

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

**FINANCIAL STATEMENTS
June 30, 2014**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
 FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
 Notes to Financial Statements	 7

Independent Auditors' Report

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 statement of financial position as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 auditors' 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Kenosha, Inc.'s June 30, 2013 financial statements, and our report dated September 17, 2013 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

Racine, Wisconsin
September 16, 2014

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2014
With Summarized Financial Information as of June 30, 2013

ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 420,807	\$ 366,789
Certificates of deposit	307,472	429,259
Annual campaign pledges receivable, less allowance of \$36,650 in 2014 and \$38,100 in 2013	238,812	235,583
Interest receivable	302	297
Prepaid allocations and expenses	7,039	7,760
Office equipment, net of accumulated depreciation of \$40,326 in 2014 and \$33,821 in 2013	<u>15,399</u>	<u>23,655</u>
 TOTAL ASSETS	 <u><u>\$ 989,831</u></u>	 <u><u>\$ 1,063,343</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable - donor designations	\$ 28,497	\$ 25,306
Accounts payable and accrued expenses	21,760	24,996
Deferred revenue	<u>2,943</u>	<u>1,943</u>
Total liabilities	<u>53,200</u>	<u>52,245</u>
 NET ASSETS		
Unrestricted:		
Board designated	215,944	240,424
Undesignated	53,528	61,841
Temporarily restricted	<u>667,159</u>	<u>708,833</u>
Total net assets	<u>936,631</u>	<u>1,011,098</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 989,831</u></u>	 <u><u>\$ 1,063,343</u></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, 2014

With Summarized Financial Information for the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
REVENUE AND OTHER SUPPORT				
Gross campaign results - current year	\$ -	\$ 668,216	\$ 668,216	\$ 677,626
Less donor designations	-	(73,819)	(73,819)	(55,678)
Less provision for uncollectible pledges	8,690	(33,400)	(24,710)	(47,660)
Net campaign revenue - current year	8,690	560,997	569,687	574,288
Gross campaign results - subsequent year	-	30,732	30,732	34,438
Less provision for uncollectible pledges	-	(1,550)	(1,550)	(1,700)
Net campaign revenue - subsequent year	-	29,182	29,182	32,738
Service fees	284	11,790	12,074	6,655
Contributions - in-kind gifts	39,181	-	39,181	48,069
Contributions - all other	948	28,375	29,323	82,147
Special events - net	(1,229)	-	(1,229)	(2,902)
Interest on investments	2,244	-	2,244	3,315
Miscellaneous	-	-	-	36
Net assets released from restrictions:				
Expiration of time/purpose restrictions	672,018	(672,018)	-	-
Total revenue and other support	722,136	(41,674)	680,462	744,346
 ALLOCATIONS AND EXPENSES				
Program services:				
Community Program grants	376,650	-	376,650	374,642
Community Impact	149,939	-	149,939	173,718
Community Services	63,191	-	63,191	96,009
Management and General	127,957	-	127,957	136,040
Campaign/Fundraising	37,192	-	37,192	55,040
Total allocations and expenses	754,929	-	754,929	835,449
CHANGE IN NET ASSETS	(32,793)	(41,674)	(74,467)	(91,103)
NET ASSETS, BEGINNING OF YEAR	302,265	708,833	1,011,098	1,102,201
NET ASSETS, END OF YEAR	\$ 269,472	\$ 667,159	\$ 936,631	\$ 1,011,098

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, 2014
With Summarized Information for the Year Ended June 30, 2013

	<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>Total</u>	<u>2014</u>	<u>2013</u>
Community Program grants	\$ 376,650	\$ -	\$ 376,650	\$ -	\$ -	\$ -	\$ 376,650	\$ 374,642
Salaries	57,562	36,579	94,141	67,269	18,478	85,747	179,888	245,415
Employee benefits	9,745	8,452	18,197	15,543	4,269	19,812	38,009	34,845
Payroll taxes	4,305	2,723	7,028	5,008	1,376	6,384	13,412	18,588
	<u>71,612</u>	<u>47,754</u>	<u>119,366</u>	<u>87,820</u>	<u>24,123</u>	<u>111,943</u>	<u>231,309</u>	<u>298,848</u>
Outside services	10,007	871	10,878	16,293	264	16,557	27,435	28,641
Office supplies	1,649	140	1,789	302	75	377	2,166	3,046
Telephone	1,316	850	2,166	1,189	347	1,536	3,702	4,291
Information technology	5,838	2,430	8,268	2,501	3,444	5,945	14,213	13,562
Postage	315	54	369	1,030	189	1,219	1,588	1,392
Occupancy	17,987	5,746	23,733	10,502	3,065	13,567	37,300	33,900
Equipment rental and maintenance	11,218	894	12,112	1,480	739	2,219	14,331	13,202
Loss on equipment disposal	-	-	-	-	-	-	-	1,519
Printing and promotional	375	-	375	-	2,692	2,692	3,067	8,931
Marketing and advertising	719	393	1,112	-	-	-	1,112	1,777
Dues and subscriptions	470	253	723	461	135	596	1,319	1,435
Local mileage	718	380	1,098	348	298	646	1,744	2,804
Meeting expense	723	253	976	5	79	84	1,060	795
Appreciation expense	916	36	952	65	19	84	1,036	800
Staff training and recruitment	-	-	-	226	-	226	226	945
Insurance	839	451	1,290	824	240	1,064	2,354	2,751
Gifts in-kind distributions	20,240	-	20,240	-	-	-	20,240	29,820
Miscellaneous	73	39	112	71	71	142	254	198
Depreciation	2,941	1,581	4,522	2,891	843	3,734	8,256	7,026
United Way Worldwide dues	1,983	1,066	3,049	1,949	569	2,518	5,567	5,124
	<u>78,327</u>	<u>15,437</u>	<u>93,764</u>	<u>40,137</u>	<u>13,069</u>	<u>53,206</u>	<u>146,970</u>	<u>161,959</u>
Total	<u>\$ 526,589</u>	<u>\$ 63,191</u>	<u>\$ 589,780</u>	<u>\$ 127,957</u>	<u>\$ 37,192</u>	<u>\$ 165,149</u>	<u>\$ 754,929</u>	<u>\$ 835,449</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, 2014

