The United Way of Youngstown and the Mahoning Valley

AUDIT OF FINANCIAL STATEMENTS

Years ended December 31, 2016 and 2015

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6601 Westford Place
Suite 101
Canfield, Ohio 44406
330-533-9777
Fax 330-533-1734
1-800-943-4278
www.packerthomas.com

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 statements of financial position as of December 31, 2016 and 2015, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 additional 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 additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Packer Thomas

Canfield, Ohio
November 2, 2017

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2016	2015
CURRENT ASSETS		
Cash and cash equivalents	**$ 876,956**	$ 735,216
Cash and cash equivalents--Success by Six	**1,543**	1,543
Cash and cash equivalents--designated pledges	**157,052**	168,178
Campaign pledges receivable:		
2016 Campaign, less allowance for uncollectible pledges (2016--$140,000)	**1,206,108**	-
2015 Campaign, less allowance for uncollectible pledges (2016-- $113,000; 2015--$150,000)	**268,733**	1,288,778
2014 Campaign, less allowance for uncollectible pledges (2014--$84,000)	**-**	150,941
Total campaign pledges receivable	**1,474,841**	1,439,719
Prepaid expenses and other assets	**4,963**	4,423
Donated vehicle	**21,876**	21,678
TOTAL CURRENT ASSETS	**2,537,231**	2,370,757
INVESTMENTS	**6,085,712**	5,964,509
PROPERTY AND EQUIPMENT		
Land	**14,327**	14,327
Building and building improvements	**214,756**	214,756
Furniture and equipment	**218,302**	218,302
	447,385	447,385
Less accumulated depreciation	**421,844**	417,912
NET PROPERTY AND EQUIPMENT	**25,541**	29,473
OTHER ASSETS		
Deposit	**400**	400
TOTAL ASSETS	**$ 8,648,884**	$ 8,365,139

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

LIABILITIES AND NET ASSETS	December 31, 2016	2015
CURRENT LIABILITIES		
Designated pledges payable	**$ 698,786**	$ 453,578
Allocations payable	**474,887**	749,548
Other current liabilities	**5,280**	967
TOTAL CURRENT LIABILITIES	**1,178,953**	1,204,093
OTHER LIABILITIES		
Pension benefit liability	**83,467**	156,733
TOTAL LIABILITIES	**1,262,420**	1,360,826
NET ASSETS		
UNRESTRICTED		
Investment in fixed assets (net of depreciation)	**25,541**	29,473
Designated by the governing board for:		
Stabilization of agencies' funding	**1,030,400**	1,030,400
New programs	**26,085**	26,085
Capital replacement	**70,000**	70,000
Endowment	**1,386,782**	1,327,022
Undesignated, available for general activities	**2,625,564**	2,085,926
TOTAL UNRESTRICTED NET ASSETS	**5,164,372**	4,568,906
TEMPORARILY RESTRICTED		
Annual campaign income designated for future periods	**474,887**	749,548
Other	**100,759**	74,742
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**575,646**	824,290
PERMANENTLY RESTRICTED	**1,646,446**	1,611,117
TOTAL NET ASSETS	**7,386,464**	7,004,313
TOTAL LIABILITIES AND NET ASSETS	**$ 8,648,884**	$ 8,365,139

