


- **Financial Statements**
- with Supplementary Information in Accordance
- with Governmental Auditing Standards,
- the Uniform Guidance and Other Matters

- **United Way of**
- **Central Ohio, Inc.**

- March 31, 2017 and 2016



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To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

Independent Auditor's Report

We have audited the accompanying financial statements of United Way of Central Ohio, Inc. (United Way), which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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 controls 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 controls 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 as of March 31, 2017 and 2016, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 27, 2017, on our consideration of the entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

GBQ Partners LLC

UNITED WAY OF CENTRAL OHIO, INC.
Statements of Financial Position
March 31, 2017 and 2016

	2017	2016
ASSETS		
Assets		
Cash and cash equivalents	\$ 13,034,864	\$ 12,807,563
Contributions receivable, net	20,615,802	21,623,802
Short-term investments	2,238,979	2,467,832
Other assets	972,526	1,111,472
Funds held by others	1,092,253	1,046,711
Property and equipment, net	1,270,982	1,409,056
TOTAL ASSETS	\$ 39,225,406	\$ 40,466,436
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other miscellaneous liabilities	\$ 249,641	\$ 258,462
Grants payable for initiative programs	645,902	513,298
Funded agency allocations payable	2,369,167	3,953,859
Donor designations payable to agencies	7,917,550	7,890,427
Accrued payroll and related liabilities	1,204,787	1,045,472
Capital lease obligations	43,697	96,575
Funds held for others	288,318	274,844
Total liabilities	12,719,062	14,032,937
Net Assets		
Unrestricted	20,727,079	18,827,489
Temporarily restricted	5,779,265	7,606,010
Total net assets	26,506,344	26,433,499
TOTAL LIABILITIES AND NET ASSETS	\$ 39,225,406	\$ 40,466,436

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

UNITED WAY OF CENTRAL OHIO, INC.

Statements of Activities and Changes in Net Assets

For the Year Ended March 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues			
Campaign revenues:			
Campaign contributions, current period	\$ -	\$ 45,207,488	\$ 45,207,488
Grants for initiatives received through the campaign	580,595	6,629,952	7,210,547
Other campaign contributions	517,688	-	517,688
Campaign resources raised in the current year - gross	1,098,283	51,837,440	52,935,723
Less: donor designations, funded agencies and initiatives	-	(4,323,186)	(4,323,186)
Less: donor designations, other agencies	-	(18,983,276)	(18,983,276)
Less: estimated uncollectible pledges	-	(1,803,277)	(1,803,277)
Campaign revenues - net	1,098,283	26,727,701	27,825,984
Other revenues:			
Special initiative program funding	-	1,562,754	1,562,754
Contributions from other United Ways	406,322	-	406,322
Interest and investment gain	65,283	-	65,283
Donor designation processing fee	1,233,987	-	1,233,987
Sponsorships and other	600,405	-	600,405
Total other revenues	2,305,997	1,562,754	3,868,751
Total revenues before releases from restriction	3,404,280	28,290,455	31,694,735
Net assets released from restriction	30,117,200	(30,117,200)	-
Total revenues	33,521,480	(1,826,745)	31,694,735
Expenses			
Grants and allocations	35,277,197	-	35,277,197
Less: allocations funded through designations	(21,263,264)	-	(21,263,264)
Net grants and allocations	14,013,933	-	14,013,933
Support services:			
Management and general	3,457,397	-	3,457,397
Resource development and fundraising	3,413,084	-	3,413,084
Program services:			
Community impact	1,803,934	-	1,803,934
Community services	200,440	-	200,440
Initiative program services	8,733,102	-	8,733,102
Total functional expenses	17,607,957	-	17,607,957
Total expenses	31,621,890	-	31,621,890
Change in Net Assets	1,899,590	(1,826,745)	72,845
Net Assets - Beginning of Year	18,827,489	7,606,010	26,433,499
Net Assets - End of Year	\$ 20,727,079	\$ 5,779,265	\$ 26,506,344