With Summarized Financial Information for the Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (74,467)	\$ (91,103)
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Depreciation	8,256	7,026
Provision for uncollectible pledges	26,260	49,360
Loss on disposal of equipment	-	1,519
Effects of changes in operating assets and liabilities:		
Annual campaign pledges receivable	(29,489)	(20,687)
Interest receivable	(5)	943
Prepaid allocations and expenses	721	(1,467)
Accounts payable and accrued expenses	(45)	(59,953)
Deferred revenue	<u>1,000</u>	<u>(280)</u>
Net cash used in operating activities	<u>(67,769)</u>	<u>(114,642)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from certificates of deposit	197,787	382,575
Purchases of certificates of deposit	(76,000)	-
Purchases of office equipment	<u>-</u>	<u>(14,342)</u>
Net cash provided by investing activities	<u>121,787</u>	<u>368,233</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 54,018	 253,591
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>366,789</u>	 <u>113,198</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 420,807</u>	 <u>\$ 366,789</u>

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

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Kenosha County, Inc. (the Organization) is a not-for-profit 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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 represents the net pledges receivable from the annual fall United Way campaign. They 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. Allowances for uncollectible pledges of approximately 5% of current and subsequent year campaign pledges have been provided for as of June 30, 2014.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, which range from three to seven years.

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 nor 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, 2014

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.

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, 2014.

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Net assets and the change in net assets are unchanged due to these reclassifications.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 - 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 requirements for accounting for contributions received and contributions made, 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 Worldwide Membership Standards as outlined in their publication titled *United Way Worldwide Cost Deduction Requirements for Membership Standard M*.

NOTE 4 - SPECIAL EVENTS

Special event revenue of \$15,418 for the year ended June 30, 2014 is reported net of expenses of \$16,647 on the statement of activities.

NOTE 5 - LEASE COMMITMENT

The Organization entered into a lease agreement for office space commencing on June 1, 2012 and expiring on May 31, 2017, which contains a five-year renewal option. Total related rent expense for the year ended June 30, 2014 was \$30,000. Future minimum lease payments under this lease are as follows:

2015	\$ 30,000
2016	30,000
2017	<u>27,500</u>
Total	<u>\$ 87,500</u>

NOTE 6 - RETIREMENT PLAN

The Organization adopted a Savings Incentive Match Plan for Employees of Small Employers. 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 was \$4,843 for the year ended June 30, 2014.

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 Organization and affiliates. The letter of credit expires December 31, 2017.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 8 - UNRESTRICTED/BOARD DESIGNATED NET ASSETS

Unrestricted/board designated net assets consists of the following:

6-Month Operating Reserve - per financial management policies	\$ 215,494
CEO Fund	450
Total unrestricted/board designated net assets at June 30, 2014	<u>\$ 215,944</u>

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Time Restricted:	
2013/14 Campaign	\$ 583,844
2014/15 Campaign	29,182
Use Restricted:	
Grants	6,440
Western Kenosha Designations	23,968
Disaster Relief Designations	2,020
Infant Mortality Designations	3,025
Initiative Designation	18,680
Total temporarily restricted net assets at June 30, 2014	<u>\$ 667,159</u>

NOTE 10 - FUTURE COMMUNITY INVESTMENT

As of June 30, 2014, the Board of Directors has committed \$320,600 within the subsequent year's budget to Community Program Grants and \$194,018 for United Way of Kenosha County, Inc. Program Services for a combined total of \$514,618.

NOTE 11 - MEMBER ORGANIZATION DESIGNATIONS

Verification that the Organization is honoring designations made to each member organization has been performed.

NOTE 12 - UNCERTAINTY IN INCOME TAX

The Organization is exempt from federal income taxes as provided in Section 501(c)(3) of the Internal Revenue Code. The Organization, having qualified for exemption under provisions of the Internal Revenue Code, is also exempt from state income taxes.

The federal tax returns of the Organization for 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 13 - SIGNIFICANT CONCENTRATIONS

FDIC Limits

The Organization maintains all of its cash and temporary investments in several commercial bank accounts. Balances on deposits are insured by the FDIC up to specified limits. Balances in excess of FDIC limits are uninsured.

Donor Concentrations

One company and its employees represent 22% of the total contributions pledged for the current year campaign ended June 30, 2014. Pledges receivable remaining from this donor at June 30, 2014 total \$38,977.

NOTE 14 - SUBSEQUENT EVENTS

Management evaluated subsequent events through September 16, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to September 16, 2014 that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2014.

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