

UNITED WAY OF KENOSHA COUNTY, INC.

FINANCIAL STATEMENTS

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Kenosha County, Inc.
Kenosha, Wisconsin

We have audited the accompanying financial statements of United Way of Kenosha County, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Kenosha County, Inc. as of June 30, 2019 and 2018, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, United Way of Kenosha County, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Waukesha, Wisconsin
September 10, 2019

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 1,335,115	\$ 1,281,731
Certificates of deposit	290,526	287,815
Promises to give, net	209,652	216,788
Interest receivable	1,239	679
Prepaid expenses	11,663	12,367
Office equipment	34,289	33,114
Less accumulated depreciation	(32,698)	(33,114)
Total assets	\$ 1,849,786	\$ 1,799,380
LIABILITIES		
Accounts payable	\$ 8,084	\$ 6,717
Accounts payable - donor designations	33,184	49,253
Accrued payroll	28,360	21,556
Advance	24,689	-
Total liabilities	94,317	77,526
NET ASSETS		
Without donor restrictions	361,308	375,494
With donor restrictions	1,394,161	1,346,360
Total net assets	1,755,469	1,721,854
Total liabilities and net assets	\$ 1,849,786	\$ 1,799,380

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUE			
Gross campaign results for the current year	\$ -	\$ 634,423	\$ 634,423
Less donor designations	1,299	(73,443)	(72,144)
Less provision for uncollectible	-	(36,000)	(36,000)
Net campaign revenue for the current year	1,299	524,980	526,279
Gross campaign results for the subsequent year	-	22,191	22,191
Less provision for uncollectible	-	(1,100)	(1,100)
Net campaign revenue for the subsequent year	-	21,091	21,091
Service fees	6,930	-	6,930
Contributions	46,322	51,250	97,572
Building Our Future contributions	-	312,009	312,009
Community event sponsorships	16,290	14,800	31,090
Other	9,136	-	9,136
Interest	16,901	-	16,901
Total support and other revenue	96,878	924,130	1,021,008
EXPENSES			
Program services			
Community Impact	460,639	-	460,639
Community Services	12,246	-	12,246
Building Our Future	275,779	-	275,779
Total program services	748,664	-	748,664
Supporting activities			
Management and General	154,189	-	154,189
Fundraising	84,540	-	84,540
Total expenses	987,393	-	987,393
NET ASSETS RELEASES FROM RESTRICTIONS			
Satisfaction of program restrictions	348,985	(348,985)	-
Expiration of time restrictions	527,344	(527,344)	-
Change in net assets	(14,186)	47,801	33,615
Net assets at beginning of year	375,494	1,346,360	1,721,854
Net assets at end of year	<u>\$ 361,308</u>	<u>\$ 1,394,161</u>	<u>\$ 1,755,469</u>

See accompanying notes.

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 659,668	\$ 659,668
-	(89,495)	(89,495)
-	(36,000)	(36,000)
-	534,173	534,173
-	1,230	1,230
-	(100)	(100)
-	1,130	1,130
11,297	-	11,297
38,396	269,450	307,846
-	331,000	331,000
12,735	21,650	34,385
3,638	-	3,638
7,612	-	7,612
73,678	1,157,403	1,231,081
465,565	-	465,565
40,821	-	40,821
216,423	-	216,423
722,809	-	722,809
136,390	-	136,390
63,563	-	63,563
922,762	-	922,762
314,093	(314,093)	-
547,707	(547,707)	-
12,716	295,603	308,319
362,778	1,050,757	1,413,535
<u>\$ 375,494</u>	<u>\$ 1,346,360</u>	<u>\$ 1,721,854</u>

