

ORRVILLE AREA UNITED WAY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014



DYER ROCHE & COMPANY, INC.

Certified Public Accountants and Consultants

ORRVILLE AREA UNITED WAY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Orrville Area United Way, Inc.
Orrville, OH

We have audited the accompanying financial statements of Orrville Area United Way, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 auditors consider 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 our 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 Orrville Area United Way, Inc., as of December 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.

Dyer Roche & Company, Inc.

Wooster, Ohio
August 16, 2016

ORRVILLE AREA UNITED WAY, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 406,498	\$ 469,383
Pledges receivable	279,267	331,637
Less: allowance for uncollectible pledges	<u>(22,000)</u>	<u>(22,000)</u>
Total current assets	<u>663,765</u>	<u>779,020</u>
Land, Property and Equipment:		
Equipment	7,019	7,019
Accumulated depreciation	<u>(6,650)</u>	<u>(6,248)</u>
Property and equipment, net	<u>369</u>	<u>771</u>
Total assets	<u>\$ 664,134</u>	<u>\$ 779,791</u>

See accompanying independent auditors' report
 and notes to the financial statements which are
 an integral part of these statements.

ORRVILLE AREA UNITED WAY, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 AND 2014

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts payable	\$ 1,686	\$ 197
Designations payable	34,736	29,523
Accrued liabilities	<u>416</u>	<u>880</u>
Total current liabilities	<u>36,838</u>	<u>30,600</u>
Total liabilities	<u>36,838</u>	<u>30,600</u>
Net Assets:		
Unrestricted:		
Unappropriated	2,502	31,351
Board appropriated	57,649	53,000
Temporarily restricted	<u>567,145</u>	<u>664,840</u>
Total net assets	<u>627,296</u>	<u>749,191</u>
Total liabilities and net assets	<u>\$ 664,134</u>	<u>\$ 779,791</u>

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ORRVILLE AREA UNITED WAY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Contributed support	\$ 49,589	\$ 567,145	\$ 616,734
Less: donor designations	(30,839)	-	(30,839)
Less: allowance for uncollectible pledges	<u>(5,499)</u>	<u>-</u>	<u>(5,499)</u>
Net campaign revenue	13,251	567,145	580,396
Interest income	515	-	515
Miscellaneous	918	-	918
Net assets released from restrictions	<u>664,840</u>	<u>(664,840)</u>	<u>-</u>
 Total revenues and other support	 <u>679,524</u>	 <u>(97,695)</u>	 <u>581,829</u>
Expenses			
Program Services:			
Grants to partner agencies	581,041	-	581,041
Community impact activities	46,156	-	46,156
Support Services:			
Management and general	57,883	-	57,883
Fundraising	<u>18,644</u>	<u>-</u>	<u>18,644</u>
 Total expenses	 <u>703,724</u>	 <u>-</u>	 <u>703,724</u>
 Change in net assets	 (24,200)	 (97,695)	 (121,895)
 Net assets, beginning of year	 <u>84,351</u>	 <u>664,840</u>	 <u>749,191</u>
 Net assets, end of year	 <u>\$ 60,151</u>	 <u>\$ 567,145</u>	 <u>\$ 627,296</u>

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ORRVILLE AREA UNITED WAY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Contributed support	\$ 43,925	\$ 664,840	\$ 708,765
Less: donor designations	(29,523)	-	(29,523)
Less: allowance for uncollectible pledges	<u>(5,685)</u>	-	<u>(5,685)</u>
Net campaign revenue	8,717	664,840	673,557
Interest income	736	-	736
Miscellaneous	655	-	655
Net assets released from restrictions	<u>718,107</u>	<u>(718,107)</u>	<u>-</u>
 Total revenues and other support	 <u>728,215</u>	 <u>(53,267)</u>	 <u>674,948</u>
Expenses			
Program Services:			
Grants to partner agencies	588,026	-	588,026
Community impact activities	42,718	-	42,718
Support Services:			
Management and general	62,489	-	62,489
Fundraising	<u>20,734</u>	<u>-</u>	<u>20,734</u>
 Total expenses	 <u>713,967</u>	 <u>-</u>	 <u>713,967</u>
 Change in net assets	 14,248	 (53,267)	 (39,019)
 Net assets, beginning of year	 <u>70,103</u>	 <u>718,107</u>	 <u>788,210</u>
 Net assets, end of year	 <u>\$ 84,351</u>	 <u>\$ 664,840</u>	 <u>\$ 749,191</u>

