

NORTHWEST OHIO COMMUNITY SHARES, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2007

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Ohio Community Shares, Inc.
Toledo, Ohio

We have audited the accompanying statement of financial position of Northwest Ohio Community Shares, Inc. (a nonprofit organization) as of June 30, 2007 and the related statements of activities, functional expenses, and cash flows for the eighteen months then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Ohio Community Shares, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the eighteen months then ended, in conformity with accounting principles generally accepted in the United States of America.

March 28, 2008

William Vaughan Company

NORTHWEST OHIO COMMUNITY SHARES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2007

ASSETS

Current assets

Cash	\$ 102,301
Pledges receivable, net of allowance of \$10,008	103,452
Prepaid expenses	1,519
Total current assets	<u>207,272</u>

Other assets

Deposits	400
Total other assets	<u>400</u>

Total assets	<u><u>\$ 207,672</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 1,675
Deferred fundraising revenue	1,300
Funding due to agencies	164,536
Total current liabilities	<u>167,511</u>

Net assets

Unrestricted	21,790
Temporarily restricted (Note 3)	18,371
	<u>40,161</u>

Total net assets	<u>40,161</u>
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Total liabilities and net assets	<u><u>\$ 207,672</u></u>
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The accompanying notes are an integral part of these financial statements.

NORTHWEST OHIO COMMUNITY SHARES, INC.
STATEMENT OF ACTIVITIES
For the Eighteen Months Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Public support and other revenue			
Contributions	\$ 2,548	\$ 256,965	\$ 259,513
Fundraising	24,398	0	24,398
Grants	17,500	0	17,500
Interest	775	0	775
Membership fees	5,800	0	5,800
Net assets released from restrictions	259,541	(259,541)	0
	<hr/>	<hr/>	<hr/>
Total public support and other revenue	310,562	(2,576)	307,986
Expenses			
Program services	222,681	0	222,681
Support services	56,992	0	56,992
Fundraising	14,249	0	14,249
	<hr/>	<hr/>	<hr/>
Total expenses	293,922	0	293,922
	<hr/>	<hr/>	<hr/>
Change in net assets	16,640	(2,576)	14,064
Net assets - beginning of year	5,150	20,947	26,097
	<hr/>	<hr/>	<hr/>
Net assets - end of year	<u>\$ 21,790</u>	<u>\$ 18,371</u>	<u>\$ 40,161</u>

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

NORTHWEST OHIO COMMUNITY SHARES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Eighteen Months Ended June 30, 2007

	<u>Program Services</u>		<u>Support Services</u>			<u>Totals</u>
	<u>Distributions to Members</u>	<u>Community Outreach</u>	<u>Campaign</u>	<u>Management and General</u>	<u>Fundraising</u>	
Expenses						
Membership Distributions	\$ 151,439	\$ 0	\$ 0	\$ 0	\$ 0	\$ 151,439
Salaries	0	34,847	13,938	13,938	6,969	69,692
Payroll taxes	0	2,419	967	967	484	4,837
Printing	0	1,261	504	504	252	2,521
Professional fees and dues	0	6,439	2,575	2,575	1,288	12,877
Travel	0	247	98	98	49	492
Rent (Note 4)	0	3,600	1,440	1,440	720	7,200
Postage and office supplies	0	8,818	3,528	3,528	1,764	17,638
Telephone	0	1,657	663	663	331	3,314
Continuing education	0	591	236	236	118	1,181
Insurance - general	0	9,573	3,830	3,830	1,915	19,148
Meals and entertainment	0	168	68	68	34	338
Miscellaneous	0	1,622	649	649	325	3,245
Total expenses	<u>\$ 151,439</u>	<u>\$ 71,242</u>	<u>\$ 28,496</u>	<u>\$ 28,496</u>	<u>\$ 14,249</u>	<u>\$ 293,922</u>

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

NORTHWEST OHIO COMMUNITY SHARES, INC.
STATEMENT OF CASH FLOWS
For the Eighteen Months Ended June 30, 2007

