The United Way of Youngstown and the Mahoning Valley

AUDIT OF FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

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REPORT OF INDEPENDENT AUDITORS

BOARD OF TRUSTEES
THE UNITED WAY OF YOUNGSTOWN AND THE
MAHONING VALLEY
YOUNGSTOWN, OHIO

We have audited the accompanying financial statements of The United Way of Youngstown and the Mahoning Valley (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, changes in net assets, 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

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 Youngstown and the Mahoning Valley as of December 31, 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.

Other Matter

The financial statements of The United Way of Youngstown and the Mahoning Valley as of December 31, 2012, were audited by other auditors whose report dated October 7, 2013, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additonal procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additonal procedures in accordance with auditing standards generally accepted in the United States of America. In our opinon, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Packer Thomas

Canfield, Ohio
November 3, 2014

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2013	December 31, 2012
CURRENT ASSETS		
Cash and cash equivalents	**$ 800,207**	$ 1,040,777
Cash and cash equivalents--designated pledges	**135,839**	96,193
Campaign pledges receivable:		
2013 Campaign, less allowance for uncollectible pledges (2013--$150,000)	**1,073,269**	-
2012 Campaign, less allowance for uncollectible pledges (2012--$153,000)	**264,950**	1,117,217
2011 Campaign, less allowance for uncollectible pledges (2011--$147,559)	**-**	189,840
Total campaign pledges receivable	**1,338,219**	1,307,057
Prepaid expenses and other assets	**4,592**	4,666
Donated vehicle	**25,316**	-
TOTAL CURRENT ASSETS	**2,304,173**	2,448,693
MARKETABLE SECURITIES	**5,781,228**	4,948,999
PROPERTY AND EQUIPMENT		
Land	**14,327**	14,327
Building and building improvements	**211,671**	200,951
Furniture and equipment	**211,654**	211,654
	437,652	426,932
Less accumulated depreciation	**404,306**	397,928
NET PROPERTY AND EQUIPMENT	**33,346**	29,004
OTHER ASSETS		
Deposit	**400**	400
TOTAL ASSETS	**$ 8,119,147**	$ 7,427,096

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

LIABILITIES AND NET ASSETS		December 31,		
		2013		2012
CURRENT LIABILITIES				
Designated pledges payable	**$**	**240,931**	$	163,365
Allocations payable		**774,088**		765,294
Other current liabilities		**30,370**		31,434
TOTAL CURRENT LIABILITIES		**1,045,389**		960,093
OTHER LIABILITIES				
Pension benefit liability		**133,317**		124,187
TOTAL LIABILITIES		**1,178,706**		1,084,280
NET ASSETS				
UNRESTRICTED				
Investment in fixed assets (net of depreciation)		**33,346**		29,004
Designated by the governing board for:				
Stabilization of agencies' funding		**1,030,400**		1,030,400
New programs		**26,085**		26,085
Emergency capital replacement		**70,000**		70,000
Endowment		**1,264,508**		1,099,597
Undesignated, available for general activities		**2,163,027**		2,002,031
TOTAL UNRESTRICTED NET ASSETS		**4,587,366**		4,257,117
TEMPORARILY RESTRICTED				
Annual campaign income designated for future periods		**774,088**		765,294
Other		**41,369**		9,044
TOTAL TEMPORARILY RESTRICTED NET ASSETS		**815,457**		774,338
PERMANENTLY RESTRICTED		**1,537,618**		1,311,361
TOTAL NET ASSETS		**6,940,441**		6,342,816
TOTAL LIABILITIES AND NET ASSETS	**$**	**8,119,147**	$	7,427,096