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services			Supporting Activities		Total Expenses
	Community Impact	Community Services	Building Our Future	Management and General	Fundraising	
Grants	\$ 284,850	\$ -	\$ -	\$ -	\$ -	\$ 284,850
Personnel	106,034	4,234	225,526	112,997	51,843	500,634
Professional fees	6,124	-	2,500	20,934	-	29,558
Office supplies	3,541	12	302	613	215	4,683
Telephone	1,886	67	1,464	1,637	757	5,811
Information technology	14,670	2,048	1,433	6,056	7,363	31,570
Printing and postage	1,765	76	825	471	694	3,831
Occupancy	12,254	263	16,030	6,263	2,970	37,780
Equipment rental	731	29	1,783	698	330	3,571
Advertising and promotion	7,445	102	11,960	188	3,863	23,558
Dues and subscriptions	2,828	113	6,897	2,695	1,278	13,811
Travel	899	-	2,493	289	377	4,058
Conferences and meetings	523	1,173	2,791	-	14,199	18,686
Insurance	597	24	1,457	569	270	2,917
Donated gift distributions	12,377	-	-	-	-	12,377
Community events	500	4,105	96	-	-	4,701
Depreciation	612	-	-	-	-	612
Miscellaneous	3,003	-	222	779	381	4,385
Total expenses	\$ 460,639	\$ 12,246	\$ 275,779	\$ 154,189	\$ 84,540	\$ 987,393

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services			Supporting Activities		Total Expenses
	Community Impact	Community Services	Building Our Future	Management and General	Fundraising	
Grants	\$ 329,500	\$ -	\$ -	\$ -	\$ -	\$ 329,500
Personnel	83,100	18,363	168,764	92,110	42,280	404,617
Professional fees	3,086	3	3,340	13,397	18	19,844
Office supplies	2,112	18	876	1,046	141	4,193
Telephone	2,222	291	1,020	2,026	926	6,485
Information technology	13,901	2,221	1,247	4,491	7,287	29,147
Printing and postage	1,264	230	785	936	1,272	4,487
Occupancy	12,366	2,093	10,836	8,064	3,701	37,060
Equipment rental	633	179	927	689	316	2,744
Advertising and promotion	4,376	205	15,785	21	3,614	24,001
Dues and subscriptions	2,366	669	3,463	2,576	1,183	10,257
Travel	2,346	265	5,668	236	402	8,917
Conferences and meetings	1,325	612	2,653	8,589	1,531	14,710
Insurance	645	182	944	703	323	2,797
Donated gift distributions	2,678	-	-	-	-	2,678
Community events	500	15,118	-	-	-	15,618
Depreciation	269	22	-	293	135	719
Miscellaneous	2,876	350	115	1,213	434	4,988
Total expenses	\$ 465,565	\$ 40,821	\$ 216,423	\$ 136,390	\$ 63,563	\$ 922,762

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 33,615	\$ 308,319
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	612	719
Provision for uncollectible	36,600	39,800
(Increase) decrease in assets		
Promises to give	(29,464)	119,670
Interest receivable	(560)	(106)
Prepaid expenses	704	(2,044)
Increase (decrease) in liabilities		
Accounts payable	1,367	(3,243)
Accounts payable - donor designations	(16,069)	18,639
Accrued payroll	6,804	9,753
Advance	24,689	-
Net cash flows from operating activities	58,298	491,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest retained in certificates of deposit	(2,711)	(2,202)
Purchases of office equipment	(2,203)	-
Net cash flows from investing activities	(4,914)	(2,202)
Change in cash	53,384	489,305
Cash at beginning of year	1,281,731	792,426
Cash at end of year	\$ 1,335,115	\$ 1,281,731

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

United Way of Kenosha County, Inc. (the Organization) is a 501(c)(3) operating under the laws of the State of Wisconsin with a mission to mobilize the caring power of the local community to advance the common good. The Organization is supported primarily by workplace giving campaigns and grants as well as local businesses, foundations and other government and private funders. The Organization envisions a community in which all individuals and families in Kenosha County achieve their human potential through education, financial stability and healthy lives. With a passion and reputation for mobilizing the caring power of local residents, the Organization improves lives today and in the future by engaging people in meaningful volunteer opportunities, coordinating community efforts and directing resources to programs and services that achieve measureable impact.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

The Organization's promises to give consist of amounts due from businesses and individuals. The provision for uncollectible promises is computed based on historical collectability of promises and current economic conditions in the community and approved by the board of directors and adjusted by management estimates. Promises to give deemed uncollectible are charged against the provision for uncollectible in the period that determination is made. Recoveries of promises to give previously written off are recorded when received.

Office Equipment

Office equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Office equipment is depreciated over their estimated useful lives of three to seven years. Major improvements over \$2,000 are capitalized while ordinary maintenance and repairs have been expensed.

