



WILSON, SHANNON & SNOW  
INC.  
CPA'S & ADVISORS

Independent Auditors' Report

Board of Directors  
United Way of Knox County Ohio, Inc.

We have audited the accompanying financial statements of United Way of Knox County Ohio, Inc. (a non-profit Ohio corporation), which are comprised of the statement of financial position as of December 31, 2016, and the related statements of activities, changes in net assets, 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.

**Auditors' 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 auditors' 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 United Way of Knox County Ohio, Inc. as of December 31, 2016, 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.

## **Report on Summarized Comparative Information**

We have previously audited the United Way of Knox County Ohio, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wilson, Sherman & Snow, Inc.*

Newark, Ohio  
June 12, 2017

**United Way of Knox County Ohio, Inc.**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2016 with comparative totals as of December 31, 2015

ASSETS	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 699,841	\$ 847,643
Contributions receivable - net	426,173	366,275
Prepaid expenses	2,100	2,294
Beneficial interest in assets held by foundation	443,698	408,930
Promise to give - use of facilities	5,750	41,400
Certificate of deposit - restricted	1,109	1,105
Property and equipment - net	19,725	7,564
Deposits	<u>32</u>	<u>32</u>
Total assets	<u>\$ 1,598,428</u>	<u>\$ 1,675,243</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 5,346	\$ 4,663
Accrued expenses	1,993	1,712
Allocations payable to partner agencies	636,610	684,041
Donor designations payable		
United Way partner agencies	36,677	37,626
Other area United Ways	37,627	43,005
Capital lease obligation	<u>12,759</u>	<u>-</u>
Total liabilities	731,012	771,047
<b>NET ASSETS</b>		
Unrestricted	771,314	840,008
Temporarily restricted	<u>96,102</u>	<u>64,188</u>
Total net assets	<u>867,416</u>	<u>904,196</u>
Total liabilities and net assets	<u>\$ 1,598,428</u>	<u>\$ 1,675,243</u>

The accompanying notes are an integral part of this statement.

**United Way of Knox County Ohio, Inc.**

**STATEMENT OF ACTIVITIES**

Year ended December 31, 2016 with comparative totals for the year ended December 31, 2015

UNRESTRICTED NET ASSETS	2016	2015
Public support and revenue		
Public support		
Annual campaign results		
Campaign results	\$ 913,159	\$ 972,271
Less donor designations	(68,835)	(74,913)
Less temporarily restricted campaign pledges	(91,650)	(24,801)
Less allowance for uncollectible pledges	<u>(15,513)</u>	<u>(30,094)</u>
Net campaign revenues	737,161	842,463
Additional prior year campaign revenues	116,850	120,234
Contributions	<u>17,247</u>	<u>11,456</u>
Total public support	871,258	974,153
Revenue		
Investment income (loss)	36,171	(1,911)
Administrative fees	3,141	2,927
Total revenue	<u>39,312</u>	<u>1,016</u>
Total public support and revenue	910,570	975,169
Net assets released from restrictions	<u>114,427</u>	<u>62,822</u>
	1,024,997	1,037,991
Expenses		
Program services		
Partner agency program allocations	674,777	755,147
Agency coordinated programs	<u>247,657</u>	<u>215,554</u>
	922,434	970,701
Supporting services		
Management and general	56,851	34,808
Fundraising	99,529	89,368
Direct benefits to donors	<u>14,877</u>	<u>12,300</u>
	171,257	136,476
Total expenses	<u>1,093,691</u>	<u>1,107,177</u>
(Decrease) in unrestricted net assets	(68,694)	(69,186)
TEMPORARILY RESTRICTED NET ASSETS		
Campaign pledges	91,650	24,801
Contributions, sponsorships and fundraisers	54,691	47,009
Restrictions satisfied by payments	(78,777)	(49,022)
Restrictions satisfied by passage of time	<u>(35,650)</u>	<u>(13,800)</u>
Increase in temporarily restricted net assets	<u>31,914</u>	<u>8,988</u>
(Decrease) in net assets	\$ <u><u>(36,780)</u></u>	\$ <u><u>(60,198)</u></u>

The accompanying notes are an integral part of this statement.

United Way of Knox County Ohio, Inc.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2016 with comparative totals for the year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance at December 31, 2014	\$ 909,194	\$ 55,200	\$ 964,394
Change in net assets	<u>(69,186)</u>	<u>8,988</u>	<u>(60,198)</u>
Balance at December 31, 2015	840,008	64,188	904,196
Change in net assets	<u>(68,694)</u>	<u>31,914</u>	<u>(36,780)</u>
Balance at December 31, 2016	<u>\$ 771,314</u>	<u>\$ 96,102</u>	<u>\$ 867,416</u>

The accompanying notes are an integral part of this statement.