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF ACTIVITIES

	Years ended December 31,							
	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Prior-year campaign contribution	$ 502,699	$ -	$ -	$ 502,699	$ 465,378	$ -	$ -	$ 465,378
Net assets released from restrictions								
Prior-year campaign contributions--net	765,294	(765,294)	-	-	574,340	(574,340)	-	-
Current-year campaign contributions--net	754,578	774,088	-	1,528,666	872,729	765,294	-	1,638,023
Contributions in kind	-	25,316	-	25,316	-	-		
Net campaign revenue	2,022,571	34,110	-	2,056,681	1,912,447	190,954	-	2,103,401
Interest and dividend income	89,592	14,509	-	104,101	74,165	18,435	-	92,600
Net gain on investments	241,761	-	226,257	468,018	278,641	-	114,255	392,896
Miscellaneous income	1,349	-	-	1,349	4,981	-	-	4,981
Net special event income	141,228	-	-	141,228	137,901	-	-	137,901
Contributions	9,285	-	-	9,285	-	-	-	
Net assets released from restrictions:								
Temporarily restricted investment income	7,500	(7,500)	-	-	52,500	(52,500)	-	-
TOTAL REVENUE	2,513,286	41,119	226,257	2,780,662	2,460,635	156,889	114,255	2,731,779
FUND DISTRIBUTIONS, SERVICES, DUES AND OTHER EXPENSES								
Allocations to local agencies	1,567,305	-	-	1,567,305	1,596,190	-	-	1,596,190
Other Corporation expenses:				-				
Program services:								
Planning and community investment	256,574	-	-	256,574	84,847	-	-	84,847
Labor	76,678	-	-	76,678	49,257	-	-	49,257
	333,252	-	-	333,252	134,104			134,104
Supporting services:								
Administration	63,245	-	-	63,245	234,500	-	-	234,500
United Way campaign	189,499	-	-	189,499	324,837	-	-	324,837
	252,744	-	-	252,744	559,337	-	-	559,337
Other expense:								
United Way National and Ohio membership dues	29,736	-	-	29,736	29,140	-	-	29,140
TOTAL EXPENSES	2,183,037	-	-	2,183,037	2,318,771	-	-	2,318,771
INCREASE IN NET ASSETS	330,249	41,119	226,257	597,625	141,864	156,889	114,255	413,008
NET ASSETS AT BEGINNING OF YEAR	4,257,117	774,338	1,311,361	6,342,816	4,115,253	617,449	1,197,106	5,929,808
NET ASSETS AT END OF YEAR	$ 4,587,366	$ 815,457	$ 1,537,618	$ 6,940,441	$ 4,257,117	$ 774,338	$ 1,311,361	$ 6,342,816

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

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF CASH FLOWS

	Years ended December 31, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 597,624**	$ 413,008
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	**6,378**	6,400
Provision for uncollectible pledges	**2,441**	12,291
(Gain) loss on investments	**(468,018)**	(392,896)
Donated vehicle included in contributions	**(25,316)**	-
(Increase) decrease in assets:		
Campaign pledge receivables	**(33,603)**	(330,672)
Prepaid expenses and other assets	**74**	7,210
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**76,502**	27,716
Allocations payable	**8,794**	28,770
Other liabilities	**9,130**	112,893
NET CASH FLOWS FROM OPERATING ACTIVITIES	**174,006**	(115,280)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(887,932)**	(2,099,525)
Proceeds from sale of investments	**523,721**	2,118,995
Purchase of property and equipment	**(10,719)**	(9,163)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(374,930)**	10,307
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(200,924)**	(104,973)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,136,970**	1,241,943
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 936,046**	$ 1,136,970

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

NOTE A – NATURE OF OPERATIONS

The United Way of Youngstown and the Mahoning Valley (the Organization) is a non-profit corporation organized on February 10, 1919 under the laws of the State of Ohio principally for the purpose of soliciting donations for charitable purposes. The Organization strives to improve lives by mobilizing the caring power of the local communities. Their caring hand reaches all across the Mahoning Valley, helping the lives of anyone who is in need, from the young to the elderly. The Organization is a local Volunteer Agency that provides funding to various agencies within the Mahoning Valley focusing on the building blocks of a good life: education, helping children and youth achieve their potential, income, promoting financial stability and independence, and improving people’s health.

The Organization officially changed its name in April 2014 from The Community Corporation to The United Way of Youngstown and the Mahoning Valley.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents
Cash equivalents consist of temporary bank deposits and money market instruments with an original maturity of three months or less as of the purchase date.

Revenue Recognition
Contributions containing donor-imposed restrictions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the period in which the support is recognized.