The United Way of Youngstown and the Mahoning Valley

STATEMENTS OF ACTIVITIES

	Years ended December 31,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Prior-year campaign contribution	$ 381,334	$ -	$ -	$ 381,334	$ 331,557	$ -	$ -	$ 331,557
Net assets released from restrictions								
Prior-year campaign contributions--net	749,548	(749,548)	-	-	766,846	(766,846)	-	-
Current-year campaign contributions--net	1,049,315	474,811	-	1,524,126	761,649	749,548	-	1,511,197
Contributions in kind	-	21,876	-	21,876	-	21,678	-	21,678
Net campaign revenue	2,180,197	(252,861)	-	1,927,336	1,860,052	4,380	-	1,864,432
Interest and dividend income	132,342	25,895	-	158,237	160,353	30,812	-	191,165
Net gain/(loss) on investments	83,511	-	35,329	118,840	(172,539)	-	2,527	(170,012)
Miscellaneous income	2,259	-	-	2,259	10,097	-	-	10,097
Net special event income	237,128	-	-	237,128	172,245	-	-	172,245
Net assets released from restrictions:								
Temporarily restricted investment income	21,678	(21,678)	-	-	-	-	-	-
TOTAL REVENUE	2,657,115	(248,644)	35,329	2,443,800	2,030,208	35,192	2,527	2,067,927
FUND DISTRIBUTIONS, SERVICES, DUES AND OTHER EXPENSES								
Allocations to local agencies	860,660	-	-	860,660	1,490,755	-	-	1,490,755
Community impact programs	428,107	-	-	428,107	145,800	-	-	145,800
Other Corporation expenses:								-
Program services:								
Planning and community investment	384,226	-	-	384,226	314,635	-	-	314,635
Labor	67,279	-	-	67,279	87,982	-	-	87,982
	451,505	-	-	451,505	402,617	-	-	402,617
Supporting services:							.	
Administration	54,243	-	-	54,243	72,315	-	-	72,315
United Way campaign	238,640	-	-	238,640	196,308	-	-	196,308
	292,883	-	-	292,883	268,623	-	-	268,623
Other expense:								
United Way National and Ohio membership dues	28,494	-	-	28,494	25,286	-	-	25,286
TOTAL EXPENSES	2,061,649	-	-	2,061,649	2,333,081	-	-	2,333,081
INCREASE (DECREASE) IN NET ASSETS	595,466	(248,644)	35,329	382,151	(302,873)	35,192	2,527	(265,154)
NET ASSETS AT BEGINNING OF YEAR	4,568,906	824,290	1,611,117	7,004,313	4,871,779	789,098	1,608,590	7,269,467
NET ASSETS AT END OF YEAR	$ 5,164,372	$ 575,646	$ 1,646,446	$ 7,386,464	$ 4,568,906	$ 824,290	$ 1,611,117	$ 7,004,313

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

STATEMENTS OF CASH FLOWS

	Years ended December 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 382,151**	$ (265,154)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	**3,934**	6,417
Provision for uncollectible pledges	**19,000**	(75,000)
(Gain) loss on investments	**(118,840)**	170,012
Donated vehicle included in contributions	**(21,876)**	(21,678)
Giveaway of campaign vehicle	**21,678**	-
(Increase) decrease in assets:		
Campaign pledge receivables	**(54,122)**	62,913
Prepaid expenses and other assets	**(540)**	27
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**249,525**	71,272
Allocations payable	**(274,666)**	(17,293)
Other liabilities	**(73,266)**	(5,100)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**132,978**	(73,584)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(1,583,195)**	(1,309,738)
Proceeds from sale of investments	**1,580,833**	1,187,944
Purchase of property and equipment	**-**	(3,099)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(2,362)**	(124,893)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**130,616**	(198,477)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**904,937**	1,103,414
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,035,553**	$ 904,937

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 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 United Way has evolved now focusing on the impact model with today's mission to create positive change by collaborating with partners to educate, empower, and support children and families in the Mahoning Valley. The Organization has aligned its funds, resources, partnerships, and programs around the impact areas of early childhood education and emergency services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent, exclusive of cash and cash equivalents held in brokerage investment accounts.

Designated Pledges

Financial donor contributions designated to a specific agency or impact area 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 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

Property and equipment are recorded at cost, if purchased, or fair value at the date of donation. The Organization has a capitalization policy whereby all additions over $500 are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation amounted to $3,932 and $6,417 for the years ended December 31, 2016 and 2015, 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 6,000 volunteer hours per year.

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.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization's functional classification and allocation policy is based on a review of the current Organization's 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, 2016, the Organization modified its allocation of some expenses to more accurately reflect shifting of time and resources to impact areas within the administrative and program services. The expenses were not reclassified for December 31, 2015.