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

UNITED WAY OF CENTRAL OHIO, INC.
Statements of Activities and Changes in Net Assets (continued)
For the Year Ended March 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues			
Campaign revenues:			
Campaign contributions, current period	\$ -	\$ 45,305,053	\$ 45,305,053
Grants for initiatives received through the campaign	504,032	2,116,650	2,620,682
Other campaign contributions	1,444,312	-	1,444,312
Campaign resources raised in the current year - gross	1,948,344	47,421,703	49,370,047
Less: donor designations, affiliated agencies and initiatives	-	(4,952,870)	(4,952,870)
Less: donor designations, other agencies	-	(18,604,222)	(18,604,222)
Less: estimated uncollectible pledges	-	(1,787,980)	(1,787,980)
Campaign revenues - net	1,948,344	22,076,631	24,024,975
Other revenues:			
Special initiative program funding	-	2,128,383	2,128,383
Contributions from other United Ways	471,747	-	471,747
Interest and investment loss	(18,507)	-	(18,507)
Donor designation processing fee	1,121,680	-	1,121,680
Sponsorships and other	900,870	-	900,870
Total other revenues	2,475,790	2,128,383	4,604,173
Total revenues before releases from restriction	4,424,134	24,205,014	28,629,148
Net assets released from restriction	31,646,679	(31,646,679)	-
Total revenues	36,070,813	(7,441,665)	28,629,148
Expenses			
Grants and allocations	36,859,866	-	36,859,866
Less: allocations funded through designations	(21,529,206)	-	(21,529,206)
Net grants and allocations	15,330,660	-	15,330,660
Support services:			
Management and general	3,194,121	-	3,194,121
Resource development and fundraising	3,393,817	-	3,393,817
Program services:			
Community impact	1,859,172	-	1,859,172
Community services	129,958	-	129,958
Initiative program services	9,298,021	-	9,298,021
Total functional expenses	17,875,089	-	17,875,089
Total expenses	33,205,749	-	33,205,749
Change in Net Assets	2,865,064	(7,441,665)	(4,576,601)
Net Assets - Beginning of Year	15,962,425	15,047,675	31,010,100
Net Assets - End of Year	\$ 18,827,489	\$ 7,606,010	\$ 26,433,499

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

UNITED WAY OF CENTRAL OHIO, INC.
Statements of Functional Expenses
For the Year Ended March 31, 2017

	Support Services		Program Services			Total
	Management and General	Resource Development and Fundraising	Community Impact	Community Services	Initiative Program Services (a)	
Salaries and Related Expenses						
Salaries	\$ 1,848,374	\$ 1,921,350	\$ 1,058,238	\$ 131,437	\$ 1,109,215	\$ 6,068,614
Employee benefits and related taxes	442,648	513,915	335,944	26,057	231,143	1,549,707
	<u>2,291,022</u>	<u>2,435,265</u>	<u>1,394,182</u>	<u>157,494</u>	<u>1,340,358</u>	<u>7,618,321</u>
Expenses						
Professional fees	583,694	182,878	177,946	3,605	344,105	1,292,228
Program grants and contracted agencies	-	-	-	-	6,513,317	6,513,317
Advertising and marketing	153,439	182,400	-	-	12,267	348,106
Office supplies, printing and postage	70,328	197,638	11,408	5,147	74,003	358,524
Occupancy, insurance and telephone	81,990	97,141	63,036	8,524	49,534	300,225
Special events	3,377	69,190	-	-	238,348	310,915
Travel and conferences	38,014	47,068	14,631	4,095	38,072	141,880
Miscellaneous	36,874	19,099	5,475	1,709	14,738	77,895
	<u>967,716</u>	<u>795,414</u>	<u>272,496</u>	<u>23,080</u>	<u>7,284,384</u>	<u>9,343,090</u>
Total Expenses before Depreciation and Amortization and Dues to United Way Worldwide	3,258,738	3,230,679	1,666,678	180,574	8,624,742	16,961,411
Depreciation and Amortization	64,329	59,066	44,446	6,433	35,089	209,363
Dues to United Way Worldwide	134,330	123,339	92,810	13,433	73,271	437,183
Total Functional Expenses	<u>3,457,397</u>	<u>3,413,084</u>	<u>1,803,934</u>	<u>200,440</u>	<u>8,733,102</u>	<u>17,607,957</u>
Net Grants and Allocations Expenses	-	-	-	-	14,013,933	14,013,933
Total Expenses	<u>\$ 3,457,397</u>	<u>\$ 3,413,084</u>	<u>\$ 1,803,934</u>	<u>\$ 200,440</u>	<u>\$ 22,747,035</u>	<u>\$ 31,621,890</u>

(a) Initiative Program Services includes Columbus Kids, Siemer Institute, Tax Time, Neighborhood Partnership Center, Project Diversity/Pride Leadership, Champion of Children, Columbus Volunteer Challenge and Care Coordination Network.

