

Audited Financial Statements

**LEAGUE OF WOMEN VOTERS OF OHIO
EDUCATION FUND**

**For the Year Ended June 30, 2010
(with comparative totals for 2009)**

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EDUCATION FUND
For the Year Ended June 30, 2010
(with comparative totals for 2009)

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Officers
League of Women Voters of Ohio Education Fund

We have audited the accompanying statements of financial position of the League of Women Voters of Ohio Education Fund (a nonprofit corporation) as of June 30, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the League's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the League's 2009 financial statements and, in our report dated March 1, 2010, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League of Women Voters of Ohio Education Fund as of June 30, 2010, and the changes in its net assets and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Columbus, Ohio
March 4, 2011

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 194,435	\$ 222,595
Unconditional promise to give:		
Joyce Foundation for next fiscal year	125,000	-
LWVUS	-	5,000
Accounts receivable, net	660	4,691
Accounts receivable - LWVO	24,246	-
Investments - Note 5	8,802	7,727
Beneficial interest in assets held by others - Note 8	68,285	61,887
Inventory	2,616	4,811
Prepaid expenses	709	2,659
Deferred expenses	-	883
Furniture and equipment, net of accumulated depreciation of \$10,643 and \$9,886 in 2010 and 2009, respectively	6,462	599
TOTAL ASSETS	<u>\$ 431,215</u>	<u>\$ 310,852</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,234	\$ 7,249
Accounts payable - LWVO	-	4,872
Other liabilities	1,877	3,992
Deferred revenues	-	6,137
TOTAL LIABILITIES	7,111	22,250
NET ASSETS		
Unrestricted	1,420	(12,725)
Temporarily restricted	390,265	268,908
Permanently restricted	32,419	32,419
TOTAL NET ASSETS	<u>424,104</u>	<u>288,602</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 431,215</u>	<u>\$ 310,852</u>

See accompanying notes to financial statements

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2010 (with comparative totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2010</u>	<u>2009</u>
REVENUES, SUPPORT AND RECLASSIFICATIONS					
Contributions	\$ 32,453	\$ 39,284	\$ -	\$ 71,737	\$ 60,752
Grant revenue	-	278,000	-	278,000	18,422
Publications	3,726	-	-	3,726	5,103
Membership fees	12,674	-	-	12,674	13,358
Investment income (loss)	9,013	1,689	-	10,702	(3,994)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue and support	57,866	318,973	-	376,839	93,641
Net assets released from restrictions	197,616	(197,616)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue, support and reclassifications	255,482	121,357	-	376,839	93,641
EXPENSES					
Program services	219,702	-	-	219,702	213,485
Management and general	16,341	-	-	16,341	21,683
Fundraising	5,294	-	-	5,294	9,226
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	241,337	-	-	241,337	244,394
CHANGES IN NET ASSETS					
	14,145	121,357	-	135,502	(150,753)
NET ASSETS, BEGINNING OF YEAR					
	(12,725)	268,908	32,419	288,602	439,355
NET ASSETS, END OF YEAR					
	<u>\$ 1,420</u>	<u>\$ 390,265</u>	<u>\$ 32,419</u>	<u>\$ 424,104</u>	<u>\$ 288,602</u>

See accompanying notes to financial statements

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010 (with comparable totals for 2009)

	2010				2009 Total
	Program Services	Management and General	Fundraising	Total	
Grants and other program expenditures	\$ 186,276	\$ -	\$ -	\$ 186,276	\$ 183,686
Compensation, benefits and related taxes	16,414	6,126	1,960	24,500	28,567
Professional fees	9,180	5,857	1,096	16,133	9,947
Rents	1,520	567	181	2,268	2,958
Board of Trustees and committees	629	378	252	1,259	4,054
Publications	2,170	-	-	2,170	1,716
Fundraising	-	-	1,305	1,305	5,569
Depreciation	265	378	113	756	762
Telephone	423	158	51	631	633
Website	1,161	433	138	1,733	318
Supplies	197	74	23	294	1,195
Equipment repairs	357	133	43	533	325
Voters service	216	80	26	322	2,594
Bank charges	-	1,749	-	1,749	933
Insurance	894	335	106	1,335	669
Other	-	73	-	73	468
	<u>\$ 219,702</u>	<u>\$ 16,341</u>	<u>\$ 5,294</u>	<u>\$ 241,337</u>	<u>\$ 244,394</u>