Contributed Services
No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 3,400 volunteer hours per year.

Designated Pledges
Financial donor contributions designated to a specific agency without granting variance power to the Organization are not included in campaign revenue, but are recorded as a liability to the designated beneficiary.

Pledge Receivables
Pledge receivables are recognized as revenue in the period the contributions are received or promised, whichever is earlier. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years’ experience and management’s analysis of specific promises made. The potential risk is limited to the amount recorded in the financial statements.

Investments
Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of activities. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment
The Organization capitalizes property and equipment over $500. Property and equipment are recorded at cost, if purchased, or fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation amounted to $6,378 and $6,400 for the years ended December 31, 2013 and 2012, respectively.

Net Assets
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. Temporarily restricted net assets are those whose use has been limited by donor-imposed time restrictions or purpose restrictions. Permanently restricted net assets are net assets required by donor restriction or by law to be maintained by the Organization in perpetuity. Unrestricted net assets are all other net assets.

Income Taxes
The Organization is a not-for-profit 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 assesses uncertain tax positions in accordance with FASB ASC 740 and has determined that all income tax filing positions would be sustained upon examination and, accordingly, has not recorded any reserve or related accruals for interest and penalties at December 31, 2013 and 2012 for uncertain tax positions.

The Organization Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Costs
The Organization expenses advertising costs as incurred. Advertising expense was $13,449 and $13,389 in 2013 and 2012, respectively.

Functional Expense Classification
The Organization's functional classification and allocation policy is based on a review of the current Organization structure and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas.

For the year ended December 31, 2013, the Organization modified its allocation of expenses to more accurately reflect costs pertaining to administration and program services. The expenses were not reclassified for December 31, 2012.

Use of Estimates
The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – PLEDGE RECEIVABLES

Pledge receivables, all of which are anticipated to be collected within the next year, consist of the following as of December 31:

	2013	2012
Pledge receivables- 2013 Campaign	**$ 1,223,269**	$ -
Pledge receivables- 2012 Campaign	**417,950**	1,270,217
Pledge receivables- 2011 Campaign	**-**	337,399
	1,641,219	1,607,616
Less allowance for uncollectible pledges- 2013 Campaign	**150,000**	-
Less allowance for uncollectible pledges- 2012 Campaign	**153,000**	153,000
Less allowance for uncollectible pledges- 2011 Campaign	**-**	147,559
	303,000	300,559
Pledge receivables, net	**$ 1,338,219**	$ 1,307,057

NOTE D – PLEDGE ALLOCATIONS

The Executive Committee has allocated $1,567,305 and $1,596,190 for the years ended December 31, 2013 and 2012, respectively, to the United Way participating agencies for the agencies' 2013-2014 and 2012-2013 operations. The United Way's allocation year is a fiscal year ending June 30.

NOTE E – RESTRICTION ON NET ASSETS

Endowment Fund
The Executive Committee of the Organization created an endowment fund consisting of two components: 1) unrestricted funds containing monies to be directed by the Executive Committee and 2) donor restricted funds to be used for purposes determined by the donor. The purpose of the endowment is to support the mission of the Organization, which is to develop resources for addressing the social needs of the community. The objective of the underlying investments within the endowment fund is to allow for growth of principal balances and to provide an income stream for uses of the Organization. The endowments must not be exposed to undue credit, interest-rate nor foreign exchange risk. Unless otherwise stated in the donor agreement, the Endowment Finance Committee shall select the investment portfolio where the endowments will be invested as described in the Endowment Investment Policy of the Organization.

The Executive Committee defined the distribution policy for the endowment fund components. The board-designated endowment fund shall obtain a principal balance of $300,000 before the principal can be used. All income, defined as actual income less any fees and excluding any gains or losses on the account, may be paid out annually and the principal of the fund shall not be invaded unless otherwise determined by a two-thirds vote of the Executive Committee. The donor restricted endowment funds are distributed based upon the wishes of the donor and vary for each fund.