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

UNITED WAY OF CENTRAL OHIO, INC.
Statements of Functional Expenses (continued)
For the Year Ended March 31, 2016

	Support Services		Program Services			Total
	Management and General	Resource Development and Fundraising	Community Impact	Community Services	Initiative Program Services (a)	
Salaries and Related Expenses						
Salaries	\$ 1,687,702	\$ 1,865,075	\$ 1,098,842	\$ 80,208	\$ 1,403,214	\$ 6,135,041
Employee benefits and related taxes	531,559	491,067	363,236	15,409	328,080	1,729,351
	<u>2,219,261</u>	<u>2,356,142</u>	<u>1,462,078</u>	<u>95,617</u>	<u>1,731,294</u>	<u>7,864,392</u>
Expenses						
Professional fees	406,480	164,135	164,338	2,439	286,676	1,024,068
Program grants and contracted agencies	-	-	-	-	6,671,389	6,671,389
Advertising and marketing	109,453	124,635	-	-	25,659	259,747
Office supplies, printing and postage	74,505	265,598	13,183	4,896	134,667	492,849
Occupancy, insurance and telephone	85,819	100,265	63,666	6,425	81,332	337,507
Special events	1,281	103,803	839	227	210,954	317,104
Travel and conferences	64,223	44,929	12,435	3,275	18,671	143,533
Miscellaneous	36,392	18,318	3,781	1,651	13,955	74,097
	<u>778,153</u>	<u>821,683</u>	<u>258,242</u>	<u>18,913</u>	<u>7,443,303</u>	<u>9,320,294</u>
Total Expenses before Depreciation and Amortization and Dues to United Way Worldwide	2,997,414	3,177,825	1,720,320	114,530	9,174,597	17,184,686
Depreciation and Amortization	73,307	80,494	51,746	5,750	45,997	257,294
Dues to United Way Worldwide	123,400	135,498	87,106	9,678	77,427	433,109
Total Functional Expenses	<u>3,194,121</u>	<u>3,393,817</u>	<u>1,859,172</u>	<u>129,958</u>	<u>9,298,021</u>	<u>17,875,089</u>
Net Grants and Allocations Expenses	-	-	-	-	15,330,660	15,330,660
Total Expenses	<u>\$ 3,194,121</u>	<u>\$ 3,393,817</u>	<u>\$ 1,859,172</u>	<u>\$ 129,958</u>	<u>\$ 24,628,681</u>	<u>\$ 33,205,749</u>

(a) Initiative Program Services includes Columbus Kids, Franklin County Kids, Siemer Institute for Family Stability, Tax Time, Neighborhood Partnership Center, Project Diversity/Pride Leadership, Champion of Children, Columbus Volunteer Challenge and Learn4Life/FutureReady Columbus.

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

UNITED WAY OF CENTRAL OHIO, INC.
Statements of Cash Flows
For the Years Ended March 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ 72,845	\$(4,576,601)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Uncollectible pledge expense	1,803,277	1,787,980
Depreciation and amortization	209,363	257,294
Net investment (gain) loss on funds held by others	(45,542)	33,235
(Increase) decrease in assets:		
Contributions receivable	(795,277)	3,800,943
Other assets	138,946	(162,827)
(Decrease) increase in liabilities:		
Accounts payable and other miscellaneous liabilities	(8,821)	93,886
Grants payable for initiative programs	132,604	(166,175)
Funded agency allocations payable	(1,584,692)	6,225
Donor designations payable to agencies	27,123	(1,075,662)
Accrued payroll and related liabilities	159,315	(99,369)
Funds held for others	13,474	(37,734)
Total adjustments	49,770	4,437,796
Net cash and cash equivalents provided by (used in) operating activities	122,615	(138,805)
Cash Flows from Investing Activities:		
Purchases of short-term investments	(299,414)	(460,518)
Maturities of short-term investments	528,267	490,755
Contributions invested in funds held by others	-	(66,165)
Payments for the purchase of property and equipment	(71,289)	(45,901)
Net cash and cash equivalents provided by (used in) investing activities	157,564	(81,829)
Cash Flows from Financing Activities:		
Net payments on capital lease obligations	(52,878)	(47,276)
Increase (decrease) in cash and cash equivalents	227,301	(267,910)
Cash and Cash Equivalents – Beginning of Year	12,807,563	13,075,473
Cash and Cash Equivalents – End of Year	\$ 13,034,864	\$ 12,807,563
Supplemental Disclosures of Non-Cash Investing and Financing Transactions:		
Equipment acquired through capital lease obligation	\$ -	\$ 19,188

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

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Nature and Scope of Activities

United Way of Central Ohio, Inc. (United Way) is a not-for-profit, federated fund-raising organization, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

United Way's mission statement is to improve lives of others by mobilizing the caring power of our community.

United Way is a volunteer-driven organization, governed by a volunteer Board of Trustees. United Way connects individuals, businesses, government and not-for-profit organizations in Central Ohio in an effort to work together to identify and implement solutions to fight poverty within the community. United Way's fundraising efforts are conducted in Franklin County, Ohio, however services are provided in the broader Central Ohio region.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 periods. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

United Way reports information regarding its financial position and activities according to three classes of net assets as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions and are available for use in United Way's ongoing operations, including funds designated by the Board of Trustees.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of United Way pursuant to those restrictions, and/or upon receipt of funding or passage of date upon which funds were due.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the principal be maintained permanently by United Way and generally allow the use of investment earnings. As of March 31, 2017 and 2016, United Way had no permanently restricted net assets.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash on hand, cash maintained in interest bearing and non-interest bearing checking accounts, money market funds and certificates of deposit with original maturities of three months or less.