See accompanying notes to financial statements

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Changes in net assets	\$ 135,502	\$ (150,753)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	756	762
Unrealized (gain) loss on investments	(7,473)	9,311
Unconditional promise to give	(120,000)	120,000
Accounts receivable	4,031	(4,183)
Accounts receivable - LWVO	(29,118)	-
Deferred expenses	883	434
Inventory	2,195	356
Prepaid expenses	1,950	(1,370)
Accounts payable	(2,015)	(9,497)
Accounts payable - LWVO	-	4,584
Deferred revenues	(6,137)	(4,888)
Other liabilities	(2,115)	3,992
	<u>(21,541)</u>	<u>(31,252)</u>
Net cash used in operating activities		
INVESTING ACTIVITIES		
Purchase of fixed assets	(6,619)	-
	<u>(6,619)</u>	<u>-</u>
Net cash used in investing activities		
	<u>(6,619)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(28,160)	(31,252)
CASH AND CASH EQUIVALENTS		
Beginning of year	222,595	253,847
End of year	<u>\$ 194,435</u>	<u>\$ 222,595</u>

See accompanying notes to financial statements.

**LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009**

NOTE 1 - NATURE OF ACTIVITIES

League of Women Voters of Ohio Education Fund ("the Education Fund") is a nonpartisan educational organization that seeks to increase public understanding of major public policy issues and to promote awareness of the options available in government decision-making. It provides educational services, research, publications, and conferences on public policy issues to enable citizens to take part more effectively in the democratic process.

The Education Fund shares certain operating functions, including executive administration, fundraising and office space with the League of Women Voters of Ohio ("LWVO" or "League"), an affiliated entity. Each Organization pays for its portion of shared expenses.

The Education Fund's support comes primarily from donor contributions and various grants used for the Education's Fund's programs and Local League activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Education Fund have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The Education Fund 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.

Use of Estimates

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

Revenue Recognition

Contributions and grants received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based upon the nature of the restrictions.

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give are recognized at their net realizable value if expected to be collected in one year.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Education Fund. The value of this contributed time is not reflected in the accompanying financial statements since the volunteer's time does not meet the criteria for recognition.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Education Fund considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Management periodically reviews all accounts receivable for collectibility. No allowance for doubtful accounts was deemed necessary at June 30, 2010 and 2009.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the statement of financial position. 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 in the reporting period in which the income and gains are recognized.

Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out ("FIFO") inventory method.

Furniture and Equipment

Furniture and equipment is stated at cost for purchased items, or at market value at the date the item was received for donated items. Incidental purchases or donations are expensed. Depreciation is computed on the straight line method over estimated useful lives.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements in order to conform them to classifications used for the current year.

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

The Education Fund is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax is required. In addition, the Education Fund has not been classified as a private foundation by the Internal Revenue Service.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated to programs and supporting services benefited.

NOTE 3 - ENDOWMENT FUNDS

The Education Fund adopted investment and spending policies based on the requirements of *The Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as enacted by Ohio on June 1, 2009. The financial goal of the Education Fund's investment policies is to preserve and enhance investment value while supporting current income needs. The goal is achieved over time through the combination of prudent investment management in conjunction with an appropriate spending policy.

As a result of the Education Fund's compliance with UPMIFA, and in accordance with donor restrictions, contributions to the endowment funds are classified as permanently restricted net assets. The historic dollar value of those contributions must be maintained inviolate. Income from the funds are classified with temporarily restricted net assets until the purpose restriction is satisfied. When the purpose restriction is met, the net assets are reclassified to unrestricted net assets. The adoption of this Act had no material effect on the Education Fund's financial statements.

	<u>Permanently Restricted</u>
Endowment Net Assets - July 1, 2008	\$ 32,419
Investment income	<u> -</u>
Endowment Net Assets - June 30, 2009	32,419
Investment income	<u> -</u>
Endowment Net Assets - June 30, 2010	<u>\$ 32,419</u>

The restrictions are for the donated assets to remain in perpetuity and the Education Fund does not have the right to invade the original principal. The use of the income from this endowment is at the discretion of the Education Fund. The funds are currently invested in money market funds.

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 4 - PROMISES TO GIVE

Unconditional promises to give were \$125,000 and \$5,000 at June 30, 2010 and 2009, respectively. All promises to give were collected within one year and were reported at net realizable value.

