

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2017**

**UNITED WAY OF RACINE COUNTY, INC.  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Racine County, Inc., which comprise the statement of financial position as of December 31, 2017, 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.

Board of Directors  
United Way of Racine County, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Racine County, Inc. as of December 31, 2017, 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 Racine County, Inc.'s 2016 financial statements, and our report dated March 20, 2017 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Racine, Wisconsin  
March 23, 2018

**UNITED WAY OF RACINE COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016)

<b>ASSETS</b>	2017	2016
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,010,978	\$ 2,045,318
Certificates of Deposit	1,476,233	1,471,422
Short-Term Investments	836,417	694,925
Accrued Interest Receivable	1,604	1,038
Accounts Receivable	-	976
Grants Receivable	119,949	45,690
Prepaid Expenses and Other Assets	33,786	31,749
Current Portion of Promises to Give, Less Allowance of \$306,262 in 2017 and \$370,475 in 2016	2,515,851	2,570,396
Total Current Assets	6,994,818	6,861,514
<b>PROPERTY AND EQUIPMENT, NET</b>	30,170	31,786
<b>OTHER ASSETS</b>		
Long-Term Certificates of Deposit	588,540	586,345
Investments - Racine Community Foundation	1,447,642	1,122,677
Promises to Give, Less Current Portion	20,000	167,732
Total Other Assets	2,056,182	1,876,754
Total Assets	\$ 9,081,170	\$ 8,770,054
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 117,068	\$ 103,213
Accrued Vacation	57,388	46,223
Campaign Funds Payable to Agencies	512,660	239,949
Agency Allocations Payable	1,044,534	1,112,660
Total Current Liabilities	1,731,650	1,502,045
<b>NET ASSETS</b>		
Unrestricted	2,163,386	2,197,627
Temporarily Restricted	4,619,316	4,503,564
Permanently Restricted	566,818	566,818
Total Net Assets	7,349,520	7,268,009
Total Liabilities and Net Assets	\$ 9,081,170	\$ 8,770,054

See accompanying Notes to Financial Statements.

**UNITED WAY OF RACINE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2017	2016
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>					
Gross Campaign Results (Net of Uncollectible Pledges of \$149,652 in 2017 and \$172,864 in 2016)	\$ 447,196	\$ 3,939,037	\$ -	\$ 4,386,233	\$ 4,030,557
Less Donor Designations		(512,660)	-	(512,660)	(239,949)
Net Campaign Revenue - Current Year	447,196	3,426,377	-	3,873,573	3,790,608
Gross Campaign Results, Prior Period Campaigns	436,700	-	-	436,700	757,981
Less Donor Designations	(135,799)	-	-	(135,799)	(143,708)
Net Campaign Revenue - Prior Year	300,901	-	-	300,901	614,273
Grants:					
Racine County Human Services Department	4,000	-	-	4,000	6,405
Emergency Shelter/Transitional Housing Grant	200,591	-	-	200,591	280,185
Community Learning Center Grant	52,485	-	-	52,485	-
Children's Trust Fund	-	-	-	-	61,222
Investment Income	126,727	-	-	126,727	56,218
Endowment Fund Investment Gains	-	176,674	-	176,674	78,386
Net Assets Released from Restrictions	3,487,299	(3,487,299)	-	-	-
Total Revenues, Gains, and Public Support	4,619,199	115,752	-	4,734,951	4,887,297
<b>EXPENSES</b>					
Allocation Expenses	2,670,494	-	-	2,670,494	2,933,469
Functional Expenses:					
Advancing Family Assets	-	-	-	-	145,201
Community Impact	456,674	-	-	456,674	308,434
Schools of Hope	126,908	-	-	126,908	145,188
Imagination Library	167,749	-	-	167,749	111,860
Community Schools	93,061	-	-	93,061	63,991
VITA	108,355	-	-	108,355	21,930
Fundraising	577,239	-	-	577,239	498,404
Management and General	452,960	-	-	452,960	506,607
Total Functional Expenses	1,982,946	-	-	1,982,946	1,801,615
Total Expenses	4,653,440	-	-	4,653,440	4,735,084
<b>CHANGES IN NET ASSETS</b>	(34,241)	115,752	-	81,511	152,213
Net Assets - Beginning of Year	2,197,627	4,503,564	566,818	7,268,009	7,115,796
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,163,386</u>	<u>\$ 4,619,316</u>	<u>\$ 566,818</u>	<u>\$ 7,349,520</u>	<u>\$ 7,268,009</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF RACINE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)

