurements, requires that, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements on a gross basis rather than as one net number (ASU 2010-06). The Organization did not hold any level 3 assets at December 31, 2016.

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 year ended December 31, 2016.

Note 11 – Donated Materials and Services

During the year ended December 31, 2016, the Organization received goods and services in support of its activities. This support is recorded as income and expense. The breakdown of these items is as follows:

Income:

Contributions	\$ 8,435
Special Events - Gross	<u>2,832</u>
Total	<u>\$ 11,267</u>

Expenses:

Professional Fees	\$ 8,435
Special Events - Cost of Direct Expenses	<u>2,832</u>
Total	<u>\$ 11,267</u>

Note 12 – Net Assets and Restrictions

Temporarily restricted net assets are available for the following purposes at December 31, 2016:

United Way Allocations	\$ 681,121
Vision Aid	1,927
Energy Efficient Improvement Emergency Assistance	<u>4,150</u>
	<u>\$ 687,199</u>

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 12 – Net Assets and Restrictions, Continued

Net assets were released from donor restrictions during 2016 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released in 2016 were as follows:

United Way Allocations	<u>\$ 809,140</u>
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Note 13 – Board Designations

The board of trustees has designated certain portions of unrestricted net assets for specific uses.

Board designated unrestricted net assets are available for the following purposes at December 31, 2016:

Grants for Authorized Community Services	\$ 5,681
Community Progress and Betterment	56,930
	<u>\$ 62,611</u>

Note 14 – Operating Lease Commitments

In April 2013, the Organization entered into a five year lease agreement for a mail machine. The lease requires minimum monthly payments of \$99 and will expire in March 2018.

In October 2014, the Organization entered into a five year lease agreement for a copier. The lease requires minimum monthly payments of \$367 and will expire in September 2019.

The following is a schedule of future minimum lease payments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2016:

December 31, 2017	5,589
December 31, 2018	4,698
December 31, 2019	<u>3,301</u>
Total	<u>\$ 15,687</u>

Rental expenses under non-cancelable operating leases during the year ended December 31, 2016 were approximately \$6,228.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 15 – Rent Expense

The Organization leases facilities in Mansfield, Ohio from Richland Community Service Center, Inc. There is no written lease agreement. The Organization and its agencies have members of their boards of trustees on the board of trustee of the lessor, the number of which is determined by the amount of space each organization occupies. A budget is prepared each year by the lessor projecting the next expenses for the Organization and its agencies. Each agency's rent expense is determined based on square footage of occupancy and is paid by the Organization as part of each agency's annual allocation. The remainder of the projected net expense is rent expense to the Organization. The rent expense for the year ended December 31, 2016 totaled \$18,952 and is included in occupancy on the statement of activities and changes in net assets.

Note 16 – Employee Benefit Plans

Retirement Plan

The Organization adopted a defined contribution retirement plan. The plan covers substantially all employees. The Organization contributes 7% of eligible gross wages for all covered employees. All employees with one year of service are eligible to receive contributions. For the year ended December 31, 2016, retirement contribution expense totaled approximately \$18,189.

The Organization also has a tax deferred annuity plan available to its employees. All contributions to the plan are at the discretion of the employees.

Health Care Plan

The Organization's employees participate in a health care plan provided by the Organization. The Organization pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the year ended December 31, 2016, the Organization remitted approximately \$37,094, on behalf of its employees to the health care plan.

Note 17 – Restatement of Net Assets

Net assets for the year ended December 31, 2015 have been restated to reflect prior period corrections as follows:

Unrestricted Net Assets at December 31, 2015, as Originally Reported	\$ 1,202,644
Reverse Dues Payable and Related Expense for Future Year	<u>16,121</u>
Unrestricted Net Assets at December 31, 2015, as Restated	<u>\$ 1,218,766</u>

Also, the breakdown of net assets at December 31, 2015 was revised to reflect campaign income received in 2015 for use in agency allocations in 2016. These amounts were originally reports as unrestricted income and were part of the reported unrestricted net assets totaling \$809,140. This amount should have been reported as temporarily restricted net assets at December 31, 2015.

United Way of Richland County
Notes to Financial Statements
December 31, 2016

Note 18 – Subsequent Review

The financial statements considered subsequent events through November 1, 2017, the date which the financial statements were available to be issued.

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