Advertising Costs
The Organization expenses advertising costs as incurred. Advertising expense was $10,372 and $11,387 in 2016 and 2015, respectively.

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.

Reclassifications
Certain amounts in the prior year financial statements have been reclassified to enhance comparability with the current period information. Such reclassifications had no impact on the Organization's financial position, results of operations or cash flows.

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:

	2016	2015
Pledge receivables- 2016 Campaign	$1,346,108	$ -
Pledge receivables- 2015 Campaign	381,733	1,438,778
Pledge receivables- 2014 Campaign	-	234,941
	1,727,841	1,673,719
Less allowance for uncollectible pledges- 2016 Campaign	140,000	-
Less allowance for uncollectible pledges- 2015 Campaign	113,000	150,000
Less allowance for uncollectible pledges- 2014 Campaign	-	84,000
	253,000	234,000
Pledge receivables, net	$1,474,841	$ 1,439,719

NOTE D – PLEDGE ALLOCATIONS

The Executive Committee has allocated $860,660 and $1,490,755 for the years ended December 31, 2016 and 2015, respectively, to the United Way participating agencies for the agencies' 2016-2017 and 2015-2016 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, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 100,759	$ 1,646,446	$ 1,747,205
Board-designated endowment funds	1,386,782	-	-	1,386,782
TOTAL FUNDS	$ 1,386,782	$ 100,759	$ 1,646,446	$ 3,133,987

Endowment Net Asset Composition by Type of Fund as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 74,742	$ 1,611,117	$ 1,685,859
Board-designated endowment funds	1,327,022		-	1,327,022
TOTAL FUNDS	$ 1,327,022	$ 74,742	$ 1,611,117	$ 3,012,881

Changes in Endowment Net Assets for the Years Ended December 31, 2016 and 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - January 1, 2015	$ 1,324,770	$ 22,834	$ 1,608,590	$ 2,956,194
Interest and dividends	36,183	30,230	-	66,413
Net appreciation (depreciation) (realized and unrealized)	(33,931)	-	2,527	(31,404)
Contributions	-	21,678	-	21,678
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets – December 31, 2015	$ 1,327,022	$ 74,742	$ 1,611,117	$ 3,012,881
Interest and dividends	32,014	25,819	-	57,833
Net appreciation (depreciation) (realized and unrealized)	27,746	-	35,329	63,075
Contributions	-	21,876	-	21,876
Appropriation of endowment assets for expenditure	-	(21,678)	-	(21,678)
Endowment net assets, December 31, 2016	$ 1,386,782	$ 100,759	$ 1,646,446	$ 3,133,987

NOTE F – INVESTMENTS

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

	December 31, 2016		December 31, 2015	
	Cost	**Fair Value**	Cost	Fair Value
Investments:				
Cash & cash equivalents	**$ 275,277**	**$ 275,277**	$ 343,910	$ 343,910
Equities	**1,199,732**	**1,742,972**	1,221,754	1,761,744
Corporate/government bonds	**659,187**	**653,750**	628,797	627,073
Mutual funds	**3,152,034**	**3,413,713**	3,028,738	3,231,782
Total Investments	**$5,286,230**	**$6,085,712**	$ 5,223,199	$ 5,964,509

Investment fees for the period ended December 31, 2016 and 2015 were $40,136 and $39,950, respectively.

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, 2016 and 2015.

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)

Money Markets: Valued at the net asset value (NAV) of shares held by the Organization at year-end.

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.

U.S. Government Obligations: Valued on the basis of market valuations primarily furnished by an independent pricing service which employs various evaluation methods, utilizing the most appropriate method of each security. Such market valuations may represent the last quoted price on the securities' major trading exchange, quotes received from dealers or market makers in the relevant securities, or matrix pricing.