UNITED WAY OF CENTRAL OHIO, INC.
Notes to Financial Statements
March 31, 2017 and 2016



Summary of Significant Accounting Policies (continued)

Contributions Receivable and Revenues

Contributions receivable are promises to give from various donors that are considered unconditional. Contributions receivable primarily consist of pledges made during annual giving campaign appeals, and are presented net of the allowance for doubtful accounts.

Contributions receivable are considered past due when the pledge payment period has passed. An allowance is recorded for each campaign year based on management's evaluation of outstanding pledges. This estimation takes into consideration current economic factors applied to the gross campaign, historical trends and past history with specific funding sources. Actual results could vary from the estimate. Once the likelihood of collecting receivables is determined to be remote, management writes off the specific account balance and relieves any related allowance.

Revenues that are identified as exchange transactions or contributions with no restrictions are reported as increases in unrestricted net assets in the year that service is provided or the promise to contribute is received and/or receipt of funding occurred, respectively.

Unconditional contributions are recognized as revenue in the year the commitment or payment is first received. Conditional contributions are not recognized until the conditions are substantially met, the pledge or grant can be considered legally enforceable, or the likelihood of the condition not occurring is remote. Contributions of assets other than cash are recorded at estimated fair value at the date of receipt.

Significant revenue funding is reported on the statements of activities as follows:

Campaign Contributions, Current Period

Campaign contributions include the annual campaign directed at corporations, individuals, employers/employees of for-profit, non-profit and governmental entities, as well as public and private foundations.

This funding is originally recorded as temporarily restricted contribution revenue in the month that the promise to give is received. The core campaign is conducted each fall, and a majority of the pledges are received prior to December 31. The contributions are restricted based on timing of promised payments. All payments are typically expected by December 31 of the following year. Designations to specific not-for-profit organizations other than United Way are deducted from campaign resources raised during the current year campaign. Similarly, the grant and allocation expense is reduced by donor designations. Processing fees to record and distribute designations are recorded in unrestricted other revenues. Several large company campaigns utilize a third-party payer to process employee contributions or pledges. In these campaigns, when employees designate their contributions or pledges to another agency, and the payment is made directly to that agency by the processing entity, United Way records the pledges as "pay direct designations." Because pay direct pledges will not be paid to United Way, they are released from temporarily restricted net assets and are not included in the pledge receivable balance at year-end.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Summary of Significant Accounting Policies (continued)

Contributions Receivable and Revenues (continued)

Campaign Contributions, Current Period (continued)

For the remaining campaign pledges and other donor designations, there are various payment options but payment generally occurs on a monthly or quarterly basis during the calendar year. Accordingly, management adopted a policy to release 25% of the campaign contributions and other donor designations from temporarily restricted net assets to unrestricted net assets at the end of the first calendar quarter, on March 31, with the remaining amount being released in the subsequent fiscal year.

Grants for Initiatives Received Through the Campaign

Grants include specially promoted initiatives developed by United Way for which specific targeted donor solicitation occurs during the annual campaign period. Grants are funded by corporations, governmental agencies and foundations.

Grant funding is originally recorded as temporarily restricted contribution revenue in the month that the promise to give is received, provided that the contribution is unconditional. Management then monitors the progress of the grant related project to ensure that the identified initiatives are completely performed pursuant to the terms of the grant, as well as to ensure that direct, and in certain cases, applicable indirect allocated costs are incurred. To the extent that the applicable performance and incurred costs are fulfilled, management releases the contribution revenue from temporarily restricted net assets to unrestricted net assets.

Other Campaign Contributions

Other campaign contributions include collections in excess of the original reserve estimate from prior campaigns.

Special Initiative Program Funding

Funding includes other United Way initiatives and programs for which funding is solicited as part of the annual campaign process where donors have specifically designated their contribution for the initiative. United Way records the revenue initially through campaign contributions, records a contra-revenue to donor designations – affiliate agencies and initiatives, and then re-records the revenue to special initiative program funding.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016



Summary of Significant Accounting Policies (continued)

Contributions Receivable and Revenues (continued)

Special Initiative Program Funding (continued)

This grant initiative funding is originally recorded as temporarily restricted contribution revenue in the month that the promise to give is received. Management then monitors the progress of the related initiative to ensure that applicable direct and allocated indirect costs are incurred. Management releases the contribution revenue from temporarily restricted net assets to unrestricted net assets in the month that sufficient costs are incurred. As of March 31 of each fiscal year end, typically 100% of the grant initiative funding is released from temporarily restricted net assets. This accounting occurs regardless of whether the donor is making payments over a period of time extending into the subsequent fiscal year, as management believes that the donor intended the funding to be applicable for the same fiscal year in which the promise to give is made.

