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

FINANCIAL STATEMENTS

June 30, 2016 and 2015

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

NORTHWEST OHIO COMMUNITY SHARES, INC. (A NON-PROFIT ORGANIZATION) FINANCIAL STATEMENTS June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Northwest Ohio Community Shares, Inc. (a non-profit organization) which comprise the Statements of Financial Position as of June 30, 2016 and 2015, and the related Statements of Activities, Functional Expenses and Cash Flows for the years 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 audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medina, Ohio May 8, 2017

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENTS OF FINANCIAL POSITION June 30, 2016 and 2015

A COPETTO	2016	2015	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents:	e 12.617	\$ 4264	
Unrestricted Restricted for campaign distributions	\$ 12,617 63,386	\$ 4,264 83,072	
Campaign pledges receivable, net of shrinkage allowance	05,500	33,0.2	
of \$9,800 and \$6,082 in 2016 and 2015, respectively	103,851	88,621	
Prepaid expenses	120	117_	
TOTAL CURRENT ASSETS	179,974	176,074	
OTHER ASSETS			
Deposits	320	320	
TOTAL ASSETS	\$ 180,294	\$ 176,394	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Campaign distributions payable	\$ 159,023	\$ 142,261	
Accounts payable	524		
TOTAL CURRENT LIABILITIES	159,547	142,261	
NET ASSETS	100,0.7	112,201	
Unrestricted	16,089	28,716	
Temporarily restricted	4,658	5,417	
Permanently restricted			
TOTAL NET ASSETS	20,747	34,133	
TOTAL LIABILITIES AND NET ASSETS	\$ 180,294	\$ 176,394	

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENTS OF ACTIVITIES Years Ended June 30, 2016 and 2015

	2016						
	Unrestricted	Temporarily Restricted	Total				
SUPPORT AND REVENUES							
Campaign pledges:							
Amounts raised on behalf of member organizations Less: amounts remitted and remittable to member	\$ 181,943	\$ -	\$ 181,943				
organizations	(149,222)	-	(149,222)				
Less: amounts designated to Community Shares	(4,658)	-	(4,658)				
Less: shrinkage expense	(4,197)		(4,197)				
Campaign management fee revenue	23,866	-	23,866				
Other revenues:							
Pledge designations to Community Shares	-	4,658	4,658				
Pledge designations released from restriction	5,417	(5,417)	_				
Fundraising, net of \$6,084 and \$5,102 in expenses		-					
for 2016 and 2015, respectively	9,758		9,758				
Membership dues and fees	7,175	-	7,175				
Contributions	2,500	<u> </u>	2,500				
Interest income	43	-	43				
Miscellaneous income	2,761		2,761				
TOTAL OTHER REVENUES	27,654	(759)	26,895				
TOTAL SUPPORT AND REVENUES	51,520	(759)	50,761				
EXPENSES							
Program expenses	51,317	-	51,317				
Fundraising expenses	6,415	-	6,415				
Management and general expenses	6,415		6,415				
TOTAL EXPENSES	64,147		64,147				
INCREASE (DECREASE) IN NET ASSETS	(12,627)	(759)	(13,386)				
NET ASSETS AT BEGINNING OF YEAR	28,716	5,417	34,133				
NET ASSETS AT END OF YEAR	\$ 16,089	\$ 4,658	\$ 20,747				

2015

Un	Temporarily Unrestricted Restricted				Total
	ii csti ictcu		Stileted		10111
\$	172,783	\$	-	\$	172,783
	(136,565)		-		(136,565)
	(5,417)		-		(5,417)
	(5,488)				(5,488)
	25,313		-		25,313
	-		5,417		5,417
	5,984		(5,984)		-
	17,701		-		17,701
	7,500		-		7,500
	4,797		-		4,797
	115		-		115
	779		_		779
	36,876		(567)		36,309
	62,189		(567)		61,622
	51,356				51,356
	6,358		-		6,358
	6,358				6,358
	64,072				64,072
	(1,883)		(567)		(2,450)
	30,599		5,984		36,583
\$	28,716	\$	5,417	\$	34,133

