

UNITED WAY OF KENOSHA COUNTY, INC.

FINANCIAL STATEMENTS

June 30, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

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UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 710,599	\$ 545,497
Certificates of deposit	194,449	193,375
Pledges receivable - net	357,807	266,143
Interest receivable	388	265
Prepaid expenses	9,187	8,967
Office equipment	53,876	53,876
Less accumulated depreciation	(50,123)	(45,372)
Total assets	\$ 1,276,183	\$ 1,022,751
LIABILITIES		
Accounts payable	\$ 10,464	\$ 8,110
Accounts payable - donor designations	56,255	24,517
Accrued payroll	8,848	15,981
Total liabilities	75,567	48,608
NET ASSETS		
Unrestricted		
Designated	245,944	250,944
Undesignated	49,698	30,424
Total unrestricted	295,642	281,368
Temporarily restricted	904,974	692,775
Total net assets	1,200,616	974,143
Total liabilities and net assets	\$ 1,276,183	\$ 1,022,751

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2016 and 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Gross campaign results for the current year	\$ -	\$ 767,333	\$ 767,333
Less donor designations	-	(101,216)	(101,216)
Change in provision for uncollectible	4,028	(36,900)	(32,872)
Net campaign revenue for the current year	4,028	629,217	633,245
Gross campaign results for the subsequent year	-	4,055	4,055
Change in provision for uncollectible	-	(200)	(200)
Net campaign revenue for the subsequent year	-	3,855	3,855
Service fees	18,320	-	18,320
Contributions	61,193	266,020	327,213
Community event sponsorships	9,205	21,536	30,741
Other	-	-	-
Interest	2,067	-	2,067
Total support and other revenue	94,813	920,628	1,015,441
EXPENSES			
Program services			
Community Impact	519,828	-	519,828
Community Services	87,693	-	87,693
Strive Initiative	30,982	-	30,982
Supporting activities			
Management and General	111,901	-	111,901
Fundraising	38,564	-	38,564
Total expenses	788,968	-	788,968
Net assets released from restrictions	708,429	(708,429)	-
Change in net assets	14,274	212,199	226,473
Net assets - beginning of year	281,368	692,775	974,143
Net assets - end of year	\$ 295,642	\$ 904,974	\$ 1,200,616

See accompanying notes.

2015		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 689,331	\$ 689,331
-	(73,173)	(73,173)
-	(33,850)	(33,850)
-	582,308	582,308
-	22,393	22,393
-	(1,100)	(1,100)
-	21,293	21,293
12,422	-	12,422
41,427	56,300	97,727
5,915	32,778	38,693
57	-	57
2,261	-	2,261
62,082	692,679	754,761
471,137	-	471,137
85,549	-	85,549
-	-	-
112,325	-	112,325
48,238	-	48,238
717,249	-	717,249
667,063	(667,063)	-
11,896	25,616	37,512
269,472	667,159	936,631
<u>\$ 281,368</u>	<u>\$ 692,775</u>	<u>\$ 974,143</u>

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

	Program Services			Supporting Activities		Total
	Community Impact	Community Services	Strive Initiative	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.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2015

	Program Services		Supporting Activities		Total
	Community Impact	Community Services	Management and General	Fundraising	
Grants	\$ 327,200	\$ -	\$ -	\$ -	\$ 327,200
Personnel	63,920	44,470	66,591	30,717	205,698
Professional fees	10,917	-	16,979	-	27,896
Office supplies	1,558	162	734	113	2,567
Telephone	1,190	661	971	459	3,281
Information technology	17,036	2,913	3,377	3,494	26,820
Printing and postage	1,030	379	1,195	687	3,291
Occupancy	18,517	6,244	9,174	4,336	38,271
Equipment rental	1,062	647	951	449	3,109
Advertising and promotion	3,925	560	33	5,092	9,610
Dues and subscriptions	2,385	1,653	2,136	1,009	7,183
Travel	1,357	641	526	272	2,796
Conferences and meetings	1,238	952	5,948	-	8,138
Insurance	905	551	811	383	2,650
Donated gift distributions	15,458	-	-	-	15,458
Community events	-	24,281	-	-	24,281
Depreciation	2,355	1,435	2,108	997	6,895
Miscellaneous	1,084	-	791	230	2,105
Total expenses	\$ 471,137	\$ 85,549	\$ 112,325	\$ 48,238	\$ 717,249

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 226,473	\$ 37,512
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	4,751	6,895
Allowance for uncollectible pledges receivable	672	878
(Increase) decrease in assets		
Pledges receivable	(92,336)	(28,209)
Interest receivable	(123)	37
Prepaid expenses	(220)	(1,928)
Increase (decrease) in liabilities		
Accounts payable	2,354	(2,658)
Accounts payable - donor designations	31,738	(3,980)
Accrued payroll	(7,133)	2,046
Net cash flows from operating activities	166,176	10,593
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest retained in certificates of deposit	(1,074)	(1,203)
Redemption of certificates of deposit	-	115,300
Net cash flows from investing activities	(1,074)	114,097
Change in cash	165,102	124,690
Cash - beginning of year	545,497	420,807
Cash - end of year	\$ 710,599	\$ 545,497

See accompanying notes.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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, 2016 and 2015

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." Initiatives include: Foresight 20/20, Eastern and Western Kenosha County Networking Breakfasts, the Kenosha Lifecourse Initiative for Healthy Families and the Kenosha Community Food Security Snap-shot.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Strive Initiative – The Organization acts as the financial backbone and facilitator of the Strive Initiative. 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 August 30, 2016, the date which the financial statements were available to be issued.

