

**UNITED WAY OF MUSKINGUM, PERRY  
AND MORGAN COUNTIES, INC.**

**ANNUAL REPORT**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of Muskingum, Perry  
and Morgan Counties, Inc.

We have audited the accompanying statements of United Way of Muskingum, Perry and Morgan Counties, Inc. (the Agency), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the six months 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

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 of 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 risk assessments 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 Muskingum, Perry and Morgan Counties, Inc., as of December 31, 2018, and the changes in its net assets and cash flows for the six months then ended in conformity with generally accepted accounting principles.

Zanesville, Ohio  
April 3, 2019

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**UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**

	<u>12/31/2018</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 792,777
Trust endowment	72,700
Pledges receivable	210,691
Less allowance for uncollectible pledges	<u>(28,724)</u>
	181,967
Prepaid expenses	3,524
Furniture and equipment	75,129
Accumulated Depreciation - Furniture and Equipment	<u>(71,136)</u>
	3,993
Beneficial interest in Perpetual Trusts	<u>3,177,858</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,232,819</u></u>

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	<u>12/31/2018</u>
<b>LIABILITIES AND NET ASSETS</b>	
Agency allocations payable	\$ 194,824
Specific designations payable	94,219
Accounts payable and accrued liabilities	<u>16,172</u>
<b>TOTAL LIABILITIES</b>	<u>305,215</u>
 <b>NET ASSETS</b>	
Without Donor Restrictions:	
Board Discretion	319,524
Unappropriated	430,222
Net Assets with Donor Restrictions-Endowment	<u>3,177,858</u>
<b>TOTAL NET ASSETS</b>	<u>3,927,604</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 4,232,819</u></u>

See notes to financial statements.

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**UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanent Restricted</u>	<u>Totals</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross Campaign Results	\$ 408,254	\$ -	\$ -	\$ 408,254
Less: Provision of uncollectible pledges	(57,121)	-	-	(57,121)
Less: Specific designations by donors	(69,145)	-	-	(69,145)
<b>NET CAMPAIGN REVENUE</b>	281,988	-	-	281,988
Administrative fees	1,661	-	-	1,661
In-Kind Revenue	1,960	-	-	1,960
Bequests and Trusts	142,429	-	-	142,429
Miscellaneous Income	97	-	-	97
Water Bill Funding	16,695	-	-	16,695
Tax Preparation Revenue	10,000	-	-	10,000
Unrealized Gains/(Losses)	-	-	(216,700)	(216,700)
Interest income	1,462	-	-	1,462
<b>TOTAL REVENUE</b>	456,292	-	(216,700)	239,592
<b>EXPENSES</b>				
Program Services				
Gross Funds Awarded/Distributed	(2,030)	-	-	(2,030)
Net Funds Awarded	(2,030)	-	-	(2,030)
Program Services Allocated to Awards	113,549	-	-	113,549
Support Services	113,902	-	-	113,902
United Way of America Dues	3,990	-	-	3,990
Total supporting services	117,892	-	-	117,892
<b>TOTAL EXPENSES</b>	229,411	-	-	229,411
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	226,881	-	(216,700)	10,181
<b>NET ASSETS AT BEGINNING OF YEAR</b>	518,678	4,187	3,394,558	3,917,423
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	4,187	(4,187)	-	-
<b>NET ASSETS AT END OF YEAR</b>	\$ 749,746	\$ -	\$ 3,177,858	\$ 3,927,604

See notes to financial statements.