Donor Designation Processing Fee

Donor designation processing fee includes public sector campaign administrative fees associated with United Way's role as the campaign coordinating organization and cost recovery fees assessed on private sector campaign donor designated pledges for fundraising, management and general expenses, based on actual historical costs, in accordance with United Way Worldwide Membership Requirements.

Sponsorships and Other Revenue

Sponsorships and other revenue typically include general unrestricted contributions, gifts and bequests, sponsorship funding and attendance fees for special events, as well as funding from endowments established at The Columbus Foundation for which the United Way does not have variance power.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Summary of Significant Accounting Policies (continued)

Fair Value Measurements

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

- | | |
|---------|--|
| Level 1 | Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date. |
| Level 2 | Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability. |
| Level 3 | Inputs are significant unobservable inputs for the asset or liability. |

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Short-Term Investments

Investments are stated at fair value, excluding certificates of deposit which are valued at cost plus accrued interest. Realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statements of activities and changes in net assets unless the donor has restricted earnings. If restricted earnings have restrictions met in the same year, those earnings are released from restrictions.

Investments are exposed to various risks such as interest rate, market and credit risks. Accordingly, it is at least reasonably possible that changes in the fair value of investments may occur in the near term, which could be material.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation or amortization. Depreciation or amortization is computed using the straight-line method over the assets' estimated useful lives of 3 to 40 years. Major improvements and betterments are capitalized and depreciated or amortized. Maintenance and repairs that do not improve or extend the estimated useful lives of the respective assets are charged to expense as incurred. The carrying amounts of assets sold, retired or otherwise disposed and the related accumulated depreciation or amortization are eliminated from the accounts and any resulting gain or loss is included in the statements of activities.

Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment at least annually, or whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management determined that no impairment existed as of March 31, 2017 or 2016.

Donated Services

In-kind contributions of materials, property or equipment are recorded as contributions at the estimated fair value on the date of receipt. Contributions of services that enhance non-financial assets or require specialized skills, and are provided by individuals possessing those skills, are recorded as contributions at the estimated fair value of the service received. United Way makes extensive use of volunteers in conducting its campaign and various program activities. Such services are not reflected in the financial statements, as those services do not meet this definition.

United Way Worldwide (UWW) maintains relationships with the National Football League (NFL), the Ad Council, and other organizations on behalf of local United Ways. UWW underwrites the cost to produce Public Service Announcements (PSAs) that promote education, financial stability, and healthy living that features individuals who are involved in various local United Way community volunteer activities. The NFL, the Ad Council, and other organizations furnish the media space (television and radio airtime, newspaper and magazine print space, billboards, etc.) throughout the year at no cost to United Way. Management has elected to disclose an allocation of airtime based upon a multiplication factor of annual dues. This factor is provided to local United Ways by UWW before March 31st of each year, for application to the prior year's accounting. The allocated value of the donated media was estimated to be \$400,000 and \$970,000 for the calendar years ended December 31, 2016 and 2015, respectively.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Summary of Significant Accounting Policies (continued)

Agency Transactions

United Way receives resources in certain transactions where it is acting as an intermediary for the resource providers. The resources are then delivered to third-party recipients and service providers. Accordingly, these transactions are recognized as changes in assets and liabilities and do not affect the statement of activities. Agency liabilities are classified on the statement of financial position as “funds held for others.” United Way had agency relationships with the following:

- George Meany Banquet
- L Brands Volunteer Fund
- City Readers
- Ohio Civil Rights Hall of Fame
- Columbus Young Professionals
- KIVA Columbus

Functional Expenses

United Way allocates its expenses on a functional basis among its various programs and support services. Expenses are charged to each category based on direct expenditures incurred or an estimated allocation of employee costs.

Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately \$348,000 and \$260,000 for the years ended March 31, 2017 and 2016, respectively.

Income Taxes

United Way is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal, state or local taxes are included in the financial statements. United Way is also exempt from real estate taxes.

United Way performs an annual assessment for any uncertainty in income tax positions which includes an analysis of whether there are any tax positions taken with regard to unrelated business income, related deductions applied, or other activities that may jeopardize their tax exempt status and thus would meet the definition of an uncertain tax position. No tax liability accrual was recorded as of the years ended March 31, 2017 or 2016 relating to material uncertain positions taken as management believes there are none.