Cash flows from operating activities

Change in net assets	\$ 14,064
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Uncollectible pledges	901
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Pledges receivable	66,237
Prepaid expenses	912
Increase (decrease) in:	
Accounts payable, including payments due to members	(29,091)
Deferred fundraising revenue	1,300
Funding due to agencies	(5,481)
Net cash provided by operating activities	<u>48,842</u>
Net increase in cash	<u>48,842</u>
Cash at beginning of year	<u>53,459</u>
Cash at end of year	<u><u>\$ 102,301</u></u>
Supplemental disclosure of cash flow information	
Cash paid for interest	<u><u>\$ 0</u></u>

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

NORTHWEST OHIO COMMUNITY SHARES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Note 1 - Significant accounting policies

Nature of operations

Northwest Ohio Community Shares, Inc. ("Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was established in 1997 to provide financial and other support for member non-profit organizations that provide charitable, scientific, cultural, or educational services in Northwest Ohio and Southeast Michigan. The primary purpose of the Organization is to provide significant ongoing funding through workplace fundraising for member organizations.

Basis of presentation

The Organization's financial statements have been prepared on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with a specific period of time and are recorded as incurred without regard to the date of receipt or the payment of cash.

During the fiscal period ending June 30, 2007, the Organization changed its operating year-end from December 31 to June 30. Accordingly, we have audited the eighteen month period ending June 30, 2007 and have not presented comparative financial statements.

Financial statement presentation

The accompanying financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Information regarding the Organization's financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Management is of the opinion that there were no permanently restricted net assets at June 30, 2007.

Cost allocation

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective.

Recognition of donor restrictions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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, temporarily restricted net assets are reclassified to unrestricted net assets.

In the statement of functional expenses, salaries and related expenses are charged to the various categories of programs and supporting services on the basis of the actual or estimated time devoted to these activities. Other expenses have been allocated on bases determined by management.

NORTHWEST OHIO COMMUNITY SHARES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

Note 1 - Significant accounting policies – Continued

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results differ from those estimates.

Cash

Cash balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. While the Agency's cash balances do exceed federally insured limits, the Organization feels it is not exposed to any significant risks.

Allowance for uncollectible pledges

Uncollectible pledges are provided for using the allowance method based on management's evaluation of the collectibility (based on historical losses and current economic data) of outstanding pledges receivable at the end of the fiscal period.

Funds due to agencies

In accordance with Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-For-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the Organization records a liability when it accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. The Organization refers to this liability as "funding due to agencies" in the statement of financial position.

Net asset categories

A description of the Organization's net asset categories is as follows:

Unrestricted net assets – Unrestricted net assets are those that bear no external restrictions as to use or purpose.

Temporarily restricted net assets – Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Major funding

The Organization conducts an annual campaign for its member agencies concurrently with the annual United Way campaign offering alternatives and non-traditional choices for individuals and businesses in Northwest Ohio and Southeast Michigan.

Revenue

Membership dues and campaign revenue are recognized in the accompanying financial statements in the following ways. Membership dues are billed to members at the beginning of the Organization's fiscal period. Campaign revenue is raised through the pledge drive campaigns for distribution in the subsequent calendar year. These pledges are recorded as pledge receivables and contributions when pledged.

Distributions to member agencies

In accordance with the by-laws of the Organization, a minimum of 80% of designated campaign receipts are allocated to eligible members each campaign year. Member agencies are eligible to receive an allocation of undesignated campaign receipts as earned and authorized through governance participation. Subsequent to each fiscal period, based on actual pledges collected, the Organization makes its final determination of distributions to member agencies and records any final adjustment to the campaign at that time.

NORTHWEST OHIO COMMUNITY SHARES, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

Note 2 - Line of credit

The Organization has a revolving line of credit which is available to fund operations. Maximum borrowings on this line of credit are \$35,000. There was no outstanding balance at June 30, 2007.

Note 3 - Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2007 consist of campaign contributions attributable to Community Shares administration of \$18,371.

Note 4 - Lease commitments

Effective May 1, 2003, the Organization entered into an operating lease for office space. The lease agreement provides for rent of \$400 per month and has an indefinite term. Rent expense for 2007 was \$7,200.