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UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Program Services			Support Services				12/31/2018 Total
	Allocation Services	Community	211	Organization Administrative	Fundraising	UWA Dues	Total	
		Impact	Service					
Allocations/Awards (Less Donor Designations)	\$ (2,030)	-	-	-	-	-	-	\$ (2,030)
	(2,030)	-	-	-	-	-	-	(2,030)
Salaries	41,140	-	-	33,417	24,314	-	57,731	98,871
Payroll Taxes	3,437	-	-	2,661	1,903	-	4,564	8,001
Employee Benefits	6,774	-	-	5,443	3,893	-	9,336	16,110
	51,351	-	-	41,521	30,110	-	71,631	122,982
Marketing and Events	1,209	-	-	972	2,195	-	3,167	4,376
Professional Fees	200	-	24,102	18,851	115	-	18,966	43,268
Trusts Distributions	5,356	-	-	-	-	-	-	5,356
Office Supplies	352	-	-	283	202	-	485	837
Telephone/Internet	1818	-	-	755	1,541	-	1,296	2,114
Postage and Printing	183	-	-	147	105	-	252	435
Web Page	292	-	-	235	168	-	403	695
In-Kind Expense	-	-	-	-	1,960	-	1,960	1,960
Kellogg Grant Expense	2,565	-	-	-	-	-	-	2,565
Insurance	3,410	-	-	(354)	(253)	-	(607)	2,803
Utilities	480	-	-	676	484	-	1,160	1,640
Repairs-Building	4,156	-	-	3,340	2,388	-	5,728	9,884
Repairs-Equipment	526	-	-	422	302	-	724	1,250
Equipment Lease	52	-	-	42	30	-	72	124
Depreciation	307	-	-	247	176	-	423	730
Water Bill Funding Expense	16,695	-	-	-	-	-	-	16,695
Campaign Supplies/Meals	-	37	-	-	981	-	981	1,018
Staff Travel	529	-	-	425	304	-	729	1,258
Conference and Meetings	120	-	-	96	69	-	165	285
Miscellaneous	288	-	-	5,432	176	-	5,608	5,896
State and Local Dues	521	-	-	460	299	-	759	1,280
	38,059	37	24,102	32,029	10,242	-	42,271	104,469
	87,380	37	24,102	73,550	40,352	-	117,892	229,411
United Way of America Dues	-	-	-	-	-	3,990	3,990	3,990

See notes to financial statements.

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**UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	<b>12/31/2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	\$ 10,181
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	730
Unrealized (gain) loss on beneficial interests	216,700
(Increase) decrease in operating assets	
Pledges receivable	20,399
Prepaid expenses	5,136
Increase (decrease) in operating liabilities	
Agency allocations payable	(159,058)
Specific designations payable	35,984
Accounts payable and accrued liabilities	(1,239)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>128,833</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(1,063)
Trust endowment	7,315
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>6,252</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>135,085</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>657,692</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ 792,777</b>

See notes to financial statements.

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UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Agency

The United Way of Muskingum, Perry and Morgan Counties, Inc., is a tax-exempt Agency under section 501(c)(3) of the Internal Revenue Code. The mission of the Agency is to mobilize the caring power of communities to create lasting changes in conditions that improve lives. It accomplishes this through continual assessment of the need for service programs, development of financial resources, and investment of these resources in community programs.

The largest single source of funding for the Agency is the annual campaign that is conducted in the fall. Proceeds from this initiative are distributed to programs in the community through an application process in the subsequent year. Campaign contributions are recognized as revenue in the year the contributions are designated to be used by the donor. Allocations are made to agencies monthly based on the board approved allocations. Cash designations are paid out by February, and all other designated funds are distributed quarterly starting in April. All contributions are considered unrestricted unless specifically restricted by the donor.

The Agency also receives additional sources of revenue through beneficial interest trusts, foundation awards, and grants.

Public Support, Revenue, and Promises To Give

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Specific designations by donors are separately stated as a contra account and properly reflect the donor's restriction.

The Agency uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis.

Contributed Services

During the six months ended December 31, 2018, the value of contributed services meeting the requirement for recognition in the financial statements was \$1,960.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)**

The Operating Fund

The Operating Fund, which includes unrestricted and restricted funds, is used to account for resources over which the Board of Directors has discretionary control which are used to carry out the operations of the Agency in accordance with its bylaws. Restricted funds, which are identified in the accompanying financial statements as appropriated for future allocations, and support designated for future periods, represent funds which have been designated by the Board of Directors as reserved specifically for future agency and non-agency allocations.

Income Taxes

The Agency is exempt from federal income taxes under Internal Revenue Code Section 501(C)(3) and has been recognized as non-profit by the State of Ohio. Therefore, no tax provisions have been made in the accompanying financial statements.