United Way of Knox County Ohio, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2016 with comparative totals for the year ended December 31, 2015

	Program Services			Supporting Services			Total Expense 2016	Total Expense 2015
	Allocations / Agency Programs	Management and General	Fund Raising	Direct Benefits to Donors	Total Supporting Services	Total Expense 2016		
Salaries and wages	\$ 90,491	\$ 21,981	\$ 47,973	\$ -	\$ 69,954	\$ 160,445	\$ 169,891	
Payroll taxes	7,107	1,726	3,768	-	5,494	12,601	13,125	
Total salaries and related expenses	97,598	23,707	51,741	-	75,448	173,046	183,016	
Professional fees	-	10,268	-	-	10,268	10,268	8,650	
Rent and utilities	17,197	3,822	17,197	-	21,019	38,216	14,871	
Repairs and maintenance	127	287	223	-	510	637	6,240	
Software and licenses	-	12,104	-	-	12,104	12,104	1,182	
Insurance	117	2,104	117	-	2,221	2,338	2,144	
Publicity	6,489	590	4,720	-	5,310	11,799	6,780	
Postage	1,186	108	862	-	970	2,156	1,714	
Telephone	2,229	203	1,621	-	1,824	4,053	3,698	
Office supplies	1,670	167	1,503	-	1,670	3,340	2,741	
Dues and subscriptions	1,318	660	1,318	-	1,978	3,296	1,611	
Bank charges	-	287	-	-	287	287	278	
Payroll processing fees	-	1,355	-	-	1,355	1,355	1,505	
Printing expense	1,063	133	1,462	-	1,595	2,658	3,995	
Payments to affiliated organizations	8,798	-	5,753	-	5,753	14,551	11,194	
Conferences and meetings	10,580	588	588	-	1,176	11,756	5,027	
Travel	447	-	50	-	50	497	1,311	
Campaign expenses	1,075	-	9,674	-	9,674	10,749	10,723	
Special events expense	-	-	1,841	14,877	16,718	16,718	13,301	
Agency training	7,435	-	-	-	-	7,435	6,332	
Agency programs	87,019	-	-	-	-	87,019	60,839	
Allocations expense	711,454	-	-	-	-	711,454	792,773	
Less allocations funded through designations	(36,677)	-	-	-	-	(36,677)	(37,626)	
Interest expense	-	339	-	-	339	339	-	
Total expenses before depreciation	919,125	56,722	98,670	14,877	170,269	1,089,394	1,102,299	
Depreciation expense	3,309	129	859	-	988	4,297	4,878	
Total expenses	\$ 922,434	\$ 56,851	\$ 99,529	\$ 14,877	\$ 171,257	\$ 1,093,691	\$ 1,107,177	

The accompanying notes are an integral part of this statement.

**United Way of Knox County Ohio, Inc.**

**STATEMENT OF CASH FLOWS**

Year ended December 31, 2016 with comparative totals for the year ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Changes in net assets	\$ (36,780)	\$ (60,198)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation	4,297	4,878
Loss on disposal of fixed assets	1,561	-
Provision for losses on contributions receivable	15,513	30,094
Amortization of promise to give as lease expense	35,650	13,800
Changes in assets and liabilities		
Contributions receivable	(75,411)	36,466
Prepaid expenses	194	136
Beneficial interest in assets held by foundation	(34,768)	185
Certificate of deposit - restricted	(4)	(4)
Accounts payable	683	4,663
Accrued expenses	281	187
Allocations payable to partner agencies	(47,431)	55,488
Donor designations payable	<u>(6,327)</u>	<u>(9,465)</u>
Net cash (used in) provided by operating activities	(142,542)	76,230
Cash flows from investing activities		
Purchases of furniture and equipment	<u>(4,719)</u>	<u>(2,193)</u>
Net cash (used in) investing activities	(4,719)	(2,193)
Cash flows from financing activities		
Principal payments under capital lease obligations	<u>(541)</u>	<u>-</u>
Net cash (used in) financing activities	<u>(541)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(147,802)	74,037
Cash and cash equivalents at beginning of year	<u>847,643</u>	<u>773,606</u>
Cash and cash equivalents at end of year	\$ <u><u>699,841</u></u>	\$ <u><u>847,643</u></u>

The accompanying notes are an integral part of this statement.

