

UNITED WAY OF KENOSHA COUNTY, INC.

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 1, 2017

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:
W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 792,426	\$ 710,599
Certificates of deposit	285,613	194,449
Pledges receivable - net	376,258	357,807
Interest receivable	573	388
Prepaid expenses	10,323	9,187
Office equipment	40,882	53,876
Less accumulated depreciation	(40,163)	(50,123)
Total assets	\$ 1,465,912	\$ 1,276,183
LIABILITIES		
Accounts payable	\$ 9,960	\$ 10,464
Accounts payable - donor designations	30,614	56,255
Accrued payroll	11,803	8,848
Total liabilities	52,377	75,567
NET ASSETS		
Unrestricted		
Designated	247,944	245,944
Undesignated	114,834	49,698
Total unrestricted	362,778	295,642
Temporarily restricted	1,050,757	904,974
Total net assets	1,413,535	1,200,616
Total liabilities and net assets	\$ 1,465,912	\$ 1,276,183

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Gross campaign results for the current year	\$ -	\$ 723,102	\$ 723,102
Less donor designations	-	(113,260)	(113,260)
Change in provision for uncollectible	(6,749)	(39,100)	(45,849)
Net campaign revenue for the current year	(6,749)	570,742	563,993
Gross campaign results for the subsequent year	-	10,829	10,829
Change in provision for uncollectible	-	(500)	(500)
Net campaign revenue for the subsequent year	-	10,329	10,329
Service fees	18,208	-	18,208
Contributions	26,247	337,050	363,297
Community event sponsorships	8,809	11,697	20,506
Other	9	-	9
Interest	2,796	-	2,796
Total support and other revenue	49,320	929,818	979,138
EXPENSES			
Program services			
Community Impact	491,161	-	491,161
Community Services	52,832	-	52,832
Building Our Future	55,977	-	55,977
Supporting activities			
Management and General	137,117	-	137,117
Fundraising	29,132	-	29,132
Total expenses	766,219	-	766,219
Net assets released from restrictions	784,035	(784,035)	-
Change in net assets	67,136	145,783	212,919
Net assets - beginning of year	295,642	904,974	1,200,616
Net assets - end of year	\$ 362,778	\$ 1,050,757	\$ 1,413,535

See accompanying notes.

2016		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 767,333	\$ 767,333
-	(101,216)	(101,216)
4,028	(36,900)	(32,872)
4,028	629,217	633,245
-	4,055	4,055
-	(200)	(200)
-	3,855	3,855
18,320	-	18,320
61,193	266,020	327,213
9,205	21,536	30,741
-	-	-
2,067	-	2,067
94,813	920,628	1,015,441
519,828	-	519,828
87,693	-	87,693
30,982	-	30,982
111,901	-	111,901
38,564	-	38,564
788,968	-	788,968
708,429	(708,429)	-
14,274	212,199	226,473
281,368	692,775	974,143
<u>\$ 295,642</u>	<u>\$ 904,974</u>	<u>\$ 1,200,616</u>

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
Total expenses	\$ 491,161	\$ 52,832	\$ 55,977	\$ 137,117	\$ 29,132	\$ 766,219

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016

	Program Services			Supporting Activities		Total
	Community Impact	Community Services	Building Our Future	Management and General	Fundraising	
Grants	\$ 344,740	\$ -	\$ -	\$ -	\$ -	\$ 344,740
Personnel	73,989	44,947	-	70,122	21,705	210,763
Professional fees	11,515	-	27,070	12,846	-	51,431
Office supplies	2,545	66	-	241	32	2,884
Telephone	2,433	1,163	-	1,791	568	5,955
Information technology	15,006	2,861	-	2,843	6,304	27,014
Printing and postage	1,567	515	-	1,105	718	3,905
Occupancy	21,737	6,085	-	9,378	2,971	40,171
Equipment rental	1,172	616	-	950	301	3,039
Advertising and promotion	4,170	570	-	27	4,189	8,956
Dues and subscriptions	3,005	1,781	-	2,437	772	7,995
Travel	705	594	342	101	222	1,964
Conferences and meetings	670	2,210	3,570	7,222	-	13,672
Insurance	1,022	538	-	828	262	2,650
Donated gift distributions	30,480	-	-	-	-	30,480
Community events	568	24,783	-	-	-	25,351
Depreciation	1,831	964	-	1,486	470	4,751
Miscellaneous	2,673	-	-	524	50	3,247
Total expenses	\$ 519,828	\$ 87,693	\$ 30,982	\$ 111,901	\$ 38,564	\$ 788,968