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Money markets	$ -	$275,277	$ -	$ 275,277
Corporate bonds	-	653,750	-	653,750
Mutual funds:		-	-	
Fixed income funds	1,116,174	-	-	1,116,174
Other funds	2,297,539	-	-	2,297,539
Total mutual funds	3,413,713	-	-	3,413,713
Common stocks:				
Industrials	100,565	-	-	100,565
Telecommunications	36,142	-	-	36,142
Consumer	141,180	-	-	141,180
Other	1,465,085	-	-	1,465,085
Total common stocks	1,742,972	-	-	1,742,972
Total assets at fair value	$5,156,685	$929,027	$ -	$6,085,712

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Money markets	$ -	$ 343,910	$ -	$ 343,910
Corporate bonds	-	627,073	-	627,073
Mutual funds:		-	-	
Fixed income funds	1,198,840	-	-	1,198,840
Other funds	2,032,942	-	-	2,032,942
Total mutual funds	3,231,782	-	-	3,231,782
Common stocks:				
Industrials	89,628	-	-	89,628
Telecommunications	10,183	-	-	10,183
Consumer	194,333	-	-	194,333
Other	1,467,600	-	-	1,467,600
Total common stocks	1,761,744	-	-	1,761,744
Total assets at fair value	$ 4,993,526	$ 970,983	$ -	$ 5,964,509

NOTE H – DEFINED BENEFIT PLAN

The Corporation sponsored a defined benefit pension plan (the Plan). Full-time employees over the age of 21 were eligible to participate in the Plan. The Corporation'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 Corporation 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 freezing 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. Based upon notification from the plan administrator, a final contribution of $100,200 was made to the plan in March 2017 to satisfy the remaining distribution of plan assets. As of March 31, 2017, all assets have been distributed from the plan.

The expected long-term rate of return on Plan assets was 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 used a December 31 measurement date for the Plan. Summarized information for the Plan as of December 31, 2016 and 2015 is as follows:

	2016	2015
Change in benefit obligation:		
Benefit obligation at beginning of year	**$ 160,763**	$ 311,535
Service cost	**13,260**	11,504
Interest cost	**5,441**	9,518
Change due to assumption changes	**1,389**	(1,729)
Actuarial (gain) loss	**404**	16,003
Benefits disbursed	**-**	(174,564)
Expense charges	**(13,260)**	(11,504)
Benefit obligation at end of year	**$ 167,997**	$ 160,763
Change in Plan assets:		
Fair value of Plan assets at beginning of year	**$ 4,030**	$ 149,702
Actual return on Plan assets	**(5)**	(389)
Employer contributions	**93,765**	40,785
Benefits paid (including expense charges)	**(13,260)**	(186,068)
Fair value of Plan assets at end of year	**$ 84,530**	$ 4,030

NOTE H – DEFINED BENEFIT PLAN (continued)

	2016	2015
Components of net periodic benefit cost:		
Service cost	**$ 13,260**	$ 11,504
Interest cost on benefit obligations	**5,441**	9,518
Expected return on Plan assets	**(1,771)**	(7,396)
Recognized actuarial loss	**8,001**	18,808
Amortization of unrecognized transition obligation	**(1,226)**	(2,558)
Amount of (gain) or loss recognized due to settlement	**-**	69,155
Net periodic pension cost	**$ 23,705**	$ 99,031

Weighted average assumptions as of December 31, 2016 and 2015:

	2016	2015
Assumed discount rate	**3.10%**	3.25%
Expected rate of return on Plan assets	**4.00%**	4.50%

As of December 31, 2016, $1,226 is estimated to be reclassified as net periodic benefit cost over the next year.

Items not yet recognized in net periodic pension cost:

	2016	2015
Unrecognized net (asset)	**$ (6,132)**	$ (7,358)
Unrecognized actuarial loss	**66,614**	71,046

The Plan was 100% invested in fixed income investments that are classified as Level 2 investments as of December 31, 2016 and 2015 under the fair value hierarchy set out by FASB ASC 820. The Organization's overall strategy was to invest in high-grade securities and other assets with a minimum risk of market value fluctuation.

