# NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION)

# FINANCIAL STATEMENTS

June 30, 2013

Laura J. MacDonald, CPA, Inc. 135 North Broadway Medina, Ohio 44256

# NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION) FINANCIAL STATEMENTS June 30, 2013

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### INDEPENDENT AUDITOR'S REPORT

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

## **Report on Financial Statements**

I have audited the accompanying financial statements of Northwest Ohio Community Shares, Inc. (a non-profit organization) which comprise the Statement of Financial Position as of June 30, 2013, and the related Statements of Activities, Functional Expenses and Cash Flows for the year 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 the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 auditor considers 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my 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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

November 21, 2013

# NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF FINANCIAL POSITION June 30, 2013

## ASSETS

CURRENT ASSETS Cook and cook agricultures	\$	96 922		
Cash and cash equivalents Campaign pledges receivable, net of shrinkage	Φ	86,223		
allowance of \$7,795		97,396		
Prepaid expenses		835		
•				
TOTAL CURRENT ASSETS			\$	184,454
OTHER ASSETS				
Deposits				320
TOTAL ASSETS			\$	184,774
			<del></del>	
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Campaign distributions payable			\$	151,615
NET ASSETS				
Unrestricted		25,930		
Temporarily restricted		7,229		
Permanently restricted		-		
TOTAL NET ASSETS				33,159
TOTAL LIABILITIES AND NET ASSETS			\$	184,774

# NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF ACTIVITIES Year Ended June 30, 2013

	Ur	restricted	aporarily estricted	Total	
SUPPORT AND REVENUES					
Campaign pledges:					
Amounts raised on behalf of member organizations Less: amounts remitted and remittable to member	\$	224,825	\$ -	\$	224,825
organizations		(180,971)	_		(180,971)
Less: amounts designated to Community Shares		(7,229)	_		(7,229)
Less: shrinkage expense	<del>~</del>	(8,662)	 <u> </u>		(8,662)
Campaign management fee revenue		27,963	-		27,963
Other revenues:					
2012 pledge designations to Community Shares		-	7,229		7,229
2011 pledge designations released from restriction		6,151	(6,151)		-
Contributions		4,895			4,895
Fundraising, net of \$7,258 in expenses		21,712			21,712
Membership dues and fees		8,210	-		8,210
Interest income		102	-		102
Miscellaneous income		27	 -		27
		41,097	 1,078		42,175
TOTAL SUPPORT AND REVENUES		69,060	1,078		70,138
EXPENSES					
Program expenses		53,235	-		53,235
Fundraising expenses		6,654	-		6,654
Management and general expenses		6,654	 -		6,654
TOTAL EXPENSES		66,543	 _		66,543
INCREASE IN NET ASSETS		2,517	1,078		3,595
NET ASSETS AT BEGINNING OF YEAR		23,413	 6,151		29,564
NET ASSETS AT END OF YEAR	\$	25,930	\$ 7,229	\$	33,159

# NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2013

	OGRAM FIVITIES	 FUND- RAISING		MANAGE- MENT AND GENERAL		OTAL
Salaries	\$ 29,109	\$ 3,639	\$	3,639	\$	36,387
Payroll taxes	2,257	282		282		2,821
Employee benefits	1,346	168		168		1,682
Consultants	7,172	897		897		8,966
Office expenses	5,045	630		631		6,306
Occupancy	3,073	384		384		3,841
Campaign expenses	3,011	376		376		3,763
Insurance	947	119		118		1,184
Travel	739	92		92		923
Dues and subscriptions	 536	 67		67		670
	\$ 53,235	\$ 6,654	\$	6,654	\$	66,543

# NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF CASH FLOWS Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 3,595	
Adjustments to reconcile increase in net assets		
to net cash provided by operating activities		
(Increase) decrease in assets:		
Campaign pledges receivable	(9,647)	
Prepaid expenses	549	
Deposits	80	
Increase in liabilities:		
Accounts payable	(544)	
Campaign distributions payable	 13,864	
NET CASH PROVIDED BY		
OPERATING ACTIVITIES		\$ 7,897
CASH: AND CASH EQUIVALENTS		
AT BEGINNING OF YEAR		 78,326
CASH AND CASH EQUIVALENTS		
AT END OF YEAR		\$ 86,223

NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION) NOTES TO FINANCIAL STATEMENTS June 30, 2013

## NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Ohio Community Shares, Inc. (Community Shares) (the Organization) is a non-profit Organization founded in 1997 in Toledo, Ohio. Community Shares is Northwest Ohio's only workplace giving federation with a focus on social justice, health and human services, animal rights, the arts and the environment. The Organization was established for the purpose of promoting workplace giving through member nonprofit organizations. Revenues consist primarily of contributions, fundraising revenue, membership dues and campaign management fees.