United Way of Muskingum, Perry and Morgan Counties, Inc.'s Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2016, 2017 and 2018 and six months ended December 31, 2018 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Net Assets with Donor Restrictions

The Agency has beneficial interests in Perpetual Trusts which are permanently restricted to its use. The United Way records its share of these trusts at market value also recorded as net assets with donor restrictions are contributions received for the next year's campaign.

Concentrations

The Agency's operational fund receives the majority of its revenue from the public support of the communities of Muskingum, Perry, and Morgan counties. The Agency relies on and continues to need the support of the public.

Federal Filings

The Agency files a Form 990 each year and a copy can be retrieved from the IRS ([www.irs.gov](http://www.irs.gov)) or the Agency's website ([www.unitedwayofmpm.org](http://www.unitedwayofmpm.org)).

Subsequent Events

The Agency has evaluated subsequent events through April 3, 2019, the date that the financial statements were available to be issued.

**UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - FURNITURE AND EQUIPMENT**

Office furniture and fixtures are stated at cost or, if acquired by gift or donation, at the estimated fair value at the date of receipt of the gift or donation, or if financed by capital lease agreements, at the present value of future minimum lease payments. Depreciation is provided over the estimated useful lives of the related assets ranging from 5 years to 7 years, using the straight-line method.

**NOTE 3 - EMPLOYEE PENSION PLAN**

The United Way offers a Simple IRA so eligible employees have an opportunity to save for retirement. An employee is eligible to participate in the plan provided the employee is reasonably expected at least \$5,000 in compensation for the calendar year. Participation in the Plan is voluntary.

For each calendar year, the United Way will contribute a matching contribution to each employee's SIMPLE IRA account, equal to the employee's salary deduction contributions but not to exceed up to a limit of 3% of the employee's compensation for the calendar year. The expense associated with this plan was \$2,783 for the six months ended December 31, 2018.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

During the audit, consideration was given to the existence of related party transactions requiring disclosure in accordance with Statement of Financial Accounting Standards (SFAS) number 57. Accordingly, the following related party transactions are disclosed. The Agency provides contributions to the United Way of America and Ohio. Contributions for the six months ended December 31, 2018 was \$5,109.

**UNITED WAY OF MUSKINGUM, PERRY AND MORGAN COUNTIES, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – OVERHEAD RATE DETERMINATION**

The overhead ratio is equal to fund-raising, management and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the Net Method recommended in “Functional Expenses and Overhead Reporting Standards for United Ways”, United Way of America, 2004, after a time study has been performed and a portion of the functional expenses have been allocated to program services. These items are reported below as stated on the Form 990 as required by the above standard.

	12/31/18
Management and General Expenses	\$ 73,550
Fundraising Expenses	40,352
Payments to Affiliates	3,990
 Numerator: Supporting Services and General	 \$ 117,892
 Net Campaign Revenue	 351,133
Other Revenue	190,999
Unrealized Gain/(Loss)	(216,700)
 Denominator: Total Support and Other Revenue	 \$ 325,432
 Numerator/Denominator expressed as a percentage	 36.23%
Overhead Percentage without Market Value	21.74%

The denominator includes the increase/decrease in market value of the Beneficial Interests in Perpetual Trusts as this financial statement agrees to the Form 990 as required by the United Way of America. This value will fluctuate as the market changes and can make the overhead rate appear better or worse than actual. As of December 31, 2018, the Agency had a market loss of \$216,700.

**NOTE 6 - BENEFICIAL INTEREST IN PERPETUAL TRUST**

The Agency has a partial interest in the assets of the following trusts: Littick Charitable Trust, M. Findeiss Trust, R. Findeiss Trust, Hagar Residual Trust, Sulsberger Trust and the Emmitt France Trust. These trusts are made up of investments in marketable securities. The trusts are administered by local financial institutions. The Agency will receive annually the following percentage of income generated by these trusts in perpetuity: 2% of the Littick Charitable Trust, 12.5% of the M. Findeiss and R. Findeiss Trusts, 20% of the Hagar Residual Trust, 10% of the Sulsberger Trust, 8.0325% of the Emmitt France Trust and 100% of the Lewis Trust. The Agency may not invade the principal of the trust. These trusts have been recorded at the percentages stated above of the market value as of December 31, 2018.