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 2016 and 2015. The Organization's contributions to the plan are based on 4% of employee wages. Total pension plan contributions were $13,476 and $11,700 for the years ended December 31, 2016 and 2015, 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.

NOTE K – CONCENTRATION OF RISK (continued)

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.

Major Contributors
During 2016, the Organization received $224,000 of its contributions from one business and its employees. At December 31, 2016, this entire amount was included in campaign pledges receivables. During 2015, the Organization received $314,160 of its contributions from one business and its employees. At December 31, 2015, 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 2, 2017, 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,													
	2016							2015						
	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 AND RELATED EXPENSES:														
Salaries	$ 226,927	$ 43,640	$ 270,567	$ 34,914	$ 130,920	$ 165,834	$ 436,401	$ 175,214	$ 47,454	$ 222,668	$ 32,853	$ 109,509	$ 142,362	$ 365,030
										-				
Employee benefits	52,698	10,134	62,832	8,107	30,403	38,510	101,342	53,786	14,567	68,353	10,085	33,616	43,701	112,054
Payroll taxes	19,651	3,779	23,430	3,024	11,337	14,361	37,791	15,104	4,091	19,195	2,832	9,439	12,271	31,466
										-				
TOTAL SALARIES AND RELATED EXPENSES	299,276	57,553	356,829	46,045	172,660	218,705	575,534	244,104	66,112	310,216	45,770	152,564	198,334	508,550
Office supplies	1,910	367	2,277	294	1,102	1,396	3,673	1,601	534	2,135	355	1,067	1,422	3,557
Campaign supplies	-	-	-	-	28,894	28,894	28,894	1,827	609	2,436	406	1,218	1,624	4,060
Telephone	2,659	511	3,170	409	1,534	1,943	5,113	2,410	803	3,213	536	1,607	2,143	5,356
Postage and shipping	1,115	126	1,241	228	1,433	1,661	2,902	1,562	521	2,083	347	1,041	1,388	3,471
Utilities	2,749	529	3,278	423	1,586	2,009	5,287	2,557	852	3,409	568	1,705	2,273	5,682
Insurance	3,721	716	4,437	572	2,147	2,719	7,156	3,882	1,294	5,176	862	2,588	3,450	8,626
Printing and publications	6,875	544	7,419	365	2,587	2,952	10,371	5,124	1,708	6,832	1,139	3,416	4,555	11,387
Transportation and travel	6,481	-	6,481	-	4,144	4,144	10,625	6,003	2,001	8,004	1,335	4,003	5,338	13,342
Local meetings	8,057	-	8,057	360	1,752	2,112	10,169	6,638	2,212	8,850	1,475	4,425	5,900	14,750
Rental and maintenance of equipment and building	13,409	2,579	15,988	2,063	7,736	9,799	25,787	13,058	4,352	17,410	2,901	8,706	11,607	29,017
Membership dues and tuition	5,956	1,145	7,101	916	3,436	4,352	11,453	6,367	2,122	8,489	1,415	4,245	5,660	14,149
Professional fees	13,764	2,647	16,411	2,118	7,941	10,059	26,470	10,462	3,488	13,950	2,325	6,974	9,299	23,249
Investment expense	11,616	-	11,616	-	-	-	11,616	-	-	-	11,964	-	11,964	11,964
Data processing expense	3,712	-	3,712	-	-	-	3,712	4,916	-	4,916	-	-	-	4,916
Miscellaneous expense	880	169	1,049	135	508	643	1,692	1,236	412	1,648	275	824	1,099	2,747
Depreciation	2,046	393	2,439	315	1,180	1,495	3,934	2,888	962	3,850	642	1,925	2,567	6,417
TOTAL EXPENSES	$ 384,226	$ 67,279	$ 451,505	$ 54,243	$ 238,640	$ 292,883	$ 744,388	$ 314,635	$ 87,982	$ 402,617	$ 72,315	$ 196,308	$ 268,623	$ 671,240

PACKER · THOMAS

Certified Public Accountants & Business Consultants

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1-800-943-4278
www.packerthomas.com