

**UNITED WAY OF KENOSHA COUNTY, INC.**

**FINANCIAL STATEMENTS**

June 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Waukesha, Wisconsin  
September 11, 2018

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**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash	\$ 1,281,731	\$ 792,426
Certificates of deposit	287,815	285,613
Pledges receivable - net	216,788	376,258
Interest receivable	679	573
Prepaid expenses	12,367	10,323
Office equipment	33,114	40,882
Less accumulated depreciation	(33,114)	(40,163)
<b>Total assets</b>	<b>\$ 1,799,380</b>	<b>\$ 1,465,912</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,717	\$ 9,960
Accounts payable - donor designations	49,253	30,614
Accrued payroll	21,556	11,803
Total liabilities	77,526	52,377
<b>NET ASSETS</b>		
Unrestricted		
Designated	242,694	247,944
Undesignated	132,800	114,834
Total unrestricted	375,494	362,778
Temporarily restricted	1,346,360	1,050,757
Total net assets	1,721,854	1,413,535
<b>Total liabilities and net assets</b>	<b>\$ 1,799,380</b>	<b>\$ 1,465,912</b>

See accompanying notes.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended June 30, 2018 and 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND OTHER REVENUE</b>			
Gross campaign results for the current year	\$ -	\$ 659,668	\$ 659,668
Less donor designations	-	(89,495)	(89,495)
Change in provision for uncollectible	1,732	(36,000)	(34,268)
Net campaign revenue for the current year	1,732	534,173	535,905
Gross campaign results for the subsequent year	-	1,230	1,230
Change in provision for uncollectible	-	(100)	(100)
Net campaign revenue for the subsequent year	-	1,130	1,130
Service fees	11,297	-	11,297
Contributions	38,396	600,450	638,846
Community event sponsorships	12,735	21,650	34,385
Other	1,906	-	1,906
Interest	7,612	-	7,612
Total support and other revenue	73,678	1,157,403	1,231,081
<b>EXPENSES</b>			
Program services			
Community Impact	465,565	-	465,565
Community Services	40,821	-	40,821
Building Our Future	216,423	-	216,423
Supporting activities			
Management and General	136,390	-	136,390
Fundraising	63,563	-	63,563
Total expenses	922,762	-	922,762
Net assets released from restrictions	861,800	(861,800)	-
<b>Change in net assets</b>	12,716	295,603	308,319
Net assets - beginning of year	362,778	1,050,757	1,413,535
<b>Net assets - end of year</b>	<b>\$ 375,494</b>	<b>\$ 1,346,360</b>	<b>\$ 1,721,854</b>

See accompanying notes.

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2017		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 723,102	\$ 723,102
-	(113,260)	(113,260)
(6,749)	(39,100)	(45,849)
(6,749)	570,742	563,993
-	10,829	10,829
-	(500)	(500)
-	10,329	10,329
18,208	-	18,208
26,247	337,050	363,297
8,809	11,697	20,506
9	-	9
2,796	-	2,796
49,320	929,818	979,138
491,161	-	491,161
52,832	-	52,832
55,977	-	55,977
137,117	-	137,117
29,132	-	29,132
766,219	-	766,219
784,035	(784,035)	-
67,136	145,783	212,919
295,642	904,974	1,200,616
<u>\$ 362,778</u>	<u>\$ 1,050,757</u>	<u>\$ 1,413,535</u>

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

	Program Services			Supporting Activities		Total
	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
<b>Total expenses</b>	<b>\$ 465,565</b>	<b>\$ 40,821</b>	<b>\$ 216,423</b>	<b>\$ 136,390</b>	<b>\$ 63,563</b>	<b>\$ 922,762</b>

See accompanying notes.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2017

	Program Services			Supporting Activities		Total
	Community Impact	Community Services	Building Our Future	Management and General	Fundraising	
Grants	\$ 352,500	\$ -	\$ -	\$ -	\$ -	\$ 352,500
Personnel	53,136	18,531	8,289	69,276	9,638	158,870
Professional fees	16,329	146	40,665	32,754	7,446	97,340
Office supplies	2,882	51	106	537	154	3,730
Telephone	2,599	594	-	2,223	309	5,725
Information technology	20,593	3,309	2,363	5,994	5,944	38,203
Printing and postage	1,044	74	60	877	447	2,502
Occupancy	19,025	3,178	-	11,879	1,653	35,735
Equipment rental	1,565	143	-	840	442	2,990
Advertising and promotion	4,133	275	99	-	1,338	5,845
Dues and subscriptions	3,838	856	2,128	3,386	471	10,679
Travel	1,126	89	-	567	64	1,846
Conferences and meetings	867	220	810	5,704	865	8,466
Insurance	1,182	279	-	1,043	145	2,649
Donated gift distributions	4,685	-	-	-	-	4,685
Community events	500	24,768	1,314	-	-	26,582
Depreciation	1,259	297	-	1,110	154	2,820
Miscellaneous	3,898	22	143	927	62	5,052
<b>Total expenses</b>	<b>\$ 491,161</b>	<b>\$ 52,832</b>	<b>\$ 55,977</b>	<b>\$ 137,117</b>	<b>\$ 29,132</b>	<b>\$ 766,219</b>

See accompanying notes.