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2016 and 2015 consisted of the following:

	2016	2015
2013/14 campaign	\$ -	\$ 1,268
2014/15 campaign	-	286,386
2015/16 campaign	277,503	8,888
2016/17 campaign	504	-
Strive Initiative sponsorships	87,500	-
Volunteer Center sponsorship	25,000	-
Other	5,500	7,129
Pledges receivable	396,007	303,671
Less allowance for uncollectible pledges receivable	(38,200)	(37,528)
Pledges receivable - net	\$ 357,807	\$ 266,143

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 2 - PLEDGES RECEIVABLE (continued)

	2016	2015
Receivable in less than one year	\$ 381,007	\$ 303,671
Receivable in one to five years	15,000	-
Less allowance for uncollectible pledges receivable	(38,200)	(37,528)
Pledges receivable - net	\$ 357,807	\$ 266,143

NOTE 3 - NET ASSETS

Board designated net assets at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Operating reserve	\$ 215,494	\$ 215,494
Initiative funding	30,000	35,000
CEO fund	450	450
Board designated	\$ 245,944	\$ 250,944

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following periods or purposes:

	2016	2015
Time Restricted		
2014/15 campaign	\$ -	\$ 578,540
2015/16 campaign	628,216	21,293
2016/17 campaign	3,855	-
Use Restricted		
Grants	22,505	26,574
Western Kenosha designations	30,247	27,235
Initiative designations	22,863	24,272
Other designations	3,581	4,970
Strive Initiative sponsorships	154,019	-
Volunteer Center sponsorship	30,000	-
Community event sponsorships	7,353	9,891
All other	2,335	-
Temporarily restricted	\$ 904,974	\$ 692,775

NOTE 4 - 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, 2016 and 2015 had uninsured cash balances at one institution of approximately \$26,000 and \$53,000.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 5 - OPERATING LEASES

The Organization leases office space and a copier under operating leases which expire in May 2017 and August 2018. The leases require monthly payments of \$2,500 and \$215. Total lease expense for the years ended June 30, 2016 and 2015 was \$32,580.

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

2017	\$	30,080
2018		2,580
2019		430

NOTE 6 - RETIREMENT PLAN

The Organization has 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 for the years ended June 30, 2016 and 2015 was \$5,284 and \$4,819.

NOTE 7 - 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, 2016 consisted of the following:

	Community Impact	Community Services	Strive Initiative
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	-	-
	\$ 53,546	\$ 1,530	\$ -
	Management and General	Fundraising	Total
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
	\$ 3,133	\$ 364	\$ 58,573

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 7 - 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, 2015 consisted of the following:

	Community Impact	Community Services	Strive Initiative
Professional fees	\$ 236	\$ -	\$ -
Information technology	10,468	820	-
Occupancy	8,271	-	-
Advertising and promotion	3,330	-	-
Conferences and meetings	-	-	-
Donated gifts distributions	15,458	-	-
Community events	-	878	-
	<u>\$ 37,763</u>	<u>\$ 1,698</u>	<u>\$ -</u>
	Management and General	Fundraising	Total
Professional fees	\$ -	\$ -	\$ 236
Information technology	1,205	570	13,063
Occupancy	-	-	8,271
Advertising and promotion	-	300	3,630
Conferences and meetings	10	-	10
Donated gifts distributions	-	-	15,458
Community events	-	-	878
	<u>\$ 1,215</u>	<u>\$ 870</u>	<u>\$ 41,546</u>

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, 2019.

NOTE 9 - FUTURE COMMITMENT INVESTMENT

As of June 30, 2016, the Board of Directors has committed \$357,500 within the subsequent year's budget to Community Program grants and \$252,589 for the Organization's program services for a combined total of \$610,089.

UNITED WAY OF KENOSHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 10 - STRIVE INITIATIVE

As of April 7, 2016 the Organization entered into a 6 month program services agreement with StriveTogether, LLC. As part of the service agreement, The StriveTogether team will assist the Organization and other community partners develop a “cradle to career” educational support infrastructure within the Kenosha community. As of June 30, 2016 the Organization had two remaining contractual payments due to StriveTogether, LLC of \$12,500 each.

The Organization received conditional pledges receivable of \$1,002,500 as of June 30, 2016 that are not recognized in the financial statements. These pledges are contingent upon program requirements.