Cost Deduction Standards

The United Way Worldwide Membership Requirement M – Cost Deduction Requirements (“Requirement M”) sets forth uniform standards for local United Ways to calculate the maximum amount of fundraising and management and general expenses to deduct from donor pledges. United Way complies with the guidelines as outlined in Requirement M.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Summary of Significant Accounting Policies (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously reported change in net assets.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) recently issued Accounting Standards Update (ASU) 2016-14 to improve the presentation of financial statements of not-for-profit entities. It is effective for annual periods beginning after December 15, 2017 and addresses the following key qualitative and quantitative matters:

- Net assets classes
- Investment return
- Expenses
- Liquidity and availability of resources
- Presentation of operating cash flows

It is expected, in most cases, that ASU 2016-14 will affect disclosures in the financial statements, and should not have material effect on the accounting underlying the financial statements. Management has not yet determined the effect of the pronouncement on the financial statements.

Cash and Cash Equivalents

United Way maintains its cash and cash equivalents in financial institutions, which at times may exceed federally insured limits.

Cash held for agency contracts includes \$690,411 and \$551,092 for funds required to be maintained in separate bank accounts for the combined Federal Campaign and the State Campaign as of March 31, 2017 and 2016, respectively. The offsetting liabilities are reported within donor designations payable to other agencies on the statements of financial position.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Contributions Receivable

Contributions receivable consist of the following at March 31:

	2017	2016
Gross contributions receivable – 2016 campaign	\$ 22,584,723	\$ -
Allowance for estimated uncollectible accounts	<u>(2,283,921)</u>	<u>-</u>
Net 2016 campaign contributions receivable	<u>20,300,802</u>	<u>-</u>
Gross contributions receivable – 2015 campaign	1,688,165	23,860,045
Allowance for estimated uncollectible accounts	<u>(1,373,165)</u>	<u>(2,356,243)</u>
Net 2015 campaign contributions receivable	<u>315,000</u>	<u>21,503,802</u>
Gross contributions receivable – 2014 campaign	-	1,371,882
Allowance for estimated uncollectible accounts	<u>-</u>	<u>(1,251,882)</u>
Net 2014 campaign contributions receivable	<u>-</u>	<u>120,000</u>
Total net contributions receivable	<u>\$ 20,615,802</u>	<u>\$ 21,623,802</u>

The contributions receivable are due primarily within one year.

Siemer Family Foundation Grant

Since the inception of the Siemer Institute (SI) in 2011, the Siemer Family Foundation (SFF) has granted annual funding to United Way in support of the SI in advance of each calendar year. Beginning in calendar year 2015, the Board of the SFF decided to approve funding on an as-needed basis. Grants and associated funding are to be provided to United Way to support participating cities in accordance with the payment timelines established by respective funding agreements. This decision has resulted in delay of the timing of revenue recognition, since United Way recognizes revenue when grant funding is committed. Grants for initiatives received through the campaign from the SFF totaled \$4,938,500 and \$627,500 for the years ended March 31, 2017 and 2016, respectively. There was no contributions receivable balance or balance included in temporarily restricted net assets related to SFF contributions as of March 31, 2017 and 2016.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Short-Term Investments

The following is a summary of the fair value of investments as of March 31:

	2017	2016
Certificates of deposit	\$ 1,462,127	\$ 1,712,302
Bankers acceptances	731,465	725,388
Other	<u>45,387</u>	<u>30,142</u>
Total short-term investments	2,238,979	2,467,832
Brokerage funds held in cash and cash equivalents	<u>740,327</u>	<u>204,587</u>
Total brokerage funds	<u>\$ 2,979,306</u>	<u>\$ 2,672,419</u>

The following table sets forth by level, within the fair value hierarchy, United Way's investments at fair value:

	Inputs	Technique
Corporate Bonds	Level 2	Amortized cost, based on similar securities in active markets
Bankers acceptances/Other	Level 2	Amortized cost, based on the specified maturity amount of the original draft

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although United Way believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

United Way has certificates of deposit with initial maturities greater than three months. These investments are readily convertible to cash, but may be subject to a penalty upon conversion. The certificates bear interest ranging from 0.55% to 0.95% with maturity dates through December 2017. Certificates of deposit are valued at amortized cost plus accrued interest.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Split-Dollar Life Insurance Agreement/Supplemental Executive Retirement Plan

As part of the benefits package for United Way's former President and Chief Executive Officer (former CEO), United Way provided a split-dollar life insurance policy and a supplemental executive retirement plan. The insured is the former President and CEO of United Way. The policy has a face value of \$1,462,500. United Way also entered into a life insurance endorsement agreement whereby United Way is entitled to its interest in the policy which is the greater of the total of all premiums paid or the accumulated cash surrender value upon date of death. The former CEO has designated a beneficiary to receive the remaining death proceeds, net of United Way's interest. United Way has paid all premiums to the insurer, a portion of which was directly expensed and the remaining portion was applied to cash surrender value. The accumulated cash surrender value is approximately \$830,000 and \$790,000 as of March 31, 2017 and 2016, respectively, and is included in other assets on the statements of financial position. Premium payments were no longer required as of 2012.