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ORRVILLE AREA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Support Services</u>			<u>Total Support Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 29,400	\$ 24,827	\$ 11,107	\$ 35,934	\$ 65,334
Employee benefits	5,220	4,408	1,972	6,381	11,601
Payroll taxes and fringes	2,369	2,001	895	2,896	5,265
 Total salaries and related expenses	 <u>36,990</u>	 <u>31,236</u>	 <u>13,974</u>	 <u>45,210</u>	 <u>82,200</u>
Grants and allocations	550,202	-	-	-	550,202
Other community services	27,144	-	-	-	27,144
Professional fees	1,800	1,520	680	2,200	4,000
Supplies	638	538	241	779	1,417
Telephone	788	666	298	964	1,752
Postage and shipping	619	523	234	756	1,375
Occupancy	2,723	2,299	1,029	3,328	6,051
Rental and maintenance of equipment	2,499	2,111	944	3,055	5,554
Printing and publications	1,513	1,278	572	1,849	3,362
Travel	361	305	136	441	802
Conference and meetings	238	201	90	291	529
Interest/Bank service charges	104	87	39	127	230
Depreciation	181	153	68	221	402
Insurance	805	679	304	983	1,788
State filing fee	90	76	34	110	200
Annual events	3	3	1	4	7
Membership dues	-	12,606	-	12,606	12,606
Awards and recognition	500	-	-	-	500
Advertising	-	1,057	-	1,057	1,057
Miscellaneous	-	2,546	-	2,546	2,546
 Total expenses	 <u>\$ 627,197</u>	 <u>\$ 57,883</u>	 <u>\$ 18,644</u>	 <u>\$ 76,527</u>	 <u>\$ 703,724</u>

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ORRVILLE AREA UNITED WAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Support Services</u>			Total Support Services	Total Expenses
	Program Services	Managemen and General	Fundraising		
Salaries	\$ 25,455	\$ 28,066	\$ 11,749	\$ 39,815	\$ 65,270
Employee benefits	6,581	7,256	3,038	10,294	16,875
Payroll taxes and fringes	1,743	1,921	804	2,725	4,468
 Total salaries and related expenses	 <u>33,779</u>	 <u>37,244</u>	 <u>15,590</u>	 <u>52,834</u>	 <u>86,613</u>
 Grants and allocations	 558,502	 -	 -	 -	 558,502
Other community services	26,819	-	-	-	26,819
Professional fees	1,560	1,720	720	2,440	4,000
Supplies	711	784	328	1,113	1,824
Telephone	683	753	315	1,069	1,752
Postage and shipping	633	697	292	989	1,622
Occupancy	2,149	2,370	992	3,362	5,511
Rental and maintenance of equipment	1,750	1,930	808	2,738	4,488
Printing and publications	1,625	1,791	750	2,541	4,166
Travel	223	246	103	349	572
Conference and meetings	396	436	183	619	1,015
Interest/Bank service charges	103	114	48	162	265
Depreciation	157	173	72	245	402
Insurance	708	780	327	1,107	1,815
Annual events	445	491	206	697	1,142
Membership dues	-	7,507	-	7,507	7,507
Awards and recognition	500	-	-	-	500
Advertising	-	1,090	-	1,090	1,090
Miscellaneous	-	4,362	-	4,362	4,362
 Total expenses	 <u>\$ 630,744</u>	 <u>\$ 62,489</u>	 <u>\$ 20,734</u>	 <u>\$ 83,223</u>	 <u>\$ 713,967</u>