NOTE 5 - INVESTMENTS

Investments at June 30, 2010 and 2009 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
<i>June 30, 2010:</i>			
Mutual Funds	11,456	8,802	(2,654)
<i>June 30, 2009:</i>			
Mutual Funds	11,456	7,727	(3,729)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest	\$ 463	\$ 5,547
Net realized and unrealized gains	<u>10,239</u>	<u>(9,541)</u>
Total investment return	<u>\$ 10,702</u>	<u>\$ (3,994)</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

The following table presents the League's fair value hierarchy for the financial assets measured on a recurring basis at June 30, 2010 and 2009. The League's investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following:

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Mutual Funds	\$ 8,802	\$ 7,727
Beneficial interest in assets held by Others	<u>68,285</u>	<u>61,887</u>
	<u>\$ 77,087</u>	<u>\$ 69,614</u>

The League uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The League measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value and are readily available.

The carrying amounts of cash, cash equivalents and short-term receivables reported in the statements of financial position approximate fair values because of the short maturities of those financial instruments.

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 7 - CONCENTRATIONS OF RISK

The Education Fund has invested in money market funds which are not covered by federal deposit insurance. At June 30, 2010 and 2009, the balance in this fund is approximately \$95,000 and \$187,000, respectively. In addition, the Education Fund receives the majority of its grant funds from one source, the Joyce Foundation. The Joyce Foundation grant amounts to \$250,000 over the two year grant period.

NOTE 8 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Education Fund is the beneficiary of funds held in trust by the Columbus Foundation. The Education Fund's Board of Directors reserve the right to suggest which charitable organizations receive distributions, including the Education Fund. The fund values as of June 30, 2010 and 2009 are \$68,285 and \$61,887, respectively. For the year ended June 30, 2010, the net gain was \$1,186 and the payment from the Trust was \$1,140. For the year ended June 30, 2009, the net loss was \$2,662 and the payment from the Trust was \$2,955.

NOTE 9 - RESTRICTED NET ASSETS

Temporarily restricted net assets of the Education Fund are specified for use or are otherwise restricted at June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
imPACT program	\$ 251,943	\$ 147,004
Endowed funds	68,285	66,597
Local League Funds	67,207	38,892
Educational brochure program	-	4,916
Debate program	2,830	2,830
Voter protection program	-	8,669
	<u>\$ 390,265</u>	<u>\$ 268,908</u>

NOTE 10 - OPERATING LEASE

The Education Fund leases office space under an operating lease expiring in November, 2012. The Education Fund shares this space and expense with its affiliate, the League of Women Voters of Ohio. The Education Fund's share of the minimum future rental payments under the lease is summarized as follows:

Years ending June 30:	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
2012	\$ 5,988	\$ 2,994	\$ 8,982
2013	<u>2,495</u>	<u>1,248</u>	<u>3,743</u>
Total	<u>\$ 8,483</u>	<u>\$ 4,242</u>	<u>\$ 12,725</u>

Rent expense reported as unrestricted for the years ended June 30, 2010 and 2009 was \$2,268 and \$2,958, respectively. Rent expense reported as restricted for the years ended June 30, 2010 and 2009 was \$6,583 and \$5,905, respectively.

LEAGUE OF WOMEN VOTERS OF OHIO EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

**NOTE 11 - RELATED PARTY TRANSACTIONS WITH THE LEAGUE OF WOMEN
VOTERS OF OHIO**

The Education Fund is an affiliate of the League of Women Voters of Ohio, a 501(c)(4) nonprofit organization that encourages the informed and active participation of citizens in government and influences public policy through education and advocacy. The Education Fund shares certain operating functions (including certain salaries and benefits, administration and office space) with the League of Women Voters of Ohio. All shared costs are allocated based upon time spent or space used and are included in the accompanying statement of functional expenses.

The summarized financial position of the League as of June 30, 2010 and 2009 is as follows: total assets of \$283,878 and \$275,094; total liabilities of \$26,324 and \$13,984; and total net assets of \$257,554 and \$261,110, respectively. The shared expenses by the League include compensation and benefits of \$29,171 and \$46,254; rents of \$6,533 and \$5,906; and a total change in net assets of (\$3,556) and (\$52,898), respectively.

NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS

The Education Fund has evaluated subsequent events through March 4, 2011, the date which the financial statements were available to be issued.