

NORTHWEST OHIO COMMUNITY SHARES, INC.

FINANCIAL STATEMENTS

Years ended June 30, 2011 and 2010

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MOSLEY, PFUNDT, GLICK & DEMARCO, 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, 2011 and 2010 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, 2011 and 2010, 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 + Demarco, Inc.

January 11, 2012

NORTHWEST OHIO COMMUNITY SHARES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets		
Cash	\$ 102,565	\$ 48,782
Pledges receivable, net of allowance of \$7,550 in 2011 and \$10,008 in 2010	101,807	130,775
Prepaid expenses	<u>1,924</u>	<u>1,524</u>
Total current assets	206,296	181,081
Other assets		
Deposits	<u>400</u>	<u>400</u>
Total assets	<u>\$ 206,696</u>	<u>\$ 181,481</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 165	\$ 71
Funds due to agencies	<u>191,764</u>	<u>157,101</u>
Total current liabilities	191,929	157,172
Net assets		
Unrestricted	7,123	9,241
Temporarily restricted	<u>7,644</u>	<u>15,068</u>
Total net assets	<u>14,767</u>	<u>24,309</u>
Total liabilities and net assets	<u>\$ 206,696</u>	<u>\$ 181,481</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, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Totals</u>
Public support and other revenue			
Contributions	\$ 1,993	\$ 200,158	\$ 202,151
Fundraising	17,529	-	17,529
Grants	-	-	-
Interest	168	-	168
Membership dues	7,750	-	7,750
Net assets released from restrictions	<u>207,582</u>	<u>(207,582)</u>	<u>-</u>
 Total public support and other revenue	 235,022	 (7,424)	 227,598
Expenses			
Program services	187,425	-	187,425
Support services	39,774	-	39,774
Fundraising	<u>9,941</u>	<u>-</u>	<u>9,941</u>
 Total expenses	 <u>237,140</u>	 <u>-</u>	 <u>237,140</u>
 Change in net assets	 (2,118)	 (7,424)	 (9,542)
 Net assets - beginning of year	 <u>9,241</u>	 <u>15,068</u>	 <u>24,309</u>
 Net assets - end of year	 <u>\$ 7,123</u>	 <u>\$ 7,644</u>	 <u>\$ 14,767</u>

	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	<u>188,294</u>	<u>(188,294)</u>	<u>-</u>
Total public support and other revenue	223,187	4,315	227,502
Expenses			
Program services	196,274	-	196,274
Support services	43,392	-	43,392
Fundraising	<u>10,847</u>	<u>-</u>	<u>10,847</u>
Total expenses	<u>250,513</u>	<u>-</u>	<u>250,513</u>
Change in net assets	(27,326)	4,315	(23,011)
Net assets - beginning of year	<u>36,567</u>	<u>10,753</u>	<u>47,320</u>
Net assets - end of year	<u>\$ 9,241</u>	<u>\$ 15,068</u>	<u>\$ 24,309</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, 2011 and 2010

	Program Services		Support Services			2011
	Distributions to Members	Community Outreach	Campaign	Management and General	Fundraising	Totals
Membership distributions	\$ 137,713	\$ -	\$ -	\$ -	\$ -	\$ 137,713
Salaries	-	16,731	6,692	6,692	3,346	33,461
Payroll taxes	-	806	323	323	161	1,613
Printing	-	1,442	577	577	288	2,884
Professional fees and dues	-	4,560	1,824	1,824	912	9,120
Travel	-	503	202	202	101	1,008
Rent	-	1,920	768	768	384	3,840
Postage and office supplies	-	1,055	422	422	211	2,110
Telephone	-	469	188	188	94	939
Continuing education	-	-	-	-	-	-
Insurance - general	-	734	294	294	147	1,469
Uncollectible pledges	-	16,767	6,707	6,707	3,353	33,534
Fundraising	-	3,422	1,368	1,368	684	6,842
Meals and entertainment	-	187	75	75	37	374
Miscellaneous	-	1,116	447	447	223	2,233
	<u>-</u>	<u>1,116</u>	<u>447</u>	<u>447</u>	<u>223</u>	<u>2,233</u>
Total expenses	\$ <u>137,713</u>	\$ <u>49,712</u>	\$ <u>19,887</u>	\$ <u>19,887</u>	\$ <u>9,941</u>	\$ <u>237,140</u>

	Program Services		Support Services		Fundraising	2010 Totals
	Distributions to Members	Community Outreach	Campaign	Management and General		
Membership distributions	\$ 142,032	\$ -	\$ -	\$ -	\$ -	\$ 142,032
Salaries	-	28,962	11,585	11,585	5,793	57,925
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	\$ <u>142,032</u>	\$ <u>54,242</u>	\$ <u>21,696</u>	\$ <u>21,696</u>	\$ <u>10,847</u>	\$ <u>250,513</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ (9,542)	\$ (23,011)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Change in allowance for uncollectible pledges	2,458	1,500
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	26,510	3,508
Prepaid expenses	(400)	701
Increase (decrease) in:		
Accounts payable	94	(50)
Funding due to agencies	34,663	(7,690)
Net cash provided (used) in operating activities	<u>53,783</u>	<u>(25,042)</u>
Net increase (decrease) in cash and cash equivalents	<u>53,783</u>	<u>(25,042)</u>
Cash and cash equivalents at beginning of year	<u>48,782</u>	<u>73,824</u>
Cash and cash equivalents at end of year	\$ <u><u>102,565</u></u>	\$ <u><u>48,782</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ <u><u>-</u></u>	\$ <u><u>-</u></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") 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, 2011.

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 basis 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 Organization'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.

Income taxes

The Organization is a nonprofit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Effective for the year ended June 30, 2009, the Organization adopted the provision of FASB ASC 740, *Income Taxes* (FASB ASC 740), related to accounting for uncertainty in income taxes on any unrelated business income. The Organization files an information return in the U.S. federal jurisdiction and also in Ohio. Tax returns for all years after 2008 are subject to future examination by tax authorities. The Organization has evaluated income tax positions and believes there are no uncertain tax positions of significance that are required to be recorded or disclosed under this standard.

Subsequent events

Subsequent events were evaluated through January 11, 2012, the date the financial statements were issued.

Note B – Temporarily restricted net assets

Temporarily restricted net assets at June 30, 2011 and 2010 consist of campaign contributions attributable to Community Shares administration of \$7,644 and \$15,068, 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 2011 and 2010 was \$3,840 and \$4,022, respectively.

NORTHWEST OHIO COMMUNITY SHARES, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2011 and 2010 relating to program and support services were allocated in the following manner:

	2011		2010
Program services	\$ 187,425	\$	196,274
Support services - general and administrative	39,774		43,392
Fundraising	9,941		10,847
Total	\$ 237,140	\$	250,513