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 212,919	\$ 226,473
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	2,820	4,751
Allowance for uncollectible pledges receivable	1,600	672
Loss on disposal	214	-
Increase in assets		
Pledges receivable	(20,051)	(92,336)
Interest receivable	(185)	(123)
Prepaid expenses	(1,136)	(220)
Increase (decrease) in liabilities		
Accounts payable	(504)	2,354
Accounts payable - donor designations	(25,641)	31,738
Accrued payroll	2,955	(7,133)
Net cash flows from operating activities	172,991	166,176
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest retained in certificates of deposit	(1,164)	(1,074)
Purchases of certificates of deposit	(90,000)	-
Net cash flows from investing activities	(91,164)	(1,074)
Change in cash	81,827	165,102
Cash - beginning of year	710,599	545,497
Cash - end of year	\$ 792,426	\$ 710,599

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 is required to report 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, 2017 and 2016

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, 2017 and 2016

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 1, 2017, 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 and 2016 had uninsured cash balances at two institutions of approximately \$74,000 and \$26,000.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2017 and 2016 consisted of the following:

	2017	2016
2015/16 campaign	\$ -	\$ 277,503
2016/17 campaign	266,575	504
2017/18 campaign	1,958	-
Building Our Future sponsorships and grants	131,000	87,500
Volunteer Center sponsorship	15,000	25,000
Other	1,525	5,500
Pledges receivable	416,058	396,007
Less allowance for uncollectible pledges receivable	(39,800)	(38,200)
Pledges receivable - net	\$ 376,258	\$ 357,807

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 3 - PLEDGES RECEIVABLE (continued)

	2017	2016
Receivable in less than one year	\$ 411,058	\$ 381,007
Receivable in one to five years	5,000	15,000
Less allowance for uncollectible pledges receivable	(39,800)	(38,200)
Pledges receivable - net	\$ 376,258	\$ 357,807

NOTE 4 - NET ASSETS

Board designated net assets at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Operating reserve	\$ 215,494	\$ 215,494
Initiative funding	27,000	30,000
211 program grant	5,000	-
CEO fund	450	450
Board designated	\$ 247,944	\$ 245,944

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following periods or purposes:

	2017	2016
Time Restricted		
2015/16 campaign	\$ -	\$ 628,216
2016/17 campaign	547,707	3,855
2017/18 campaign	10,329	-
Use Restricted		
Grants	35,820	22,505
Western Kenosha designations	32,836	30,247
Initiative designations	27,663	22,863
Other designations	3,081	3,581
Building Our Future sponsorships	368,005	154,019
Volunteer Center sponsorship	24,001	30,000
Community event sponsorships	-	7,353
All other	1,315	2,335
Temporarily restricted	\$ 1,050,757	\$ 904,974

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, 2017 and 2016 was \$3,051 and \$5,284.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 6 - OPERATING LEASES

The Organization leases a copier and office space under operating leases which expire in August 2018 and May 2022. The leases require monthly payments of \$215 and \$2,675. Total lease expense for the years ended June 30, 2017 and 2016 was \$32,755 and \$32,580.

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

2018	\$	34,680
2019		32,530
2020		32,100
2021		32,100
2022		29,425

NOTE 7 – CONDITIONAL PLEDGES RECEIVABLE

The Organization received conditional pledges receivable of \$795,000 as of June 30, 2017 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, 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	-
		-----	-----
		\$ 22,742	\$ 630
		-----	-----
	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
	-----	-----	-----
	\$ 2,381	\$ 123	\$ 25,876
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UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2016 consisted of the following:

		Community Impact	Community Services
		<u> </u>	<u> </u>
Professional fees		\$ -	\$ -
Information technology		9,205	754
Occupancy		10,171	-
Advertising and promotion		3,400	-
Donated gifts distributions		30,480	-
Community events		-	776
Miscellaneous		290	-
		<u>\$ 53,546</u>	<u>\$ 1,530</u>
	Management and General	Fundraising	Total
	<u> </u>	<u> </u>	<u> </u>
Professional fees	\$ 1,500	\$ -	\$ 1,500
Information technology	1,178	364	11,501
Occupancy	-	-	10,171
Advertising and promotion	455	-	3,855
Donated gifts distributions	-	-	30,480
Community events	-	-	776
Miscellaneous	-	-	290
	<u>\$ 3,133</u>	<u>\$ 364</u>	<u>\$ 58,573</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, 2020.

NOTE 10 - FUTURE COMMITMENT INVESTMENT

As of June 30, 2017, the Board of Directors has committed \$324,500 within the subsequent year's budget to Community Program grants and \$594,995 for the Organization's program services for a combined total of \$919,495.