United Way also established a supplemental executive retirement plan with the former CEO which provides a lump sum benefit to be paid to the former CEO of \$850,000 upon reaching the normal retirement age of 65. The benefit has vested at gradual increasing percentages, beginning at age 54. The accrued retirement benefits were approximately \$638,000 as of March 31, 2017 and 2016 and are included in the accrued payroll and related liabilities in the statements of financial position. The eventual payment of this liability is planned to be funded by United Way's portion of the life insurance policy described above.

In April 2016, the former CEO announced her pending retirement. The former CEO stepped down from the role of President & CEO effective March 31, 2017 when a new President & CEO was hired. In conjunction with the retirement announcement, an agreement was executed to confirm that the full lump sum benefit will be paid on November 10, 2017 and the former CEO will be considered a United Way employee until that date.

Funds Held by Others

In 2002, United Way established an account at The Columbus Foundation for quasi-endowment purposes and designated itself the beneficiary. Accordingly, the fair value of the fund is recorded as the asset "funds held by others" on the statements of financial position. The fair value was \$1,092,253 and \$1,046,711 as of March 31, 2017 and 2016, respectively. Investment income is distributed to United Way semi-annually and was approximately \$53,000 and \$51,000 for the years ended March 31, 2017 and 2016, respectively. Investment income (loss), including realized and unrealized gains and losses net of fees, was approximately \$98,000 and (\$17,000) for the years ended March 31, 2017 and 2016, respectively.

The fair value was confirmed by The Columbus Foundation based on units of the master investment pool applicable to United Way's pro-rata portion, and represented to be based on quoted active market prices; however, funds held by a community foundation under the arrangement described above are all considered to be within Level 2 of the fair value hierarchy.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Funds Held by Others (continued)

In addition, several endowment funds are maintained at The Columbus Foundation for the benefit of United Way. These funds represent endowment funds of The Columbus Foundation established by third-party donors. They are subject to the variance power of the Columbus Foundation's governing body and are therefore excluded from United Way's financial statements. United Way's interest in the fair value of these funds was approximately \$3,985,000 and \$3,756,000 at March 31, 2017 and 2016, respectively. Investment income is distributed to the United Way semi-annually and was approximately \$169,000 and \$159,000 for the years ended March 31, 2017 and 2016, respectively.

Property and Equipment

The following is a summary of property and equipment, at cost, as of March 31:

	2017	2016
Non-depreciable:		
Land	\$ 266,846	\$ 266,846
Depreciable:		
Building and building improvements	2,383,998	2,381,778
Furniture and equipment	901,010	951,740
Computer software	16,181	16,181
	<u>3,301,189</u>	<u>3,349,699</u>
Total cost	3,568,035	3,616,545
Less: accumulated depreciation and amortization	<u>(2,297,053)</u>	<u>(2,207,489)</u>
Property and equipment, net	<u>\$ 1,270,982</u>	<u>\$ 1,409,056</u>

Note Payable - Line of Credit

In June 2006, United Way entered into an unsecured revolving line of credit agreement with a bank in the amount of \$1,000,000. This line was extended in August 2016 and matures in September 2017. Interest is payable monthly at the bank's prime commercial rate (4.00% and 3.50% per annum as of March 31, 2017 and 2016, respectively), with all principal due at maturity. There was no outstanding balance on this obligation as of March 31, 2017 or 2016. No draws were made on the line since inception, and accordingly no interest has been incurred.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Funded Agency Allocations Payable

Funded agency allocations payable represents program funding amounts due to United Way funded agencies as approved and committed, but not yet paid, as of March 31. Funded agencies receiving program funding from United Way undergo intensive staff and volunteer pre-screening before being awarded funding. Available funds for funded agency and initiative program funding are determined by the amount of designated gifts and the allocation of undesignated contributions after allowing for anticipated uncollectible pledges and operating costs. United Way does not assess membership dues or fees to funded agencies for participating in the Combined Federal Campaign or other combined campaigns.

Donor Designations Payable to Agencies

Donor designations payable to agencies represents donor contributions directed to agencies and other United Ways accrued, but not yet paid, as of March 31. Donor designations payable to agencies are recorded net of associated cost deduction fees.

Capital Lease Obligations

United Way has various equipment leases accounted for as capital leases. Monthly payments total \$4,411 plus quarterly payments of \$1,476 through December 2018. Interest rates range from 6.91% to 12.10% for the leases.

Following is a summary of property held under capital lease and included in property and equipment as of March 31:

	2017	2016
Equipment	\$ 231,605	\$ 231,605
Less: accumulated depreciation	<u>(184,072)</u>	<u>(135,192)</u>
	<u>\$ 47,533</u>	<u>\$ 96,413</u>

Depreciation expense on equipment held under capital lease is included in depreciation and amortization expense on the statements of functional expenses.

