

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

**FINANCIAL STATEMENTS  
June 30, 2008**

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## Independent Auditor's Report

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

We have audited the accompanying statement of financial position of United Way of Kenosha County, Inc. as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 Organization's June 30, 2007 financial statements, and, in our report dated September 18, 2007, we expressed an unqualified opinion on those financial 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 United Way of Kenosha County, Inc. as of June 30, 2008, 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.

*Clifton Gunderson LLP*

Racine, Wisconsin  
September 16, 2008

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2008**

**With Summarized Financial Information as of June 30, 2007**

**ASSETS**

	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,173,755	\$ 876,498
Certificates of deposit	167,307	156,076
Annual campaign pledges receivable, less allowance of \$83,900 in 2008 and \$86,500 in 2007	365,763	388,026
Interest receivable	874	4,368
Inventory	2,721	-
Prepaid allocations and expenses	9,694	9,421
Office equipment, net	<u>6,806</u>	<u>11,617</u>
 <b>TOTAL ASSETS</b>	 <u><b>\$ 1,726,920</b></u>	 <u><b>\$ 1,446,006</b></u>

**LIABILITIES AND NET ASSETS**

	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>LIABILITIES</b>		
Accounts payable - donor designations	\$ 77,063	\$ 76,620
Accounts payable and accrued expenses	<u>37,390</u>	<u>30,673</u>
Total liabilities	<u>114,453</u>	<u>107,293</u>
 <b>NET ASSETS</b>		
Unrestricted:		
Board designated	494,276	288,419
Undesignated	70,552	-
Temporarily restricted	<u>1,047,639</u>	<u>1,050,294</u>
Total net assets	<u>1,612,467</u>	<u>1,338,713</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><b>\$ 1,726,920</b></u>	 <u><b>\$ 1,446,006</b></u>

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

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2008**

**With Summarized Financial Information for the Year Ended June 30, 2007**

		<u>Temporarily</u>	<u>Total</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>2008</u>	<u>2007</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Gross campaign results - current year	\$ -	\$ 1,074,299	\$ 1,074,299	\$ 1,089,478
Less donor designations	(3,485)	(115,047)	(118,532)	(116,866)
Less provision for uncollectible pledges	25,912	(75,500)	(49,588)	(106,312)
Net campaign revenue - current year	<u>22,427</u>	<u>883,752</u>	<u>906,179</u>	<u>866,300</u>
Gross campaign results - subsequent year	-	70,235	70,235	50,356
Less provision for uncollectible pledges	-	(4,900)	(4,900)	(3,500)
Net campaign revenue - subsequent year	<u>-</u>	<u>65,335</u>	<u>65,335</u>	<u>46,856</u>
Service fees	1,865	12,269	14,134	13,952
Contributions - in-kind gifts	21,058	-	21,058	16,347
Contributions - all other	234,383	37,288	271,671	27,804
Special events - net	14,533	-	14,533	(696)
Interest on investments	38,699	-	38,699	39,773
Miscellaneous	3,183	-	3,183	4,800
Net assets released from restrictions				
Expiration of time/purpose restrictions- previous year campaign	<u>1,001,299</u>	<u>(1,001,299)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>1,337,447</u>	<u>(2,655)</u>	<u>1,334,792</u>	<u>1,015,136</u>
 <b>ALLOCATIONS AND EXPENSES</b>				
Program Services:				
Community Program Grants	582,206	-	582,206	547,478
Community Impact	129,968	-	129,968	71,090
Community Services	167,399	-	167,399	196,487
Management and General	105,281	-	105,281	46,150
Campaign/Fundraising	65,901	-	65,901	70,203
United Way of America dues	10,283	-	10,283	10,251
Total allocations and expenses	<u>1,061,038</u>	<u>-</u>	<u>1,061,038</u>	<u>941,659</u>
<b>CHANGE IN NET ASSETS</b>	276,409	(2,655)	273,754	73,477
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>288,419</u>	<u>1,050,294</u>	<u>1,338,713</u>	<u>1,265,236</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 564,828</u>	<u>\$ 1,047,639</u>	<u>\$ 1,612,467</u>	<u>\$ 1,338,713</u>

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

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2008  
With Summarized Information for the Year Ended June 30, 2007