The Executive Committee of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring some portion of the donor-restricted endowment to be classified as permanently restricted assets. As a result, the Organization classifies as permanently restricted net assets a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment, and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

NOTE E – RESTRICTION ON NET ASSETS (continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 41,369	$ 1,537,618	$ 1,553,671
Board-designated endowment funds	1,264,508	-	-	1,264,508
TOTAL FUNDS	$ 1,264,508	$ 41,369	$ 1,537,618	$ 2,818,179

Endowment Net Asset Composition by Type of Fund as of December 31, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 9,044	$ 1,311,361	$ 1,320,405
Board-designated endowment funds	1,099,597	-	-	1,099,597
TOTAL FUNDS	$ 1,099,597	$ 9,044	$ 1,311,361	$ 2,420,002

Changes in Endowment Net Assets for the Years Ended December 31, 2013 and 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets- January 1, 2012	$ 1,001,707	$ 43,109	$ 1,197,106	$ 2,241,922
Investment return	28,092	18,435	-	46,527
Net appreciation (depreciation) (realized and unrealized)	80,105	-	114,255	194,360
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	(10,307)	(52,500)	-	(62,807)
Endowment net assets- December 31, 2012	$ 1,099,597	$ 9,044	$ 1,311,361	$ 2,420,002
Investment return	27,654	14,509	-	42,163
Net appreciation (depreciation) (realized and unrealized)	148,268	-	226,257	374,525
Contributions	-	25,316	-	25,316
Appropriation of endowment assets for expenditure	(11,011)	(7,500)	-	(18,511)
Endowment net assets- December 31, 2013	$ 1,264,508	$ 41,369	$ 1,537,618	$ 2,843,495

NOTE F – INVESTMENTS

Investments are stated at fair value based on quoted market prices and consist of the following:

	December 31, 2013		December 31, 2012	
	Cost	**Fair Value**	Cost	Fair Value
Investments:				
Cash & cash equivalents	**$ 289,029**	**$ 289,030**	$ 343,794	$ 343,794
Common stocks	**1,216,290**	**1,869,359**	1,069,893	633,803
Corporate/government bonds	**1,007,986**	**1,028,973**	1,109,550	673,125
Mutual funds	**2,076,386**	**2,593,866**	1,961,442	3,298,277
Total Investments	**$ 4,589,691**	**$ 5,781,228**	$ 4,484,679	$ 4,948,999

NOTE G – FAIR VALUE MEASUREMENTS

The Organization has characterized its financial instruments, based on the priority of the inputs used to value the financial instruments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1], and the lowest priority to unobservable inputs [Level 3]. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instruments.

Financial instruments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1: These are financial instruments where values are based on unadjusted quoted prices for identical sets in an active market that the Organization has the ability to access.

Level 2: These are financial instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the financial instruments.

Level 3: These are financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the financial instruments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at quoted market prices which represent the net asset value (NAV) of shares held at year end.

NOTE G – FAIR VALUE MEASUREMENTS (continued)

Corporate Bonds: Certain corporate bonds are valued at the closing price reported on the active market on which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money markets	$ 289,029	$ -	$ -	$ 289,029
Corporate bonds	-	1,028,973	-	1,028,973
Mutual funds:		-	-	
Fixed income funds	690,095	-	-	690,095
Other funds	1,903,771	-	-	1,903,771
Total mutual funds	2,593,866	-	-	2,593,866
Common stocks:		-	-	
Industrials	101,316	-	-	101,316
Telecommunications	32,511	-	-	32,511
Consumer	186,087	-	-	186,087
Other	1,549,446	-	-	1,549,446
Total common stocks	1,869,360	-	-	1,869,360
Total assets at fair value	$ 4,752,255	$ 1,028,973	$ -	$ 5,781,228

	Assets at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Money markets	$ 343,794	$ -	$ -	$ 343,794
Corporate bonds	-	673,125	-	673,125
Mutual funds	3,298,277	-	-	3,298,277
Common stocks	633,803	-	-	633,803
Total assets at fair value	$ 4,275,874	$ 673,125	$ -	$ 4,948,999

NOTE H – DEFINED BENEFIT PLAN

The Organization sponsored a defined benefit pension plan (the Plan). Full-time employees over the age of 21 were eligible to participate in the Plan. The Organization’s policy was to contribute amounts to the Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Organization determined to be appropriate from time to time. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In May 2007, the Executive Committee approved the termination of the defined benefit plan effective June 30, 2008. All liabilities of the Plan will be paid to plan participants, beneficiaries, and others as appropriate, upon government approval of the termination and final valuation of the Plan.

