

UNITED WAY OF HANCOCK COUNTY, INC.

FINANCIAL STATEMENTS

Years Ended March 31, 2017 and 2016

UNITED WAY OF HANCOCK COUNTY, INC.

CONTENTS

Independent Auditor's Report	Page	1
Financial Statements:		
Statements of Financial Position		3
Statements of Activities		4
Statement of Functional Expenses – Year Ended March 31, 2017		5
Statement of Functional Expenses – Year Ended March 31, 2016		6
Statements of Cash Flows		7
Notes to Financial Statements		8



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August 14, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Way of Hancock County, Inc.
Findlay, OH 45840

We have audited the accompanying financial statements of the United Way of Hancock County, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2017 and 2016, 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

The Organization's 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

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Hancock County, Inc. as of March 31, 2017 and 2016, 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.

Ridge & Company CPA

UNITED WAY OF HANCOCK COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash - Unrestricted	\$ 777,690	\$ 597,688
Cash - Funds Held for Others	58,083	280,922
Certificate of Deposit		102,314
Promises to give, less allowance for uncollectible promises - NOTE 3	1,785,956	1,734,313
Accounts Receivable - Miscellaneous		4,302
Accounts Receivable - United Way Foundation	1,077	1,825
Notes Receivable - NOTE 15	60,106	76,578
Prepaid Expenses	15,197	5,576
Office Furniture and Fixtures at cost, less accumulated depreciation of \$68,793 and \$63,487 - NOTE 1	<u>33,469</u>	<u>37,502</u>
TOTAL ASSETS	<u><u>\$ 2,731,578</u></u>	<u><u>\$ 2,841,020</u></u>
LIABILITIES		
Accounts Payable - Miscellaneous	\$ 19,225	\$ 23,117
Grants Payable - NOTE 5	1,341,523	1,296,492
Halt Hunger Initiative Payable	450	201,244
Miscellaneous Grants Payable	90,000	120,000
Due to Affiliate Organizations	41,236	41,236
Accrued Expenses	57,633	79,678
Refundable Advances	334,172	349,631
Advance Contributions	8,877	4,765
Deferred Revenue	<u>120</u>	<u>946</u>
TOTAL LIABILITIES	<u>1,893,236</u>	<u>2,117,109</u>
NET ASSETS - NOTE 4		
Unrestricted	681,161	624,643
Temporarily Restricted	<u>157,181</u>	<u>99,268</u>
TOTAL NET ASSETS	<u>838,342</u>	<u>723,911</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,731,578</u></u>	<u><u>\$ 2,841,020</u></u>

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

UNITED WAY OF HANCOCK COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
REVENUES, GAINS AND OTHER SUPPORT:		
Campaign revenue received for 2016 - 17	\$ 3,221,209	\$ -
Campaign revenue received for 2015 - 16		3,130,918
Less donor designations/ other United Way's	(334,172)	(290,249)
Less allowance for uncollectible	(135,720)	(126,694)
Total Current Campaign Revenue	2,751,317	2,713,975
Contributions Received - Current Period	102,123	85,655
Write-offs in excess of current year revenue		(89,713)
Total Campaign Revenues	2,853,440	2,709,917
Realized loss from sale of investments	(191)	(516)
Investment Income	3,244	2,338
Special Events Income	50,853	47,401
Donor Designation Fees	315	407
Grant from Foundation	4,465	4,484
Miscellaneous Contributions/Income	3,834	1,429
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	141	
TOTAL UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT	2,916,101	2,765,460
FUNDS DISTRIBUTION, DUES AND OTHER EXPENSES:		
Grants to Partner Agencies - NOTE 8	1,920,161	1,912,362
Halt Hunger Initiative Grants		125,000
Community Assessment		15,000
Miscellaneous Grants	27,483	180,138
Affiliated Organization Dues - NOTE 1	43,163	40,212
Program Expenses	203,130	160,006
Fund Distribution Expenses	3,674	4,216
Fund Raising Expenses	216,064	180,043
Management and General Expenses	445,908	485,766
TOTAL FUNDS DISTRIBUTION, DUES AND OTHER EXPENSES	2,859,583	3,102,743
CHANGE IN UNRESTRICTED IN NET ASSETS	56,518	(337,283)
TEMPORARILY RESTRICTED NET ASSETS		
Campaign revenue received for 2016 - 2017 impact designations	57,554	
Campaign revenue received for 2015 - 2016 impact designations		41,070
Miscellaneous Contributions/Income	500	
Net Assets Released from Restrictions:		
Restrictions satisfied by payments	(141)	
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	57,913	41,070
TOTAL CHANGE IN NET ASSETS	114,431	(296,213)
TOTAL NET ASSETS, BEGINNING OF YEAR	723,911	1,020,124
TOTAL NET ASSETS, END OF YEAR	\$ 838,342	\$ 723,911

