

**NORTHWEST OHIO COMMUNITY SHARES, INC.**

**AUDITED FINANCIAL STATEMENTS**

**June 30, 2009**

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MOSLEY, PFUNDT, PLATZ & GLICK, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2009 and the related statement of activities, functional expenses, and cash flows for the year 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. The financial statements of Northwest Ohio Community Shares, Inc. as of June 30, 2008 were audited by other auditors whose report dated June 15, 2009 expressed an unqualified opinion on those statements.

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 audits provide 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, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Mosley, Pfundt, Platz & Glick, Inc.*

April 8, 2010

**NORTHWEST OHIO COMMUNITY SHARES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2009 and 2008**

**ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Current assets</b>		
Cash	\$ 73,824	\$ 76,631
Pledges receivable, net of allowance of \$11,508 in 2009 and 2008, respectively	135,783	133,556
Prepaid expenses	2,225	1,857
Total current assets	<u>211,832</u>	<u>212,044</u>
<b>Other assets</b>		
Deposits	400	400
Total assets	<u>\$ 212,232</u>	<u>\$ 212,444</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable	\$ 121	\$ 400
Funds due to agencies	164,791	160,841
Total current liabilities	<u>164,912</u>	<u>161,241</u>
<b>Net assets</b>		
Unrestricted	36,567	35,560
Temporarily restricted (Note 2)	10,753	15,643
Total net assets	<u>47,320</u>	<u>51,203</u>
Total liabilities and net assets	<u>\$ 212,232</u>	<u>\$ 212,444</u>

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

**NORTHWEST OHIO COMMUNITY SHARES, INC.**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2009 and 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Totals</u>
<b>Public support and other revenue</b>			
Contributions	\$ 2,130	\$ 216,742	\$ 218,872
Fundraising	9,980	0	9,980
Grants	17,400	0	17,400
Interest	1,115	0	1,115
Membership dues	6,900	0	6,900
Net assets released from restrictions	<u>221,632</u>	<u>(221,632)</u>	<u>0</u>
 Total public support and other revenue	 259,157	 (4,890)	 254,267
<b>Expenses</b>			
Program services	204,090	0	204,090
Support services	43,250	0	43,250
Fundraising	<u>10,810</u>	<u>0</u>	<u>10,810</u>
 Total expenses	 <u>258,150</u>	 <u>0</u>	 <u>258,150</u>
 Change in net assets	 1,007	 (4,890)	 (3,883)
 Net assets - beginning of year	 <u>35,560</u>	 <u>15,643</u>	 <u>51,203</u>
 Net assets - end of year	 <u>\$ 36,567</u>	 <u>\$ 10,753</u>	 <u>\$ 47,320</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Totals</u>
<b>Public support and other revenue</b>			
Contributions	\$ 2,975	\$ 226,775	\$ 229,750
Fundraising	17,213	0	17,213
Grants	15,000	0	15,000
Interest	2,305	0	2,305
Membership dues	8,850	0	8,850
Net assets released from restrictions	<u>229,503</u>	<u>(229,503)</u>	<u>0</u>
 Total public support and other revenue	 275,846	 (2,728)	 273,118
<b>Expenses</b>			
Program services	205,244	0	205,244
Support services	45,464	0	45,464
Fundraising	<u>11,368</u>	<u>0</u>	<u>11,368</u>
 Total expenses	 <u>262,076</u>	 <u>0</u>	 <u>262,076</u>
 Change in net assets	 13,770	 (2,728)	 11,042
 Net assets - beginning of year	 <u>21,790</u>	 <u>18,371</u>	 <u>40,161</u>
 Net assets - end of year	 <u>\$ 35,560</u>	 <u>\$ 15,643</u>	 <u>\$ 51,203</u>