Contributions

All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions designated to member and non-member agencies are not included in the current year campaign revenues as reported in the statements of activities. In accordance with requirements for accounting for contributions received and contributions made, such revenue are included only on the statements of financial position as a payable to the agency as designated.

Donor designated contributions are assessed both a fundraising and a management and general fee based on actual historical costs in accordance with the United Way Worldwide Membership Standards as outlined in their publication titled *United Way Worldwide Cost Deduction Requirements for Membership Standard M*.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are valued at the services' fair value at the date of service if the services would have been purchased if they had not been donated. Donated services not included in the financial statements because they do not meet the financial statement recognition criteria includes significant amounts of time donated by a substantial number of volunteers for the Organization's program services and fund raising campaigns.

Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting activities. The following program services and supporting activities are included in the accompanying financial statements:

Community Impact – The Organization is committed to supporting programs and initiatives that provide community solutions and deliver measurable results. Goals and objectives are based on current community needs and aligned with key county-wide priorities. The Organization supports: Community Program Grants, Youth As Resources (YAR), Volunteer Income Tax Assistance (VITA), Readers Are Leaders Tutoring Program, which is currently in four schools, and the FamilyWize Prescription Drug Program.

Community Services – The Organization leverages the efforts of a diverse group of dedicated volunteers who have a positive impact on those living within the community. The Organization operates and maintains a Volunteer Center; a web-based platform that allows agencies to post volunteer opportunities, in-kind needs, employment opportunities and upcoming events. The Organization holds several large-scale volunteer efforts each year to connect individuals and employees with the local community and nonprofit organizations; including Day of Caring, Day of Action and the Readers Are Leaders event. The Organization is engaged with the Kenosha Emergency Services Network to stay up-to-date on the services available in the County and act as a referral source to those needing help in our community by funding the local Impact 2-1-1 service. The Organization utilizes its extensive relationships within the local community to act as a "Community Convener."

Building Our Future – The Organization acts as the financial backbone and facilitator of Building Our Future. The educational "cradle to career" initiative requires communities to work collectively by identifying areas of weakness, marshalling resources to solve problems and using data to drive action and decision making to improve outcomes for students of all ages.

Management and General—Includes accounting and production of financial reports, oversight of the annual budget, supervision of departments and programs, maintenance of personnel records, attending general board and committee meetings, and any other administrative and office services necessary for the Organization.

Fundraising—Provides the structure necessary to encourage and secure private financial support from individuals, foundation, and corporations.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Personnel, office supplies, telephone, and information technology are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity of 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.

Income Tax Status

The Organization is a nonprofit public charity exempt under Internal Revenue Code Section 501(c)(3) and is therefore not subject to federal and state income or franchise taxes.

Adoption of New Accounting Pronouncement

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Date of Management's Review

Management has evaluated subsequent events through September 10, 2019, the date which the financial statements were available to be issued.

NOTE 2 – CONDITIONAL PROMISES TO GIVE

The Organization received conditional promises to give of \$940,000 for Building Our Future as of June 30, 2019 that are not recognized in the financial statements. These promises are contingent upon program requirements.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 – PROMISES TO GIVE

Promises to give consists of the following:

	2019	2018
2017/18 campaign	\$ 2,124	\$ 235,779
2018/19 campaign	212,603	313
2019/20 campaign	13,747	-
IRS VITA	14,796	-
Volunteer Center sponsorship	-	5,000
Readers are Leaders event	1,500	2,500
Other	2,082	9,796
Promises to give	246,852	253,388
Less allowance for uncollectible promises to give	(37,200)	(36,600)
Promises to give, net	\$ 209,652	\$ 216,788
	2019	2018
Receivable in less than one year	\$ 246,852	\$ 253,388
Less allowance for uncollectible promises to give	(37,200)	(36,600)
Promises to give, net	\$ 209,652	\$ 216,788

NOTE 4 - RETIREMENT PLAN

The Organization sponsors a 403(b) plan. Eligibility is limited to employees who meet certain criteria. The plan calls for salary reduction contributions, which will be matched up to 3% of total salary. Total retirement expense for the years ended June 30, 2019 and 2018 was \$10,293 and \$6,651, respectively.