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ORRVILLE AREA UNITED WAY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (121,895)	\$ (39,019)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	402	402
Allowance for uncollectible pledges	(186)	253
(Increase) decrease in assets:		
Pledges receivables	52,556	(2,612)
Increase (decrease) in liabilities:		
Designations payable	5,213	(2,467)
Other current liabilities	<u>1,025</u>	<u>(3,550)</u>
Net cash provided (used) by operating activities	<u>(62,885)</u>	<u>(46,993)</u>
Change in cash and cash equivalents	(62,885)	(46,993)
Cash and cash equivalents, beginning	<u>469,383</u>	<u>516,376</u>
Cash and cash equivalents, ending	<u>\$ 406,498</u>	<u>\$ 469,383</u>

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ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Nature of Business

Orrville Area United Way, Inc. (“United Way”) is a tax-exempt non-profit organization governed by a volunteer Board of Directors nominated from the community. The United Way service area covers Orrville, Dalton, and Marshallville, with limited service to the Kidron area, in eastern Wayne County, Ohio, and presently allocates funds to 20 partner agencies and 4 local Boy, Girl and Cub Scout units {and to non-partner agencies at the request of donors}.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification FASB ASC 958 “*Not-for-Profit Entities.*” Under FASB ASC 958, The United Way is required to report information regarding its financial position and activities according to three classes of net assets: *unrestricted net assets* – net assets that are not subject to donor-imposed restrictions; *temporarily restricted net assets* – net assets subject to donor-imposed restrictions that may or will be met by actions of United Way or that expire with the passage of time; and *permanently restricted net assets* – net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned on the related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in accordance 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 disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

An annual campaign is conducted each year from approximately August through October to fund the United Way’s operations and allocations and grants for various local charitable agencies. Contributions from the current year campaign are recorded when a promise to give is acknowledged and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions, during the current year.

-Forwarded

ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies - Forwarded

Revenue Recognition (Continued)

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restriction on the Statement of Activities and Changes in Net Assets. The United Way does not have any permanently restricted net assets.

Contributions received with donor-imposed restrictions are recorded as unrestricted if the restrictions are expected to be met within the same period.

Contributions designated by the donor for specific agencies are recognized, in accordance with FASB ASC 958 605 "*Revenue Recognition*", as liabilities payable to the other specified agencies rather than revenue to the United Way. These designated contributions are considered unrestricted.

The United Way reports gifts of land, buildings, and equipment 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 are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Pledges Receivable

Unconditional promises to give are recorded at their net realizable value. United Way uses the allowance method to determine uncollectible pledges. The allowance is determined based upon historical experience and management's analysis of specific balances.

Agency Transactions

United Way, acting as an agent, receives cash donations from individuals and businesses that are designated to other United Way agencies.

Donated Services and In-Kind Contributions

Non-profit accounting principles require donated services that require specific expertise or enhance a non-financial asset be recorded in the financial statements at their fair market value. Many individuals have donated significant amounts of their time in support of United Way services and fundraising campaigns. No amounts have been reflected in these financial statements for these donated hours, as they did not meet the criteria for recognition.

-Forwarded

ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies - Forwarded

Functional Expenses

The United Way follows guidelines established by United Way of America's *Functional Expenses and Overhead Reporting Standards* for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon accepted methods of cost allocation. The categories for reporting functional expenses are as follows:

Program Services

Includes research aimed at identification and resolution of community problems that impact the quality of life in the community; provides information and education to the public regarding the community's most critical human needs; analyzes and reviews human service agencies and programs to ensure they are meeting the most critical community needs; evaluates programs to determine how United Way donor dollars will be invested; monitors programs to ensure accountability and measures results and outcomes. Provides leadership and serves as the facilitator to develop initiatives, which focus on causative issues.