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

UNITED WAY OF HANCOCK COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2017

	<u>Programs</u>	<u>Fund Distribution</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Personnel Expenses					
Professional Salaries	\$ 93,167	\$ 1,686	\$ 99,100	\$ 204,520	\$ 398,473
Clerical Wages	8,478	153	9,018	18,611	36,260
Employee Benefits	25,537	462	27,164	56,059	109,222
Payroll Taxes	7,293	132	7,757	16,009	31,191
Total Personnel Expenses	134,475	2,433	143,039	295,199	575,146
Postage	1,259	23	1,339	2,764	5,385
Telephone	755	13	803	1,657	3,228
Professional Training/ Meeting Exp.	5,713	103	6,076	12,540	24,432
Strategic Planning Expense	2,163	39	2,300	4,748	9,250
Occupancy	8,688	157	9,242	19,073	37,160
Insurance	1,194	22	1,270	2,622	5,108
Dues	1,998	36	2,125	4,386	8,545
Office Supplies	3,097	56	3,295	6,799	13,247
Repairs & Maintenance - Equip.	8,355	151	8,887	18,341	35,734
Special Events	13,000	235	13,828	28,537	55,600
Professional Fees	2,573	47	2,736	5,647	11,003
Communication/Marketing	5,234	95	5,567	11,490	22,386
Campaign Expenses	8,765	158	9,323	19,241	37,487
Miscellaneous	4,620	84	4,914	10,141	19,759
Total Operating and Personnel Expenses Before Depreciation	201,889	3,652	214,744	443,185	863,470
Depreciation Expense	1,241	22	1,320	2,723	5,306
Total Operating and Personnel Expenses	\$ 203,130	\$ 3,674	\$ 216,064	\$ 445,908	\$ 868,776

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

UNITED WAY OF HANCOCK COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2016

	<u>Programs</u>	<u>Fund Distribution</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Personnel Expenses					
Professional Salaries	\$ 71,681	\$ 1,889	\$ 80,658	\$ 217,620	\$ 371,848
Clerical Wages	8,158	215	9,180	24,769	42,322
Employee Benefits	21,157	557	23,806	64,231	109,751
Payroll Taxes	5,792	153	6,518	17,585	30,048
Total Personnel Expenses	106,788	2,814	120,162	324,205	553,969
Postage	1,777	47	2,000	5,395	9,219
Telephone	622	16	700	1,889	3,227
Professional Training/ Meeting Exp.	3,624	96	4,077	11,001	18,798
Strategic Planning Expense	2,699	71	3,037	8,193	14,000
Occupancy	6,657	175	7,491	20,211	34,534
Insurance	781	21	878	2,370	4,050
Dues	1,062	28	1,196	3,225	5,511
Office Supplies	1,858	49	2,090	5,639	9,636
Repairs & Maintenance - Equip.	6,894	182	7,758	20,931	35,765
Special Events	7,668	202	8,628	23,279	39,777
Professional Fees	2,443	64	2,749	7,417	12,673
Communication/Marketing	5,688	150	6,400	17,267	29,505
Campaign Expenses	9,181	242	10,330	27,871	47,624
Miscellaneous	1,240	32	1,395	3,764	6,431
Total Operating and Personnel Expenses Before Depreciation	158,982	4,189	178,891	482,657	824,719
Depreciation Expense	1,024	27	1,152	3,109	5,312
Total Operating and Personnel Expenses	\$ 160,006	\$ 4,216	\$ 180,043	\$ 485,766	\$ 830,031