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2016

				UND- JSING				TOTAL	
Personnel	\$	35,530	\$	4,442	\$	4,442	\$	44,414	
Office expenses		3,390		424		424		4,238	
Occupancy		3,726		465		466		4,657	
Consultants		3,427		428		427		4,282	
Campaign expenses		3,125		391		391		3,907	
Insurance		1,150		144		144		1,438	
Travel		515		64		64		643	
Dues and subscriptions		454		57		57		568	
	\$	51,317	\$	6,415	\$	6,415	\$	64,147	

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENT OF FUNCTIONAL EXPENSES Year Ended June 30, 2015

	PROGRAM ACTIVITIES		FUND- RAISING		MANAGE- MENT AND GENERAL		TOTAL	
Personnel	\$	35,788	\$	4,474	\$	4,474	\$	44,736
Office expenses		4,035		504		504		5,043
Occupancy		3,072		384		384		3,840
Consultants		3,129		391		391		3,911
Campaign expenses		1,945		243		243		2,431
Insurance		1,130		141		141		1,412
Travel		1,184		148		148		1,480
Dues and subscriptions		584		73		73		730
Miscellaneous		489						489
	\$	51,356	\$	6,358	\$	6,358	\$	64,072

NORTHWEST OHIO COMMUNITY SHARES, INC. STATEMENTS OF CASH FLOWS Years Ended June 30, 2016 and 2015

	2016	2015		
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (decrease) in net assets	\$ (13,386)	\$	(2,450)	
Adjustments to reconcile increase (decrease) in net assets				
to net cash provided (used) by operating activities				
(Increase) decrease in assets:				
Campaign pledges receivable	(15,230)		1,851	
Prepaid expenses	(3)		457	
Deposits	-		-	
Increase in liabilities:				
Accounts payable	524		-	
Campaign distributions payable	 16,762		(8,643)	
NET CASH PROVIDED (USED) BY				
OPERATING ACTIVITIES	(11,333)		(8,785)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Release of restricted deposits	19,686		4,623	
	-			
NET INCREASE (DECREASE IN CASH				
AND CASH EQUIVALENTS	8,353		(4,162)	
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR	4,264		8,426	
AT DECLINATE OF TEAR	 7,207		0,720	
CASH AND CASH EQUIVALENTS				
AT END OF YEAR	\$ 12,617	\$	4,264	

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, 2016 and 2015, temporarily restricted net assets totaled \$4,658 and \$5,417, respectively.

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, 2016 and 2015, 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.

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 Statements 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. Membership fees are payable by July 1st each year for the fiscal year ended June 30th of the subsequent year.

Statements of Cash Flows

The Statements of Cash Flows are 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, 2016 and 2015 cash equivalents totaled \$63,386 and \$83,072, respectively, and consists of money market funds. There were no cash payments for interest or income taxes during the years ended June 30, 2016 and 2015.

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

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.

Certain accounting policies require a higher level of judgement thant others in their application. In the case of Northwest Ohio Community Shares, Inc., such policies include the valuation of campaign pledge receivables.

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 Statements of Financial Position or in the Statements 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.

The Organizations's federal tax returns are generally subject to examination by the IRS for three years after they are filed.

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 (May 8, 2017) for proper accounting and disclosure in the accompanying financial statements.

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

Reclassifications

Certain balances in the June 30, 2015 financial statements have been reclassified to conform with the 2016 presentation.

NOTE 2 – CAMPAIGN PLEDGES RECEIVABLE

Campaign pledges receivable as of June 30, 2016 and 2015 result from the 2015 and 2014 fall workplace giving campaigns, respectively. All such pledges are classified as unconditional promises and are due in less than one year.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets totaled \$4,658 and \$5,417 as of June 30, 2016 and 2015 respectively, and represent pledges designated for Community Shares resulting from the 2015 and 2014 campaigns. During the years ended June 30, 2016 and 2015, net assets released from temporary restrictions totaled \$5,417 and \$5,984 and represent pledges received from the 2014 and 2013 campaigns, respectively.

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 years ended June 30, 2016 and 2015, the campaign management fee (charged to administer the 2015 and 2014 campaigns) was set at 15% of contributions.

NOTE 6 – LEASE COMMITMENTS

The Organization leases office space on a month to month basis. Rent expense for each of the years ended June 30, 2016 and 2015 totaled \$3,840.