Management and General

Includes overall direction and administration of United Way; ensures that United Way is well managed; responsible for strategic planning and overall development of the organization; has responsibility for all staff functions, including human resource management; ensures that general records are properly and accurately maintained; responsible for fiscal management, including financial statements, audits, pledge and accounts receivable management and accounts payable. Also responsible for maintaining, governing and policy making bodies of United Way through the Board of Directors.

Cash and Cash Equivalents

The United Way considers all investments and deposits with original maturities of three months or less to be cash equivalents.

The United Way maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The United Way has not experienced any losses in such accounts. The United Way believes it is not exposed to any significant financial risk on cash.

-Forwarded

ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies – Forwarded

Property and Equipment

Equipment is recorded on the basis of cost or fair market value at the date of donation for donated items. Maintenance and repairs are charged to expenses as incurred. Renewals and betterments that extend the useful lives of assets beyond one year and are in excess of \$500 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the related assets, ranging from 3 years to 5 years.

Compensated Absences

The United Way's policy is to recognize the cost of vacation when actually paid.

Advertising

The United Way expenses the cost of advertising when the expense occurs. Advertising expense for the years ended December 31, 2015 and 2014 was \$1,057 and \$1,090, respectively.

Income Taxes

The United Way adopted the provisions of FASB ASC 740-10 (formerly FIN 48 "Accounting for Uncertainty in Income Taxes"), which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

As a result of the implementation of this standard, management determined that there are no material uncertain tax positions.

As a not-for-profit organization, the United Way is generally exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and exempt from Ohio income taxes. Therefore, no provision or liability for income taxes has been included in the financial statements.

The United Way's federal income tax returns are subject to examination by the IRS, generally for three years after they were filed

-Forwarded

ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies – Forwarded

Fair Value of Financial Instruments

The carrying amounts of financial instruments, such as the current assets and liabilities, approximate their fair value based on the short term maturities of these instruments. The carrying value of the long term assets and liabilities approximate the fair value based on current market rates and conditions.

Subsequent Event

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through August 16, 2016, which is the date the financial statements were available to be issued.

Note 2: Depreciation

The cost and related accumulated depreciation of property and equipment at December 31, 2015 and 2014 are:

	<u>2015</u>	<u>2014</u>
Computers and office equipment	\$ 7,019	\$ 7,019
Accumulated depreciation	<u>(6,650)</u>	<u>(6,248)</u>
Net Property and Equipment	<u>\$ 369</u>	<u>\$ 771</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$402.

ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 3: Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Time Restriction	\$ 567,145	\$ 664,840

During the years ended December 31, 2015 and 2014 net assets were released from restrictions for the following purposes:

	<u>2015</u>	<u>2014</u>
Time Restriction	\$ 664,840	\$ 718,107

Note 4: Operating Lease

United Way leases its building and real estate under an operating lease agreement expiring in October 2017. The Organization also has an operating lease for a copier with monthly payments of \$239 which expires in July 2016. The total for rent expense for the years 2015 and 2014 was \$9,426 and \$8,727 respectively.

The future minimum lease payments under the terms of the lease are as follows at December 31st:

2016	\$ 7,673
2017	5,000

Note 5: Concentrations of Credit Risk

Primarily all of United Way's revenues and pledges receivable are from businesses and individuals located in the greater Orrville, Ohio areas.

Contributed support for 2015 and 2014 includes contributions from one major donor. The major donor accounted for 69% and 72% of the total United Way contributed support for years 2015 and 2014, respectively. Pledges receivable from this donor totaled 70% and 61% of total receivables as of December 31, 2015 and 2014, respectively.

ORRVILLE AREA UNITED WAY, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Retirement Plan

United Way offers a SIMPLE IRA retirement plan to all of its employees. Employees are 100% vested upon twelve months of employment. The plan provides for contributions by United Way up to the IRS cap. In 2015 and 2014, United Way contributed \$4,070 and \$3,692, respectively.

Note 7: Support Services

The United Way calculates its overhead ratio in accordance with standards established by the United Way of America as membership criteria. These standards provide a uniform method of calculating the overhead ratio for all United Ways and include management and general and fundraising expenses as support services.