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

UNITED WAY OF HANCOCK COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 114,431	\$ (296,213)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	5,306	5,312
Net Realized Loss on Sale of Investments	191	516
(Increase)/Decrease in:		
Accounts Receivable	5,050	14,911
Promises to Give	(51,643)	109,081
Prepaid Expenses	(9,621)	(1,849)
Deposits		93
Increase/(Decrease) in:		
Accrued Expenses	(22,045)	3,687
Advanced Contributions	4,112	4,765
Grants Payable	45,031	(19,377)
Miscellaneous Grants Payable	(30,000)	120,000
Halt Hunger Initiative Payable	(200,794)	(169,642)
Due to Affiliate Organizations		9,767
Refundable Advances	(15,459)	35,982
Deferred Revenue	(826)	496
Accounts Payable	(3,892)	(20,550)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(160,159)	(203,021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Securities	21,194	28,378
Purchase of Securities	(21,385)	(28,894)
Proceeds from Sale of Certificate of Deposit	102,351	102,006
Purchase of Certificate of Deposit	(37)	(102,416)
Purchase of Equipment	(1,273)	
Issuance of Note to United Way Foundation		(85,949)
Collections on Notes Receivable	16,472	9,371
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	117,322	(77,504)
NET INCREASE/(DECREASE) IN CASH	(42,837)	(280,525)
CASH AT BEGINNING OF YEAR	878,610	1,159,135
CASH AT END OF YEAR	\$ 835,773	\$ 878,610

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

UNITED WAY OF HANCOCK COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The United Way of Hancock County, Inc. is a community organization whose mission is to measurably improve lives in Hancock County. This is realized primarily by funding programs and services of nineteen partner youth, health and human care agencies, in Findlay and the surrounding communities, as well as community minded initiatives. Revenues are received primarily from corporate and individual donors during the annual campaign.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Office Furniture and Fixtures - Office furniture and fixtures are recorded at cost on items over \$1,000. Depreciation of office furniture and fixtures is provided on a straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to costs and expensed as incurred.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor 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.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on a 10-year rolling average and management's analysis of specific promises made.

Tax Exemption - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization's Forms 990, *Returns of Organization Exempt from Income Tax*, for the years ending 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

UNITED WAY OF HANCOCK COUNTY INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Payments to Affiliate Organizations - Payments to affiliate organizations (United Way Worldwide and Ohio United Way) are set by those organizations at a predetermined percentage of campaign, and the payment is authorized by the United Way of Hancock County Board of Trustees. For the years ended March 31, 2017 and 2016, payments of \$43,163 and \$40,212 were made to these affiliate organizations.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services - No amounts have been reflected in the statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received more than 5,650 and 7,870 volunteer hours for the years ended March 31, 2017 and 2016.

Donated Furniture and Fixtures - Donated furniture and fixtures are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounts Receivable - The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

NOTE 2 - CONCENTRATIONS OF CONTRIBUTIONS

During 2017 and 2016, the Organization received approximately 71% and 72% respectively, of its annual contributions from four corporations and their employees, located within Findlay and the surrounding communities.

UNITED WAY OF HANCOCK COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2017 and 2016

NOTE 3 - PROMISES TO GIVE

Promises to give are recorded in the financial statements when the promise is made. An allowance for uncollectible promises is provided based on a review of the current status of existing promises, historical collection experience and an evaluation of the effect of existing economic conditions. Included in "Promises to Give" are the following unconditional promises to give as of March 31, 2017, all due within the current year, were:

	<u>Undesignated</u>	<u>Designated</u>	<u>Total</u>	<u>Uncollectible</u>	<u>Total</u>
2016-17	\$ 1,529,950	\$ 391,725	\$ 1,921,675	\$ 135,719	\$ 1,785,956
Total	<u>\$ 1,529,950</u>	<u>\$ 391,725</u>	<u>\$ 1,921,675</u>	<u>\$ 135,719</u>	<u>\$ 1,785,956</u>

Unconditional promises to give as of March 31, 2016, all due within the current year, were:

	<u>Undesignated</u>	<u>Designated</u>	<u>Total</u>	<u>Uncollectible</u>	<u>Total</u>
2015-16	\$ 1,529,688	\$ 331,319	\$ 1,861,007	\$ 126,694	\$ 1,734,313
Total	<u>\$ 1,529,688</u>	<u>\$ 331,319</u>	<u>\$ 1,861,007</u>	<u>\$ 126,694</u>	<u>\$ 1,734,313</u>