NOTE H – DEFINED BENEFIT PLAN (continued)

The expected long-term rate of return on Plan assets is based on the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27 – Selection Economic Assumptions of Measuring Pension Obligations. Based on investment policy for the pension plan in effect as of the beginning of the fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on the Organization's historical 30 year period rolling averages. An average inflation rate within the range was selected and added to the real rate of return to arrive at a best estimate range from which the expected long-term rate of return was selected.

The Organization uses a December 31 measurement date for the Plan. Summarized information for the Plan as of December 31, 2013 and 2012 is as follows:

	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	**$ 282,086**	$ 421,173
Service cost	**$4,835**	4,890
Interest cost	**9,845**	16,945
Change due to assumption changes	**(37)**	21,612
Actuarial loss	**2,353**	68,612
Benefits disbursed	**(6,416)**	(246,256)
Expense charges	**(4,835)**	(4,890)
Benefit obligation at end of year	**$ 287,831**	$ 282,086
Change in Plan assets:		
Fair value of Plan assets at beginning of year	**$ 157,899**	$ 409,879
Actual return on Plan assets	**(494)**	(834)
Employer contributions	**8,360**	-
Benefits paid (including expense charges)	**(11,251)**	(251,146)
Fair value of Plan assets at end of year	**$ 154,514**	$ 157,899
Components of net periodic benefit cost:		
Service cost	**$ 4,835**	$ 4,890
Interest cost on benefit obligations	**9,845**	16,945
Expected return on Plan assets	**(7,823)**	(20,372)
Recognized actuarial loss	**7,094**	8,540
Amortization of unrecognized transition obligation	**(2,558)**	(4,791)
Net periodic pension cost	**$ 11,393**	$ 5,212

Weighted average assumptions as of December 31, 2013 and 2012:

	2013	2012
Assumed discount rate	**3.50%**	4.00%
Expected rate of return on Plan assets	**5.00%**	5.00%

As of December 31, 2013, $2,558 is estimated to be reclassified as net periodic benefit cost over the next year.

NOTE H – DEFINED BENEFIT PLAN (continued)

Items not yet recognized in net periodic pension cost:

	2013	2012
Unrecognized net (asset)	**$ (20,464)**	$ (23,022)
Unrecognized actuarial loss	**133,398**	129,859

The Plan is 100% invested in fixed income investments that are classified as Level 2 investments as of December 31, 2013 and 2012 under the fair value hierarchy set out by FASB ASC 820. The Organization's overall strategy is to invest in high-grade securities and other assets with a minimum risk of market value fluctuation.

As of December 31, 2013, the following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Fiscal Year	**Amount**
2014	$75,000
2015	-
2016	-
2017	-
2018	-
2019-2023	$165,000

NOTE I – DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) defined contribution pension plan covering all eligible employees. Employees may defer up to $16,500 of their annual compensation to the plan in 2013 and 2012. The Organization's contributions to the plan are based on 4% of employee wages. Total pension plan contributions were $11,838 and $16,787 for the years ended December 31, 2013 and 2012, respectively.

NOTE J – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Organization occasionally enters into transactions with affiliates of members of its Board of Trustees. These transactions primarily relate to depository relationships with financial institutions.

NOTE K – CONCENTRATION OF RISK

The Organization maintains its cash in various financial institutions which, at times, may exceed federally insured limits, of $250,000. The Organization has not experienced any losses from such accounts, and management believes the Organization is not exposed to significant credit risk related to bank deposit accounts.

The Organization maintains a major portion of its funds in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will change will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of financial position.

NOTE K – CONCENTRATION OF RISK (continued)

Major Contributors
During 2013, the Organization received $135,486 of its contributions from one business and its employees. At December 31, 2013 this entire amount was included in campaign pledges receivables. During 2012, the Organization received $194,807 of its contributions from one business and its employees. At December 31, 2012 this entire amount was included in campaign pledges receivables.