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

**NORTHWEST OHIO COMMUNITY SHARES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended June 30, 2009 and 2008

	<u>Program Services</u>		<u>Support Services</u>			
	<u>Distributions</u>	<u>Community</u>		<u>Management</u>		<u>2009</u>
	<u>to Members</u>	<u>Outreach</u>	<u>Campaign</u>	<u>and General</u>	<u>Fundraising</u>	<u>Totals</u>
<b>Expenses</b>						
Membership distributions	\$ 150,032	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,032
Salaries	0	30,712	12,285	12,285	6,142	61,424
Payroll taxes	0	2,156	863	863	431	4,313
Printing	0	1,891	757	757	378	3,783
Professional fees and dues	0	5,192	2,077	2,077	1,038	10,384
Travel	0	433	173	173	87	866
Rent (Note 3)	0	2,400	960	960	480	4,800
Postage and office supplies	0	1,131	453	453	226	2,263
Telephone	0	980	392	392	196	1,960
Continuing education	0	0	0	0	0	0
Insurance - general	0	1,677	671	671	335	3,354
Uncollectible pledges	0	5,150	2,060	2,060	1,030	10,300
Fundraising	0	1,897	758	758	379	3,792
Meals and entertainment	0	46	18	18	9	91
Miscellaneous	0	393	158	158	79	788
Total expenses	<u>\$ 150,032</u>	<u>\$ 54,058</u>	<u>\$ 21,625</u>	<u>\$ 21,625</u>	<u>\$ 10,810</u>	<u>\$ 258,150</u>

	Program Services		Support Services		Fundraising	2008 Totals
	Distributions to Members	Community Outreach	Campaign	Management and General		
<b>Expenses</b>						
Membership distributions	\$ 148,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 148,413
Salaries	0	30,174	12,070	12,070	6,035	60,349
Payroll taxes	0	2,192	876	876	438	4,382
Printing	0	1,332	533	533	267	2,665
Professional fees and dues	0	5,692	2,277	2,277	1,139	11,385
Travel	0	885	354	354	177	1,770
Rent (Note 3)	0	2,400	960	960	480	4,800
Postage and office supplies	0	618	247	247	124	1,236
Telephone	0	1,368	547	547	274	2,736
Continuing education	0	45	18	18	9	90
Insurance - general	0	2,276	911	911	455	4,553
Uncollectible pledges	0	5,503	2,201	2,201	1,101	11,006
Fundraising	0	3,347	1,339	1,339	669	6,694
Meals and entertainment	0	212	84	84	42	422
Miscellaneous	0	787	315	315	158	1,575
Total expenses	<u>\$ 148,413</u>	<u>\$ 56,831</u>	<u>\$ 22,732</u>	<u>\$ 22,732</u>	<u>\$ 11,368</u>	<u>\$ 262,076</u>

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

**NORTHWEST OHIO COMMUNITY SHARES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (3,883)	\$ 11,042
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in allowance for uncollectible pledges	1,500	1,500
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(3,727)	(31,604)
Prepaid expenses	(368)	(338)
Increase (decrease) in:		
Accounts payable	(279)	(1,275)
Deferred fundraising revenue	0	(1,300)
Funding due to agencies	3,950	(3,695)
Net cash used in operating activities	<u>(2,807)</u>	<u>(25,670)</u>
Net decrease in cash and cash equivalents	<u>(2,807)</u>	<u>(25,670)</u>
Cash and cash equivalents at beginning of year	<u>76,631</u>	<u>102,301</u>
Cash and cash equivalents at end of year	<u><u>\$ 73,824</u></u>	<u><u>\$ 76,631</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u><u>\$ 0</u></u>	<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, 2009 and 2008**

**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.

**Financial statement presentation**

The accompanying financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958-205-45-4, *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, 2009.

**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, 2009 and 2008**

**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 could differ from those estimates.

**Cash**

Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. While the Agency's cash balances do exceed federally insured limits from time to time, 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 FASB ASC 958-20, 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.

**NORTHWEST OHIO COMMUNITY SHARES, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**June 30, 2009 and 2008**

**Note 1 - Significant accounting policies – Continued**

**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

**Reclassification**

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

**Note 2 - Temporarily restricted net assets**

Temporarily restricted net assets at June 30, 2009 and 2008 consist of campaign contributions attributable to Community Shares administration of \$10,753 and \$15,643, respectively.

**Note 3 - 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 2009 and 2008 was \$4,800 and \$4,800, respectively.

**Note 4 - Program and support services**

Accounting principles generally accepted in the United States of America require the disclosure of expenses functionally allocated between program and support services. Although considered appropriate, other methods of allocation could be used that would produce different results. The expenses for June 30, 2009 and 2008 relating to program and support services were allocated in the following manner:

	<u>2009</u>	<u>2008</u>
Program services	\$ 204,090	\$ 205,244
Support services - general and administrative	43,250	45,464
Fundraising	10,810	11,368
Total	<u>\$ 258,150</u>	<u>\$ 262,076</u>