NOTE 5 - NET ASSETS

The Organization's board of directors has chosen to place the following limitations on net assets without donor restrictions:

	2019	2018
Operating reserve	\$ 210,000	\$ 215,494
Initiative funding	27,000	27,000
All other board designated	-	200
Undesignated	124,308	132,800
	\$ 361,308	\$ 375,494

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5 - NET ASSETS (continued)

Net assets with donor restrictions are available for the following periods or purposes:

	2019	2018
Time Restricted		
2017/18 campaign	\$ -	\$ 527,344
2018/19 campaign	506,154	1,130
2019/20 campaign	21,091	-
Use Restricted		
Grants	13,268	5,763
Western Kenosha designations	41,309	31,333
Initiative designations	22,178	25,449
Other designations	6,902	3,956
Building Our Future sponsorships	567,183	511,144
Volunteer Center sponsorship	13,573	13,773
Early grade reading program	195,182	221,816
VITA program sponsorships	-	4,402
All other	7,321	250
	\$ 1,394,161	\$ 1,346,360

NOTE 6 - CONTRIBUTED GOODS AND SERVICES

The Organization recognized contributions of goods and services received at fair value. Contributed goods and services included in contributions and community event sponsorships on the statements of activities for the year ended June 30, 2019 consisted of the following:

	Community Impact	Community Services	Building Our Future
Professional fees	\$ -	\$ -	\$ -
Information technology	6,460	69	-
Occupancy	5,680	-	-
Advertising and promotion	5,490	-	11,960
Donated gifts distributions	12,377	-	-
	\$ 30,007	\$ 69	\$ 11,960
	Management and General	Fundraising	Total
Professional fees	\$ 1,500	\$ -	\$ 1,500
Information technology	1,648	782	8,959
Occupancy	-	-	5,680
Advertising and promotion	-	-	17,450
Donated gifts distributions	-	-	12,377
	\$ 3,148	\$ 782	\$ 45,966

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 - CONTRIBUTED GOODS AND SERVICES (continued)

The Organization recognized contributions of goods and services received at fair value. Contributed goods and services included in contributions and community event sponsorships on the statements of activities for the year ended June 30, 2018 consisted of the following:

	<u>Community Impact</u>	<u>Community Services</u>	<u>Building Our Future</u>
Professional fees	\$ -	\$ -	\$ -
Information technology	8,535	65	-
Occupancy	4,960	-	-
Advertising and promotion	3,000	-	15,640
Donated gifts distributions	2,678	-	-
	<u>\$ 19,173</u>	<u>\$ 65</u>	<u>\$ 15,640</u>
	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional fees	\$ 1,500	\$ -	\$ 1,500
Information technology	866	397	9,863
Occupancy	-	-	4,960
Advertising and promotion	-	-	18,640
Donated gifts distributions	-	-	2,678
	<u>\$ 2,366</u>	<u>\$ 397</u>	<u>\$ 37,641</u>

NOTE 7 - OPERATING LEASES

The Organization leases a copier and office space under noncancelable operating leases which expire in May 2022 and March 2023. The leases require monthly payments of \$448 and \$2,675. Total lease expense for the years ended June 30, 2019 and 2018 was \$37,397 and \$35,383, respectively.

Future minimum lease payments for the years ending June 30:

2020	\$ 37,472
2021	37,472
2022	34,797
2023	4,029

NOTE 8 - WISCONSIN UNEMPLOYMENT RESERVE FUND

Under provision of the Wisconsin Unemployment Compensation law, the Organization has elected to reimburse the state of Wisconsin for the actual unemployment benefit claims paid to former employees. A letter of credit amounting to \$5,786 has been deposited with the Wisconsin Department of Industry, Labor and Human Relations as collateral for future unemployment compensation requirements of the Organization and affiliates. The letter of credit expires December 31, 2022.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of donor-imposed or other restrictions:

Financial assets at end of year	
Cash	\$ 1,335,115
Certificates of deposit	290,526
Promises to give, net	209,652
Interest receivable	<u>1,239</u>
 Total financial assets at end of year	 1,836,532
 Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(866,916)
Board designated for operating reserve	(210,000)
Board designated for initiative funding	<u>(27,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 732,616</u>

Financial assets not available for general expenditures includes \$237,000 set aside for board designations; however, amounts could be made available if necessary. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.