## United Way of Knox County Ohio, Inc.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A – ORGANIZATION AND ACCOUNTING POLICIES

United Way of Knox County Ohio, Inc. (the Organization) is organized to improve the quality of people's lives throughout Knox County by efficiently raising and responsibly distributing funds to a collaborative agency network. The Organization also serves as the steward of donor contributions, investing in programs that measurably impact community needs in all parts of Knox County.

The majority of United Way of Knox County Ohio, Inc.'s funding to carry out the above purposes is received in the annual campaign drive of the Organization. Approximately 89% and 94% came from its campaigns during 2016 and 2015, respectively.

A summary of the major accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Recognition of Donor Restrictions

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. Pledges received by the Organization, which the donor has designated to a specified third party agency, are considered to be agent transactions. The assets received from such transactions are not considered as revenue to the Organization and are shown as a reduction in total campaign revenues in the statement of activities.

#### 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.

The Organization maintains its cash and cash equivalents in one financial institution in Mount Vernon, Ohio. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization had no uninsured balances at December 31, 2016 and 2015.

#### Pledges Receivable

All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Pledges are recorded in the statement of financial position when the Organization is notified of the pledge, and allowances are provided for amounts estimated as uncollectible. All pledges receivable are due within one year.



United Way of Knox County Ohio, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A – ORGANIZATION AND ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Major purchased property and equipment improvements and additions are charged to the property accounts at cost while replacements, maintenance, and repairs which do not extend the life of the assets are expensed currently. Depreciation is computed on the straight-line basis over the estimated useful life of the asset, which varies from 3 to 10 years. Cost and related accumulated depreciation of the property sold or otherwise retired are relieved from the accounts and the resulting gains and losses are reflected in the statement of activities.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 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.

Investments

Investments are stated at fair value. Donated investments are recorded as contributions at their fair value on the date of receipt and are classified according to donor restrictions or lack thereof. The Organization's policy for donated stock is for it to be immediately sold. As such and in accordance with FASB ASC 230, *Statement of Cash Flows*, the Organization classifies the cash receipts from the sale of donated stock as operating cash flows in the statement of cash flows.

Allocations Expense

Amounts allocated to other nonprofit organizations are shown on the statement of functional expenses as program services. Allocations to be paid from amounts designated by donors to those organizations are shown as allocations funded through designations in the statement of functional expenses.

Expense Allocation

Expenses by function have been allocated among program and supporting services classifications on the basis of actual expenses incurred by the program or supporting service, time records, and estimates made by the Organization's management.

United Way of Knox County Ohio, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A – ORGANIZATION AND ACCOUNTING POLICIES - CONTINUED

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

United Way of Knox County Ohio, Inc. is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Prior Year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by program or supporting service. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Reclassifications

Certain amounts in 2015 have been reclassified to conform with the 2016 presentation.

NOTE B – CASH FLOW DISCLOSURES

	Year ended December 31	
	<u>2016</u>	<u>2015</u>
<u>Supplemental Cash Flow Disclosures</u>		
Interest paid	\$ <u>339</u>	\$ <u>-</u>

Non-cash Investing and Financing Transaction

The Organization financed the purchase of a copier through a capital lease for \$13,300 during the year ended December 31, 2016.

**United Way of Knox County Ohio, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE C – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Pledges Receivable:		
Due in Less Than One Year		
2014 Campaign	\$ -	\$ 99,912
2015 Campaign	40,976	329,363
2016 Campaign	<u>444,197</u>	<u>-</u>
Total contributions receivable	485,173	429,275
Less allowance for uncollectible pledges	<u>(59,000)</u>	<u>(63,000)</u>
	<u>\$ 426,173</u>	<u>\$ 366,275</u>

The allowance for uncollectible pledges is based on a five year average of 3.10%.

**NOTE D – PROPERTY AND EQUIPMENT**

Property and equipment owned by the Organization consists of the following at December 31:

	Cost or Other Basis	Accumulated Depreciation	Net Value
<u>2016</u>			
Furniture and equipment	\$ <u>41,729</u>	\$ <u>22,004</u>	\$ <u>19,725</u>
<u>2015</u>			
Furniture and equipment	\$ <u>30,054</u>	\$ <u>22,490</u>	\$ <u>7,564</u>

**NOTE E – BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATION**

An Endowment Fund was established in 1995 with the Community Foundation of Mount Vernon and Knox County (the Foundation) whereby the principal and earnings could be invested and then transferred to United Way of Knox County Ohio, Inc. at the discretion of the Organization. In addition, this Fund collects donations from the general public to support United Way.