NOTE 4 - RESTRICTIONS ON NET ASSETS

The Organization's Board of Trustees has chosen to place the following limitations on unrestricted net assets:

	<u>2017</u>	<u>2016</u>
Board designated - general	\$ 101,769	\$ 96,769
Unrestricted	<u>579,392</u>	<u>527,874</u>
Total Unrestricted Net Assets	<u>\$ 681,161</u>	<u>\$ 624,643</u>

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Impact Designations	<u>\$ 157,181</u>	<u>\$ 99,268</u>

There were no permanently restricted net assets as of March 31, 2017 or 2016.

UNITED WAY OF HANCOCK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2017 and 2016

NOTE 5 - SUMMARY OF GRANTS PAYABLE TO PARTNERS

Grants payable (grants to be paid in the subsequent year) to member partners were as follows:

	2017		2016	
	Amount	Percent	Amount	Percent
Childrens Mentoring Connection	\$ 87,949	6.56%	\$ 77,775	6.00%
Boy Scouts	38,214	2.85%	35,358	2.72%
Camp Fire Boys and Girls	50,000	3.73%	55,893	4.31%
Cancer Patient Services	116,739	8.70%	99,782	7.70%
HHWP Community				
Action Commission	185,297	13.81%	178,498	13.77%
Open Arms Council on				
Domestic Violence, Inc.	230,511	17.18%	223,466	17.24%
Appleseed Ridge Girl Scouts	32,730	2.44%	42,808	3.30%
American Red Cross			5,292	0.41%
Findlay Family YMCA	68,312	5.09%	68,063	5.25%
Hope House for the Homeless	200,289	14.93%	194,133	14.97%
Family Resource Center	98,117	7.31%	98,649	7.61%
Kidney Foundation	6,741	0.50%	6,778	0.52%
CASA/GAL	89,850	6.70%	90,450	6.98%
Center for Save and Healthy Children	17,333	1.29%	26,000	2.00%
Century Health	47,721	3.56%	41,761	3.22%
Challenged Champions	18,713	1.40%	27,862	2.15%
Findlay City Schools	53,007	3.95%	5,432	0.42%
Hancock County Saves			18,492	1.43%
TOTALS	<u>\$1,341,523</u>	<u>100.00%</u>	<u>\$ 1,296,492</u>	<u>100.00%</u>

NOTE 6 - TAX DEFERRED ANNUITY

The agency has various SEP IRA plans covering all compensated employees. Employees have the option of investing with their own broker or in a plan maintained by the United Way. The Organization contributes 7% of each employees salary towards the plan. The expense recognized by the Organization was \$29,985 and \$28,054 for the years ended March 31, 2017 and 2016.

NOTE 7 - CASH FLOW INFORMATION

No amounts were paid for income taxes or interest in 2017 or 2016. There were no noncash financing activities for the years ended March 31, 2017 or 2016 and noncash investing activities consisted of \$21,385 and \$28,894 of donated securities for the years ended March 31, 2017 and 2016.

UNITED WAY OF HANCOCK COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2017 and 2016

NOTE 8 - SUMMARY OF GRANTS PAID TO AGENCIES

Grants paid to member partners include current year grants payable (to be paid in the subsequent year), as well as special grants to member partners that were paid in the current year. These grants were paid as follows:

	2017		2016	
	Amount	Percent	Amount	Percent
Childrens Mentoring Connection	\$ 113,874	5.93%	\$ 102,000	5.33%
Boy Scouts	50,000	2.60%	47,500	2.48%
Camp Fire Boys and Girls	50,000	2.60%	88,250	4.61%
Cancer Patient Services	150,000	7.81%	130,000	6.80%
HHWP Community				
Action Commission	244,796	12.75%	242,151	12.66%
Open Arms Council on				
Domestic Violence, Inc.	305,000	15.89%	300,000	15.69%
Family Resource Center	131,000	6.82%	131,490	6.87%
Appleseed Ridge Girl Scouts	47,000	2.45%	57,000	2.98%
American Red Cross	13,945	0.73%	26,150	1.37%
CASA/GAL	120,000	6.25%	120,000	6.27%
Findlay City Schools	197,741	10.30%	123,505	6.46%
Findlay Family YMCA	91,000	4.74%	91,000	4.76%
Center for Safe and Healthy Children	26,000	1.35%	26,000	1.36%
Century Health	61,641	3.21%	55,000	2.88%
Challenged Champions	28,000	1.46%	35,000	1.83%
Kidney Foundation	9,000	0.47%	9,000	0.47%
Hancock County Saves	6,164	0.32%	25,000	1.31%
Hope House for the Homeless	265,000	13.80%	265,000	13.86%
Miracle Fields Project			25,000	1.31%
Collective Impact Training			13,316	0.70%
C.S. Mott Children's Hospital	10,000	0.52%		
TOTALS	\$ 1,920,161	100.00%	\$ 1,912,362	100.00%