NOTE L – SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 3, 2014, which is the date the financial statements were available to be issued.

The United Way of Youngstown and the Mahoning Valley

SCHEDULE OF FUNCTIONAL EXPENSES

	Years ended December 31,														
	2013							2012							
	Program Services			Supporting Services			Total Program and Supporting Services Expenses	Program Services			Supporting Services			Total Program and Supporting Services Expenses
	Planning and Community Investment	Labor	Total	Administration	United Way Campaign	Total		Planning and Community Investment	Labor	Total	Administration	United Way Campaign	Total	
SALARIES:														
Executive	$ 137,890	$ 40,740	$ 178,630	$ 28,205	$ 106,551	$ 134,756	$ 313,386	$ 47,770	$ 30,202	$ 77,972	$ 42,289	$ 201,514	$ 243,803	$ 321,775
Office	12,906	3,813	16,719	2,640	9,973	12,613	29,332	1,495	2,991	4,486	2,991	7,477	10,468	14,954
	150,796	44,553	195,349	30,845	116,524	147,369	342,718	49,265	33,193	82,458	45,280	208,991	254,271	336,729
										-				
Employee benefits	33,300	9,839	43,139	6,811	25,732	32,543	75,682	9,565	6,418	15,983	121,183	39,494	160,677	176,660
Payroll taxes	14,690	4,340	19,030	3,005	11,352	14,357	33,387	4,631	3,123	7,754	4,240	19,548	23,788	31,542
										-				
TOTAL SALARIES AND RELATED EXPENSES	198,786	58,732	257,518	40,661	153,608	194,269	451,787	63,461	42,734	106,195	170,703	268,033	438,736	544,931
Office supplies	4,049	1,350	5,399	900	2,699	3,599	8,998	1,158	187	1,345	1,897	3,683	5,580	6,925
Telephone	2,685	895	3,580	597	1,790	2,387	5,967	901	427	1,328	3,559	1,755	5,314	6,642
Postage and shipping	1,630	543	2,173	362	1,087	1,449	3,622	818	215	1,033	595	2,951	3,546	4,579
Utilities	2,548	849	3,397	566	1,699	2,265	5,662	1,189	566	1,755	1,755	2,153	3,908	5,663
Insurance	3,451	1,150	4,601	767	2,300	3,067	7,668	605	288	893	5,267	1,094	6,361	7,254
Printing and publications	6,052	2,017	8,069	1,345	4,035	5,380	13,449	2,777	78	2,855	2,150	8,384	10,534	13,389
Transportation and travel	3,520	1,173	4,693	782	2,347	3,129	7,822	1,431	396	1,827	473	5,068	5,541	7,368
Local meetings	3,779	1,260	5,039	840	2,519	3,359	8,398	737	663	1,400	2,926	5,667	8,593	9,993
Rental and maintenance of equipment and building	11,774	3,925	15,699	2,616	7,849	10,465	26,164	6,038	2,122	8,160	7,889	11,867	19,756	27,916
Membership dues and tuition	2,100	700	2,800	467	1,400	1,867	4,667	514	103	617	1,100	1,131	2,231	2,848
Professional fees	8,387	2,796	11,183	1,864	5,592	7,456	18,639	3,198	966	4,164	3,707	8,179	11,886	16,050
Investment expense	-	-	-	10,620	-	10,620	10,620	-	-	-	9,534	-	9,534	9,534
Data processing expense	3,951	-	3,951	-	-	-	3,951	478	-	478	1,120	1,108	2,228	2,706
Miscellaneous expense	992	331	1,323	220	661	881	2,204	198	-	198	20,032	1,013	21,045	21,243
Depreciation	2,870	957	3,827	638	1,913	2,551	6,378	1,344	512	1,856	1,793	2,751	4,544	6,400
TOTAL EXPENSES	$ 256,574	$ 76,678	$ 333,252	$ 63,245	$ 189,499	$ 252,744	$ 585,996	$ 84,847	$ 49,257	$ 134,104	$ 234,500	$ 324,837	$ 559,337	$ 693,441

PACKER · THOMAS

Certified Public Accountants & Business Consultants

PROVEN TRUE.

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