

NORTHWEST OHIO COMMUNITY SHARES, INC.

FINANCIAL STATEMENTS

Years ended June 30, 2010 and 2009

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-8



MOSLEY, PFUNDT & 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, 2010 and 2009 and the related statement of activities, functional expenses, and cash flows for the years 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 audits 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, 2010 and 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 & Glick, Inc.

December 22, 2010

NORTHWEST OHIO COMMUNITY SHARES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets		
Cash	\$ 48,782	\$ 73,824
Pledges receivable, net of allowance of \$10,008 in 2010 and \$11,508 in 2009	130,775	135,783
Prepaid expenses	<u>1,524</u>	<u>2,225</u>
Total current assets	181,081	211,832
Other assets		
Deposits	<u>400</u>	<u>400</u>
Total assets	<u>\$ 181,481</u>	<u>\$ 212,232</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 71	\$ 121
Funds due to agencies	<u>157,101</u>	<u>164,791</u>
Total current liabilities	157,172	164,912
Net assets		
Unrestricted	9,241	36,567
Temporarily restricted	<u>15,068</u>	<u>10,753</u>
Total net assets	<u>24,309</u>	<u>47,320</u>
Total liabilities and net assets	<u>\$ 181,481</u>	<u>\$ 212,232</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, 2010 and 2009

	Unrestricted	Temporarily Restricted	2010 Totals
Public support and other revenue			
Contributions	\$ 2,361	\$ 192,609	\$ 194,970
Fundraising	9,131	-	9,131
Grants	15,000	-	15,000
Interest	401	-	401
Membership dues	8,000	-	8,000
Net assets released from restrictions	188,294	(188,294)	-
	<u>223,187</u>	<u>4,315</u>	<u>227,502</u>
Total public support and other revenue			
Expenses			
Program services	196,274	-	196,274
Support services	43,392	-	43,392
Fundraising	10,847	-	10,847
	<u>250,513</u>	<u>-</u>	<u>250,513</u>
Total expenses			
Change in net assets	(27,326)	4,315	(23,011)
Net assets - beginning of year	36,567	10,753	47,320
Net assets - end of year	\$ <u>9,241</u>	\$ <u>15,068</u>	\$ <u>24,309</u>

	Unrestricted	Temporarily Restricted	2009 Totals
Public support and other revenue			
Contributions	\$ 2,130	\$ 216,742	\$ 218,872
Fundraising	9,980	-	9,980
Grants	17,400	-	17,400
Interest	1,115	-	1,115
Membership dues	6,900	-	6,900
Net assets released from restrictions	<u>221,632</u>	<u>(221,632)</u>	<u>-</u>
Total public support and other revenue	259,157	(4,890)	254,267
Expenses			
Program services	204,090	-	204,090
Support services	43,250	-	43,250
Fundraising	<u>10,810</u>	<u>-</u>	<u>10,810</u>
Total expenses	<u>258,150</u>	<u>-</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>

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, 2010 and 2009

	Program Services		Support Services		Fundraising	2010 Totals
	Distributions to Members	Community Outreach	Campaign	Management and General		
Membership distributions	\$ 142,032	\$ -	\$ -	\$ -	\$ -	\$ 142,032
Salaries	-	28,963	11,585	11,585	5,793	57,926
Payroll taxes	-	1,987	794	794	397	3,972
Printing	-	1,556	622	622	311	3,111
Professional fees and dues	-	4,164	1,666	1,666	833	8,329
Travel	-	456	183	183	91	913
Rent	-	2,012	804	804	402	4,022
Postage and office supplies	-	953	382	382	191	1,908
Telephone	-	547	218	218	109	1,092
Continuing education	-	-	-	-	-	-
Insurance - general	-	2,551	1,021	1,021	510	5,103
Uncollectible pledges	-	4,892	1,957	1,957	978	9,784
Fundraising	-	3,799	1,519	1,519	760	7,597
Meals and entertainment	-	46	18	18	9	91
Miscellaneous	-	2,317	927	927	463	4,634
Total expenses	\$ 142,032	\$ 54,242	\$ 21,696	\$ 21,696	\$ 10,847	\$ 250,513

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

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ (23,011)	\$ (3,883)
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	3,508	(3,727)
Prepaid expenses	701	(368)
Increase (decrease) in:		
Accounts payable	(50)	(279)
Funding due to agencies	(7,690)	3,950
Net cash used in operating activities	<u>(25,042)</u>	<u>(2,807)</u>
Net decrease in cash and cash equivalents	<u>(25,042)</u>	<u>(2,807)</u>
Cash and cash equivalents at beginning of year	<u>73,824</u>	<u>76,631</u>
Cash and cash equivalents at end of year	<u>\$ 48,782</u>	<u>\$ 73,824</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 0</u>	<u>\$ 0</u>

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

NORTHWEST OHIO COMMUNITY SHARES, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – 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, 2010.

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

Note A – 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 may 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 collectability (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

Note A – 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

Note B – Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2010 and 2009 consist of campaign contributions attributable to Community Shares administration of \$15,068 and \$10,573, respectively.

Note C – Lease commitments

Effective May 1, 2003, the Organization entered into an operating lease for office space. The lease agreement provided for rent of \$400 per month and had an indefinite term. In July 2009 the Organization terminated this lease agreement and entered into a new lease agreement at a different location.

Effective July 21, 2009, the Organization entered into an operating lease for office space. The lease agreement provides for rent of \$320 per month and expired January 2010. Subsequent to January 2010 the rental agreement is on a month to month basis. Rent expense for 2010 and 2009 was \$4,022 and \$4,800, respectively.

Note D – 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, 2010 and 2009 relating to program and support services were allocated in the following manner:

	2010	2009
Program services	\$ 196,274	\$ 204,090
Support services - general and administrative	43,392	43,250
Fundraising	10,847	10,810
Total	\$ 250,513	\$ 258,150