**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 308,319	\$ 212,919
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	719	2,820
Allowance for uncollectible pledges receivable	(3,200)	1,600
Loss on disposal	-	214
(Increase) decrease in assets		
Pledges receivable	162,670	(20,051)
Interest receivable	(106)	(185)
Prepaid expenses	(2,044)	(1,136)
Increase (decrease) in liabilities		
Accounts payable	(3,243)	(504)
Accounts payable - donor designations	18,639	(25,641)
Accrued payroll	9,753	2,955
<b>Net cash flows from operating activities</b>	<b>491,507</b>	<b>172,991</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest retained in certificates of deposit	(2,202)	(1,164)
Purchases of certificates of deposit	-	(90,000)
<b>Net cash flows from investing activities</b>	<b>(2,202)</b>	<b>(91,164)</b>
Change in cash	489,305	81,827
Cash - beginning of year	792,426	710,599
<b>Cash - end of year</b>	<b>\$ 1,281,731</b>	<b>\$ 792,426</b>

See accompanying notes.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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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**

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by the Organization in perpetuity.

**Pledges Receivable**

The Organization's pledges receivable consist of amounts due from businesses and individuals. The provision for uncollectible pledges is computed based on historical collectability of pledges and current economic conditions in the community and approved by the board of directors and adjusted by management estimates. The uncollectible provision is based on the gross campaign. Pledges receivable are written off when deemed uncollectible. Recoveries of pledges receivable 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 temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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*.

**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 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), McKinley Elementary Tutoring Program, Readers Are Leaders 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 Readers Are Leaders. 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."

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*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.

**Estimates**

The preparation of financial statements 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 revenue and expenses and including functional allocations 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.

**Date of Management’s Review**

Management has evaluated subsequent events through September 11, 2018, the date which the financial statements were available to be issued.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at five financial institutions located in southeastern Wisconsin. The Federal Deposit Insurance Corporation or the National Credit Union Administration insures accounts at each institution up to \$250,000. The Organization at June 30, 2017 had uninsured cash balances at one institution of approximately \$73,000.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2018 and 2017 consisted of the following:

	2018	2017
2016/17 campaign	\$ -	\$ 266,575
2017/18 campaign	235,779	1,958
2018/19 campaign	313	-
Building Our Future sponsorships and grants	-	131,000
Volunteer Center sponsorship	5,000	15,000
Readers are Leaders event	2,500	-
Other	9,796	1,525
Pledges receivable	253,388	416,058
Less allowance for uncollectible pledges receivable	(36,600)	(39,800)
Pledges receivable - net	\$ 216,788	\$ 376,258

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

NOTE 3 - PLEDGES RECEIVABLE (continued)

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 253,388	\$ 411,058
Receivable in one to five years	-	5,000
Less allowance for uncollectible pledges receivable	<u>(36,600)</u>	<u>(39,800)</u>
Pledges receivable - net	<u>\$ 216,788</u>	<u>\$ 376,258</u>

NOTE 4 - NET ASSETS

Board designated net assets at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Operating reserve	\$ 215,494	\$ 215,494
Initiative funding	27,000	27,000
211 program grant	-	5,000
All other	<u>200</u>	<u>450</u>
Board designated	<u>\$ 242,694</u>	<u>\$ 247,944</u>

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following periods or purposes:

	<u>2018</u>	<u>2017</u>
<b>Time Restricted</b>		
2016/17 campaign	\$ -	\$ 547,707
2017/18 campaign	527,344	10,329
2018/19 campaign	1,130	-
<b>Use Restricted</b>		
Grants	5,763	35,820
Western Kenosha designations	31,333	32,836
Initiative designations	25,449	27,663
Other designations	3,956	3,081
Building Our Future sponsorships	511,144	368,005
Volunteer Center sponsorship	13,773	24,001
Early grade reading program	221,816	-
VITA program sponsorships	4,402	-
All other	<u>250</u>	<u>1,315</u>
Temporarily restricted	<u>\$ 1,346,360</u>	<u>\$ 1,050,757</u>

NOTE 5 - RETIREMENT PLAN

The Organization has 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, 2018 and 2017 was \$6,651 and \$3,051.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

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**NOTE 6 - OPERATING LEASES**

The Organization leases a copier and office space under operating leases which expire in May 2022 and March 2023. The leases require monthly payments of \$438 and \$2,675. Total lease expense for the years ended June 30, 2018 and 2017 was \$35,383 and \$32,755.

Future minimum lease payments for the years ending June 30,:

2019	\$	37,359
2020		37,359
2021		37,359
2022		34,684
2023		3,945

**NOTE 7 – CONDITIONAL PLEDGES RECEIVABLE**

The Organization received conditional pledges receivable of \$562,500 for Building Our Future as of June 30, 2018 that are not recognized in the financial statements. These pledges are contingent upon program requirements.

**NOTE 8 - 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, 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>

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 8 - 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, 2017 consisted of the following:

		Community Impact	Community Services
Professional fees		\$ -	\$ -
Information technology		9,497	236
Occupancy		5,560	-
Advertising and promotion		3,000	-
Donated gifts distributions		4,335	-
Community events		-	394
Miscellaneous		350	-
		<u>\$ 22,742</u>	<u>\$ 630</u>
	Management and General	Fundraising	Total
Professional fees	\$ 1,500	\$ -	\$ 1,500
Information technology	881	123	10,737
Occupancy	-	-	5,560
Advertising and promotion	-	-	3,000
Donated gifts distributions	-	-	4,335
Community events	-	-	394
Miscellaneous	-	-	350
	<u>\$ 2,381</u>	<u>\$ 123</u>	<u>\$ 25,876</u>

**NOTE 9 - 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, 2021.

**NOTE 10 - FUTURE COMMITMENT INVESTMENT**

As of June 30, 2018, the Board of Directors has committed \$284,750 within the subsequent year's budget to Community Program grants and \$188,871 for the Organization's program services for a combined total of \$473,621.