The Foundation has no variance power to redirect any contributions or earnings at its discretion. Thus, contributions from the general public to the Fund are recognized as an asset and liability by the Foundation upon their receipt and will be recognized as income by United Way of Knox County Ohio, Inc. in the year received by the Foundation. The information presented is provided by the Foundation and is represented to be at fair value.

	<u>2016</u>	<u>2015</u>
Beneficial interest at beginning of the year	\$ 408,930	\$ 409,115
Net investment income	36,808	3,826
Administration fees	<u>(2,040)</u>	<u>(4,011)</u>
Beneficial interest at the end of the year	<u>\$ 443,698</u>	<u>\$ 408,930</u>

United Way of Knox County Ohio, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE F – CERTIFICATE OF DEPOSIT

At December 31, 2016 the Organization held a certificate of deposit in the amount of \$1,109 that is assigned to the Ohio Department of Job and Family Services as a security bond. The assignment is a requirement of the Organization's voluntary election to become a reimbursing employer in order to meet the requirements of the Ohio Unemployment Compensation Law.

The certificate of deposit has a term of 24 months and an interest rate of .45%.

NOTE G – RELATED PARTY TRANSACTIONS

Included in payments to affiliated organizations for the years ended December 31, 2016 and 2015 are annual dues to United Way Worldwide, the national organization, of \$11,507 and \$8,611, respectively. Also included in this expense category are annual dues to Ohio United Way, the state organization, of \$3,044 and \$2,583 for the years ended December 31, 2016 and 2015, respectively.

NOTE H – DONATED MATERIALS AND SERVICES

The Organization records the value of donated goods or services when there is an objective basis available to measure their value. During 2016 and 2015, the Organization was the recipient of donations with a total fair market value, as determined by the contributors, of \$11,519 and \$9,195, respectively.

These donations for 2016 and 2015 consist of publicity, payroll processing, professional services, banquet expenses, promotional items, supplies, and computer maintenance. The donations of goods and services are included in the statement of activities as part of unrestricted contributions and the expenses thereof are included in the statement of functional expenses as part of campaign expense, publicity, payroll processing, professional services, repairs and maintenance, office supplies, conferences and meetings, and agency programs.

The Organization has also received services donated by various individuals to assist the Organization in its program services and fund raising campaign. These donated services are not reported in the accompanying financial statements because there is no objective method or basis to measure the value of such services.

NOTE I – NET ASSET RESTRICTIONS

The temporarily restricted net assets shown on the statement of financial position consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Ruling Our eXperience (ROX)	\$ 40,771	\$ 22,788
Women United	46,081	-
Girls on the Run	3,500	-
Promise to give use of facilities	<u>5,750</u>	<u>41,400</u>
Total temporarily restricted net assets	<u>\$ 96,102</u>	<u>\$ 64,188</u>

**United Way of Knox County Ohio, Inc.**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE J – PROMISE TO GIVE - USE OF FACILITIES

The Organization was party to a \$1 per year lease with the Knox County Board of Commissioners through December 31, 2018 for the Organization's office space. The lease was cancelled in 2016 in anticipation of relocation in 2017. The contribution of reduced-cost facilities is recorded as an asset at its estimated fair value and is being amortized as lease expense over the remaining five months at December 31, 2016.

At December 31, 2016, the future lease amortization is as follows:

2017	\$ <u>5,750</u>
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NOTE K – LEASE COMMITMENTS

The Organization leased a copier through a leasing company under a long-term lease agreement that expires in September 2021. This leasing arrangement is being accounted for as a capital lease.

The capitalized cost, accumulated depreciation, and depreciation expense relating to this capital lease was as follows at December 31:

	2016	2015
Capital cost	\$ 13,300	\$ -
Less accumulated depreciation	<u>333</u>	<u>-</u>
	\$ <u>12,967</u>	\$ <u>-</u>
Depreciation expense	\$ <u>333</u>	\$ <u>-</u>

The following is a schedule by years of future minimum payments required under the lease together with its present value at December 31, 2016:

Year ended December 31:

	Amount
2017	\$ 3,299
2018	3,299
2019	3,299
2020	3,299
2021	<u>2,474</u>
	15,670
Amounts representing interest	<u>2,911</u>
Present value of minimum lease payments	12,759
Current maturities of capital lease obligation	<u>2,261</u>
Long-term portion of capital lease obligation	\$ <u>10,498</u>

NOTE L – SUBSEQUENT EVENTS

The Organization acquired real property for its offices in February 2017.

The Organization has evaluated subsequent events through June 12, 2017, the date the financial statements were available to be issued.