	<u>Program Services</u>			<u>Supporting Services</u>				<u>Total</u>	
	<u>Community Impact</u>	<u>Community Services</u>	<u>Total</u>	<u>Management and General</u>	<u>Campaign/Fundraising</u>	<u>United Way of America</u>	<u>Total</u>	<u>2008</u>	<u>2007</u>
Community program grants	\$ 582,206	\$ -	\$ 582,206	\$ -	\$ -	\$ -	\$ -	\$ 582,206	\$ 547,478
Salaries	72,518	109,345	181,863	57,381	31,547	-	88,928	270,791	207,986
Employee benefits	11,421	17,220	28,641	9,036	4,968	-	14,004	42,645	43,962
Payroll taxes	5,474	8,255	13,729	4,332	2,381	-	6,713	20,442	15,079
	<u>89,413</u>	<u>134,820</u>	<u>224,233</u>	<u>70,749</u>	<u>38,896</u>	<u>-</u>	<u>109,645</u>	<u>333,878</u>	<u>267,027</u>
Outside services	3,549	47	3,596	11,158	22	-	11,180	14,776	13,689
Office supplies	2,386	2,243	4,629	1,931	1,395	-	3,326	7,955	6,588
Telephone	1,306	1,216	2,522	1,034	568	-	1,602	4,124	3,240
Postage	502	73	575	1,833	316	-	2,149	2,724	3,239
Occupancy	9,801	9,127	18,928	7,755	4,265	-	12,020	30,948	34,872
Equipment rental and maintenance	6,256	4,399	10,655	2,724	654	-	3,378	14,033	9,699
Printing	1,482	3,122	4,604	1,118	9,963	-	11,081	15,685	11,543
Marketing and advertising	451	989	1,440	-	4,895	-	4,895	6,335	9,027
Dues and subscriptions	875	1,922	2,797	693	381	-	1,074	3,871	3,344
Local mileage	466	1,031	1,497	601	928	-	1,529	3,026	2,748
Meeting expense	121	2,798	2,919	250	319	-	569	3,488	2,377
Appreciation expense	190	265	455	156	2,201	-	2,357	2,812	1,429
Staff training and recruitment	4,281	2,884	7,165	3,011	145	-	3,156	10,321	7,073
Insurance	589	888	1,477	466	256	-	722	2,199	2,147
In-kind gift expense	6,755	-	6,755	-	-	-	-	6,755	-
Miscellaneous	21	157	178	596	34	-	630	808	411
Depreciation	1,524	1,418	2,942	1,206	663	-	1,869	4,811	5,477
	<u>40,555</u>	<u>32,579</u>	<u>73,134</u>	<u>34,532</u>	<u>27,005</u>	<u>-</u>	<u>61,537</u>	<u>134,671</u>	<u>116,903</u>
United Way of America dues	-	-	-	-	-	10,283	10,283	10,283	10,251
<b>Total</b>	<u>\$ 712,174</u>	<u>\$ 167,399</u>	<u>\$ 879,573</u>	<u>\$ 105,281</u>	<u>\$ 65,901</u>	<u>\$ 10,283</u>	<u>\$ 181,465</u>	<u>\$ 1,061,038</u>	<u>\$ 941,659</u>

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

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2008**  
**With Summarized Financial Information for the Year Ended June 30, 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 273,754	\$ 73,477
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	4,811	5,477
Provision for uncollectible pledges	54,488	109,812
Effects of changes in operating assets and liabilities:		
Annual campaign pledges receivable	(32,225)	(34,217)
Interest receivable	3,494	528
Inventory	(2,721)	-
Prepaid allocations and expenses	(273)	816
Accounts payable and accrued expenses	<u>7,160</u>	<u>(25,044)</u>
Net cash provided by operating activities	<u>308,488</u>	<u>130,849</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from certificates of deposit	156,076	150,897
Purchases of certificates of deposit	(167,307)	(156,076)
Purchases of office equipment	<u>-</u>	<u>(1,005)</u>
Net cash used in investing activities	<u>(11,231)</u>	<u>(6,184)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 297,257	 124,665
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>876,498</u>	 <u>751,833</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 1,173,755</u>	 <u>\$ 876,498</u>

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

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

United Way of Kenosha County, Inc. is a nonprofit organization operating under the laws of the state of Wisconsin. The United Way of Kenosha County, Inc. was organized to bring together in a united appeal all possible campaigns of community-accepted health, welfare and recreational agencies, including local, state and national service organizations. The Organization solicits funds for, and distributes funds to, programs of such agencies. The Organization's fiscal year ends on June 30. The Organization's principal source of revenue is contributions from individuals and companies from primarily within Kenosha County. Significant accounting policies followed by the Organization are presented below.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with 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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Cash Equivalents**

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Certificates of Deposit**

Certificates of deposit are carried at cost which approximates fair value.

Investment income is reported in the statement of activities as unrestricted, temporarily restricted or permanently restricted revenue based upon donor-imposed restrictions.

**Annual Campaign Pledges Receivable**

Pledges receivable are uncollateralized donor pledge amounts due within the next year according to a donor designated schedule or through payroll deductions.

Payments of pledges receivable are applied to the specific donor pledge account from the remittance advice or as a batch payment applied to the organization total employees account in the case of payroll deduction.