NOTE 9 - NONCOMPLIANCE WITH GRANTOR OR DONOR RESTRICTIONS

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

UNITED WAY OF HANCOCK COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2017 and 2016

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at several financial institutions located in Findlay, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Included in the cash balance is one sweep account which is not FDIC insured, but is collateralized separately. At March 31, 2017 and 2016, the Organization's uninsured/uncollateralized cash balances totaled \$-0- and \$188,690. The Organization regularly monitors the financial condition of the institution in which it has depository accounts and believes the risks of loss are minimal.

NOTE 11 – RELATED ENTITIES

While the Organization has a controlling interest in United Way Foundation of Hancock County, Inc. (UWF), it does not have an economic interest. Therefore, its operations are not consolidated with the financial statements of that Organization.

The Board of Directors of United Way of Hancock County, Inc. (UWHC) consists of members that are all also voting members of UWF Board of Directors. These two organizations share a common focus on improving the lives of those that live in Hancock County. At March 31, 2017 and 2016, UWF owed UWHC \$1,077 and \$1,825, respectively. UWF leases its building to UWHC, as further detailed in Note 13.

NOTE 12 – FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the Statement of Financial Position approximates fair value because of the short maturity of those instruments.

Promises to Give – These are recorded at net realizable value in the Statement of Financial Position, since they are expected to be received in one year or less.

NOTE 13 – OPERATING LEASE

The Organization leases office space from United Way Foundation of Hancock County, Inc., a related entity, under a noncancelable operating lease, which expired October 31, 2012. The current extension runs through October 31, 2017, with nineteen, one year extensions still available under the original lease through October 31, 2036. The Foundation has agreed to a monthly lease payment of \$1,842 for the office space. Rental expense for this lease totaled \$22,104 for both the years ended March 31, 2017 and 2016, respectively.

UNITED WAY OF HANCOCK COUNTY INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2017 and 2016

NOTE 14 – INVESTMENTS AT COMMUNITY FOUNDATION

United Way of Hancock County Inc. is the beneficiary of the Margaret Foster Fund at The Hancock County Community Foundation. As of March 31, 2017 and 2016, these funds amounted to \$96,164 and \$89,388, which is made up of funds contributed entirely by outside donors. A distribution is available to be received by the Organization at least annually. Neither the Organization nor The Community Foundation has variance power over the fund. This fund is not reported in the attached Statement of Financial Position because the Organization does not have any access to the principal of these funds.

NOTE 15 – NOTES RECEIVABLE

On August 12, 2015, United Way Foundation of Hancock County, Inc. signed a promissory note to United Way of Hancock County, Inc. for \$85,949. This note is due in monthly installments of \$1,545.31, including fixed interest at 3% per annum, with final payment due on August 1, 2020. The outstanding balance at March 31, 2017 and 2016, was \$60,106 and \$76,578, respectively.

The scheduled maturities of notes receivable are as follows:

For the Year Ending March 31, 2018	\$	16,973
2019		17,489
2020		18,021
2021		<u>7,623</u>
Total Notes Receivable	\$	<u>60,106</u>

NOTE 16 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 14, 2017, the date the financial statements were available to be issued.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

Certain errors resulting in an overstatement of previously reported Deferred Revenue and Miscellaneous Grants Payable were discovered during the current year. Accordingly, an adjustment of \$7,500 and \$120,000 was made during 2017 to reduce Deferred Revenue and Increase Miscellaneous Grants Payable, as of the beginning of the year. A corresponding entry was made to decrease previously reported retained earnings by \$112,500.

NOTE 18 – RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.