Future minimum lease payments under these capital leases as of March 31, 2017 through maturity are as follows:

2018	\$ 35,904
2019	<u>10,017</u>
	45,921
Less: amount representing interest	<u>(2,224)</u>
Capital lease obligation	<u>\$ 43,697</u>

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016

Unrestricted Net Assets

The Board of Trustees designated certain funds to be used for programs that are designed to promote the mission of United Way which are included in unrestricted net assets.

Unrestricted net assets designated by the Board of Trustees for special purposes are as follows as of March 31:

	2017	2016
Board designated funds:		
Agency support and measurement and evaluation	\$ 42,375	\$ 37,491
Impact councils and strategic initiatives	1,523,307	2,063,591
Operating reserve	3,525,328	3,275,328
Quasi-endowment with Columbus Foundation	<u>1,092,253</u>	<u>1,046,711</u>
Subtotal of Board designated funds	<u>6,183,263</u>	<u>6,423,121</u>
Undesignated unrestricted net assets	<u>14,543,816</u>	<u>12,404,368</u>
Total unrestricted net assets	<u>\$ 20,727,079</u>	<u>\$ 18,827,489</u>

The undesignated unrestricted net assets that relate to surplus cash are anticipated to be used for future programs and initiatives.

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of annual campaigns, initiatives and programs, which are time restricted.

Temporarily restricted net assets are held in cash and cash equivalents and contributions receivable net of designations and funded agency allocations payable as of March 31, 2017 and 2016.

Concentrations

Three and two donor organizations accounted for approximately 44% and 36% of total annual campaign results for the years ended March 31, 2017 and 2016, respectively. Two donor organizations accounted for approximately 35% and 34% of current campaign year net contributions receivable as of March 31, 2017 and 2016, respectively.

UNITED WAY OF CENTRAL OHIO, INC.

Notes to Financial Statements

March 31, 2017 and 2016



Retirement Plans

United Way established a defined contribution 401(k) plan, which covers substantially all employees who have completed one month of service and are at least 21 years old. Participants may contribute a percentage of their compensation on a pre-tax basis, up to the maximum allowed under federal guidelines. United Way provides a matching contribution of up to 3% of the participants' eligible compensation for individuals participating in the 401(k) plan who have completed at least one year of service. The matching contribution to this Plan for the years ended March 31, 2017 and 2016 was approximately \$121,000 and \$114,000, respectively.

The 401(k) plan also allows for an additional 3% safe harbor contribution for each eligible employee with at least one year of service, regardless of whether the employee is contributing to the 401(k) plan. The total safe harbor contribution to the 401(k) plan during the years ended March 31, 2017 and 2016 was approximately \$151,000 and \$156,000, respectively.

Subsequent Events – Date of Management Evaluation

Management evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

UNITED WAY OF CENTRAL OHIO, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U.S Department of Health and Human Services		
Franklin County Department of Job and Family Services Columbus Kids	93.667	\$ 580,595
Franklin County Department of Job and Family Services Franklin County Youth Council	93.558	<u>71,683</u>
<i>Total U.S. Department of Health and Human Services</i>		652,278
U.S. Department of Treasury		
Internal Revenue Service Volunteer Income Tax Assistance	21.009	75,967
Community Development Block Grant		
Franklin County Economic Development and Planning Fresh Foods Here	14.218	<u>54,135</u>
Total Expenditures of Federal Awards		<u>\$ 782,380</u>

The accompanying schedule of expenditures of federal awards (the Schedule) is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the accompanying consolidated financial statements.

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To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central Ohio, Inc. (United Way), which comprise the statement of financial position as of March 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of United Way's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees
United Way of Central Ohio, Inc.
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GBQ Partners LLC

Columbus, Ohio
June 27, 2017



To the Board of Trustees
United Way of Central Ohio, Inc.
Columbus, Ohio

**Independent Auditor's Report on Compliance for each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited United Way of Central Ohio, Inc.'s (United Way) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on United Way's major federal programs for the year ended March 31, 2017. United Way's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of United Way's compliance.

Opinion on the Major Federal Programs

In our opinion, United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

Report on Internal Control over Compliance

Management of United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal programs and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GBQ Partners LLC

UNITED WAY OF CENTRAL OHIO, INC.
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued – unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs – unmodified.

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.667	U.S. Department of Health and Human Services – Social Services Block Grant – Title XX

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

UNITED WAY OF CENTRAL OHIO, INC.
Schedule of Findings and Questioned Costs (continued)
For the Year Ended March 31, 2017



Section II – Financial Statements Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary of Status of Prior Year Findings

Uniform Guidance procedures were not performed in the prior year due to federal expenditures not meeting required thresholds.