The carrying amount of pledges receivable is reduced by a valuation allowance that reflects the Organization's best estimate of amounts that will not be collected. This amount is based on historical write-off amounts and standards of practice.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Office Equipment**

Office equipment is stated at cost less accumulated depreciation. Donated assets are capitalized at the estimated fair market value at date of receipt. Depreciation is provided on the straight-line basis over the estimated useful lives of the individual assets.

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Net Assets**

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

**Unrestricted**

**Undesignated**

Unrestricted net assets includes all net assets which are neither temporarily or permanently restricted. Gains or losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

**Board designated**

It is the policy of the Board of Directors of the Organization to review its plans for future operations and periodically appropriate sums for those plans.

**Temporarily restricted**

Temporarily restricted net assets includes contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

**Permanently restricted**

Permanently restricted net assets includes contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. All restricted contributions received meeting donor stipulations in the year received, are reported as increases in unrestricted assets.

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Functional Expenses**

The Organization allocates salaries and benefits of administrative employees between Program Services, Management and General, and Campaign/Fundraising based on the time spent on each area. Other operating expenses that are common to several functions are allocated based on management's estimates of the portion related to each program or function. Expenses incurred which do not relate to a specific program are charged directly to management and general.

**Income Taxes**

No provision or benefit for income taxes has been included in these financial statements since the entity is exempt from federal income taxes, except for tax on unrelated business income, under section 501(c)(3) of the Internal Revenue Code. The Organization had no unrelated business income for the year ended June 30, 2008.

**NOTE 2 - PRIOR YEAR SUMMARIZED INFORMATION**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**NOTE 3 - ANNUAL CAMPAIGN PLEDGES RECEIVABLE**

Pledges receivable represents the net pledges receivable from the annual fall United Way campaign. Allowances for uncollectible pledges of approximately 7% of current and subsequent year campaign pledges have been provided for as of June 30, 2008.

**NOTE 4 - DONOR DESIGNATED CONTRIBUTIONS**

Contributions designated to member and non-member agencies are not included in the current year campaign revenues as reported in the Statement of Activities. In accordance with FASB Statement No. 116 such revenues are included only on the Statement 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 of America Membership Standards as outlined in their publication titled *United Way of America Cost Deduction Requirements for Membership Standard M*.

**NOTE 5 - LEASE COMMITMENT**

A lease for office space was signed in January 2003, commencing on April 1, 2003 and expiring March 30, 2008. The lease was renegotiated commencing on April 1, 2008 and expiring on March 31, 2011. The lease contains a two year renewal option. Total rent expense for the year ended June 30, 2008 was \$30,848, which includes donated rent of \$10,448. Future minimum lease payments under this lease are as follows:

2009	\$ 24,000
2010	24,300
2011	<u>18,900</u>
<b>Total</b>	<b><u>\$ 67,200</u></b>

Minimum lease payments exclude rentals under renewal option which, as of June 30, 2008, are not reasonably assured of being exercised.

**NOTE 6 - RETIREMENT PLAN**

The Organization adopted a Savings Incentive Match Plan for Employees of Small Employers. Eligibility is limited to employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year or during the preceding calendar year. The Plan calls for salary reduction contributions which will be matched up to 3% of total salary. Total retirement expense for the year ended June 30, 2008 was \$5,185.

**UNITED WAY OF KENOSHA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**NOTE 7 - 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 Corporation and affiliates. The letter of credit expires January 5, 2012.

**NOTE 8 - UNRESTRICTED/BOARD DESIGNATED NET ASSETS**

Unrestricted/board designated net assets consists of the following:

6 Month Operating Revenue - per financial management policies	\$ 216,362
2007/08 Community Program Grant Commitments	141,720
3 Year Financial Stability Initiative Commitment	75,000
General Initiative Funding Commitment	51,910
Capital Equipment Fund	7,700
CEO Fund	<u>1,584</u>
<b>Total unrestricted/board designated net assets</b>	<b><u>\$ 494,276</u></b>

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

2007/08 Campaign	\$ 980,165
2008/09 Campaign	65,335
2006/07 Western Kenosha Designations	<u>2,139</u>
<b>Total temporarily restricted net assets</b>	<b><u>\$1,047,639</u></b>

**NOTE 10 - COMMUNITY PROGRAM GRANTS**

As of June 30, 2008, the board has committed a total of \$687,220 to Community Program Grants.

**NOTE 11 - FUTURE COMMUNITY INVESTMENT INCLUDING BUDGET ALLOCATIONS**

In addition to the committed total of \$687,220, the Organization's Board of Directors have allocated \$327,985 within the subsequent year's budget for United Way of Kenosha County Program Services for a combined total of \$1,017,705.

This information is an integral part of the accompanying financial statements.