### **Accounting Basis**

The accompanying financial statements have been prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as prescribed in the American Institute of Certified Public Accountants' Audit and Accounting Guide: <u>Not-For-Profit Entities</u>. The following information summarizes the accounting basis:

### **Financial Statement Presentation**

Community Shares classifies net assets, revenues, gains and other support and expenses based on the existence or absence of donor imposed restrictions. Accordingly, net assets and the changes therein are classified and reported in three categories, as follows:

### **Unrestricted Net Assets**

Unrestricted net assets are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

### **Temporarily Restricted Net Assets**

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As of June 30, 2013, temporarily restricted net assets totaled \$7,229.

### **Permanently Restricted Net Assets**

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Organization. As of June 30, 2013, the Organization had no permanently restricted net assets.

## Campaign Pledges Receivable

Workplace giving campaigns are conducted in the fall of each year and the related pledges are typically paid in the subsequent calendar year. Campaign pledges receivable are classified as unconditional promises and are recorded when the pledge is made, less an allowance for shrinkage.

Community Shares uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on previous pledge shrinkage analysis and management's evaluation of specific pledges recognized as revenue in the current year.

NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

# NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Contributions**

Contributions are accounted for in accordance with FASB ASC 958-605-2. FASB ASC 958-605-2 requires that contributions are recognized when a donor makes a pledge to give that is, in substance, unconditional. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

### Campaign Revenue Raised on Behalf of Member Organizations

Campaign revenue raised on behalf of member organizations is distributed to those member agencies, net of administrative fees and shrinkage allowances. In accordance with FASB ASC 958-20 revenues raised for member agencies are reflected as campaign distributions payable in the accompanying Statement of Financial Position.

In accordance with the by-laws of Community Shares, a minimum of 80% of designated campaign pledge receipts are allocated to eligible member agencies each campaign year. Member agencies are also eligible to receive an allocation of undesignated campaign receipts through governance participation. The Organization makes its final determination of distributions payable to member agencies when the campaign giving period has officially ended. This determination is based on actual pledges collected.

### Membership Fees

Membership fees are recognized as revenue when earned. Member dues are payable by July 1<sup>st</sup> each year for the fiscal year ended June 30<sup>th</sup> of the subsequent year.

### Statement of Cash Flows

The Statement of Cash Flows is presented in accordance with FASB ASC 230. The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of June 30, 2013 cash equivalents totaled \$85,616 and consists of money market funds. There were no cash payments for interest or income taxes during the year ended June 30, 2013.

### In-kind Contributions

Community Shares recognizes in-kind contributions of services in accordance with the recognition guidelines outlined in FASB ASC 855-10-50.

In-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance nonfinancial assets (primarily property or other tangible or

NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION) NOTES TO FINANCIAL STATEMENTS June 30, 2013

# NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## **In-kind Contributions (Continued)**

intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria, and promises to give such services, are not recognized. Although Community Shares operates with the help of many volunteers, no amounts have been reflected in the financial statements for contributed services based on these criteria.

### **Use of Accounting Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

### Income Taxes

Community Shares is a private, non-profit organization, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Organizations present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the provisions of FASB ASC 740-10-25, <u>Accounting for Uncertainty in Income Taxes</u>, that requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the Statement of Financial Position or in the Statement of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Organization evaluates uncertain tax positions, if any, on a continual basis.

### Functional Allocation of Expenses

The costs of administering a workplace giving federation and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated between program expenses, fundraising expenses and management and general expenses using various allocation methods which attempt to allocate the costs equitably in relation to the benefits provided.

### Disclosure of Subsequent Events

The Organization is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. The Organization has evaluated all subsequent events through the date the accompanying financial statements were available to be issued (November 21, 2013) for proper accounting and disclosure in the accompanying financial statements.

### NOTE 2 – CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable as of June 30, 2013 result from the 2012 fall workplace giving campaign. All such pledges are classified as unconditional promises and are due in less than one year.

NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

### NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets totaled \$7,229 as of June 30, 2013 and represent pledges designated for Community Shares resulting from the 2012 campaign. During the year ended June 30, 2013, net assets released from temporary restrictions totaled \$6,151 and represent pledges received from the 2011 campaign.

### NOTE 4 – EFFECT OF ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends on workplace contributions for a significant portion of its revenue. The ability of the Organization's contributors to continue giving amounts comparable with prior years is dependent on future economic conditions.

#### NOTE 5 – CAMPAIGN MANAGEMENT FEE

The Organization charges a management fee to support its operations. During the year ended June 30, 2012, the campaign management fee (charged to administer the 2012 campaign) was set at 15% of contributions.

### NOTE 6 - LEASE COMMITMENTS

The Organization leases office space on a month to month basis. Rent expense for the year ended June 30, 2013 totaled \$3,841.