	2017							2016				
	Program Services					Volunteer		Supporting Services			Total	Total
	Advancing Family Assets	Community Impact	Schools of Hope	Imagination Library	Community Schools	Income Tax Assistance	Total Program Services	Fund- Raising	Management and General	Total Supporting Services	Functional Expenses	Functional Expenses
<b>EXPENSES</b>												
Salaries	\$ -	\$ 269,778	\$ 76,511	\$ 41,622	\$ 62,193	\$ 60,995	\$ 511,099	\$ 268,815	\$ 197,001	\$ 465,816	\$ 976,915	\$ 839,249
Temporary Help	-	-	-	-	-	2,616	2,616	7,598	-	7,598	10,214	21,043
Payroll Taxes and Employee Benefits	-	80,472	25,257	24,019	18,853	25,122	173,723	101,482	122,695	224,177	397,900	343,323
Total Payroll Expenses	-	350,250	101,768	65,641	81,046	88,733	687,438	377,895	319,696	697,591	1,385,029	1,203,615
Professional Fees	-	40,780	893	638	766	11,052	54,129	15,669	15,685	31,354	85,483	139,959
Office Expenses:												
Supplies	-	4,797	4,024	89,584	2,211	1,500	102,116	9,021	7,971	16,992	119,108	83,761
Telephone	-	3,973	2,782	1,238	1,507	1,980	11,480	10,593	6,918	17,511	28,991	30,148
Postage	-	755	870	1,553	129	192	3,499	5,666	1,789	7,455	10,954	7,392
Occupancy	-	7,890	4,552	2,298	2,273	2,155	19,168	47,842	15,101	62,943	82,111	76,524
Repairs and Maintenance	-	-	-	-	-	-	-	-	10,759	10,759	10,759	16,002
Printing and Publications	-	4,534	684	1,008	-	-	6,226	77,394	3,345	80,739	86,965	83,967
Travel and Training	-	32,931	3,877	2,510	1,825	2,323	43,466	17,921	31,955	49,876	93,342	68,897
Meeting Expenses	-	372	3,820	681	187	267	5,327	-	-	-	5,327	10,610
Membership Dues	-	-	3,459	2,470	2,964	-	8,893	170	9,400	9,570	18,463	18,362
Professional Liability Insurance	-	510	179	128	153	153	1,123	740	689	1,429	2,552	2,552
State and National Dues	-	9,882	-	-	-	-	9,882	14,328	13,340	27,668	37,550	41,535
Family Support Funds	-	-	-	-	-	-	-	-	-	-	-	440
Depreciation	-	-	-	-	-	-	-	-	16,312	16,312	16,312	17,851
Total Expenses	\$ -	\$ 456,674	\$ 126,908	\$ 167,749	\$ 93,061	\$ 108,355	\$ 952,747	\$ 577,239	\$ 452,960	\$ 1,030,199	\$ 1,982,946	\$ 1,801,615

See accompanying Notes to Financial Statements.

**UNITED WAY OF RACINE COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2017**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 81,511	\$ 152,213
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	16,312	17,851
Provision for Uncollectible Pledges	64,213	(25,915)
Gain on Endowment Funds	(176,674)	(78,386)
Gain on Mutual Funds	(141,492)	(72,977)
Interest Income on Certificates of Deposit	(7,006)	(5,080)
Contributions Restricted for Long-Term Purposes	(160,000)	(180,000)
Effects of Changes in Operating Assets and Liabilities:		
Promises to Give	138,064	297,347
Accounts Receivable	976	(976)
Grants Receivable	(74,259)	16,063
Accrued Interest Receivable	(566)	(595)
Prepaid Expenses and Other Assets	(2,037)	1,967
Accounts Payable	13,855	(25,316)
Accrued Vacation	11,165	5,069
Campaign Funds Payable to Agencies	272,711	(12,969)
Agency Allocations Payable	(68,126)	(92,688)
Net Cash Used by Operating Activities	(31,353)	(4,392)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(14,696)	(6,130)
Contributions to Endowment Fund	(204,000)	-
Proceeds from Endowment Fund	55,709	47,410
Net Cash Provided (Used) by Investing Activities	(162,987)	41,280
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Long-Term Purposes	160,000	180,000
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(34,340)	216,888
Cash and Cash Equivalents - Beginning of Year	2,045,318	1,828,430
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,010,978	\$ 2,045,318

See accompanying Notes to Financial Statements.



**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

United Way of Racine County, Inc. (the Organization) is a human services organization in the Racine County community through which volunteers can channel their concern for people in need. It uses a consolidated effort to raise funds for agency programs which results in more time and money expended for the direct benefit of people in need. United Way of Racine County, Inc. promotes social work in the Racine County area by coordination of the work of supported agencies, as well as other local public and private organizations, to deal with social welfare problems and to promote cooperation and economy in the operation of such organizations. Its central activity in this effort is Community Impact which allocates funds to such organizations and social purposes based on the local community's needs. This includes the direct management of programs and initiatives governed by the board of directors such as the current initiatives: Schools of Hope, Imagination Library, Community Schools, and Volunteer Income Tax Assistance (VITA). Schools of Hope is a program in partnership with Racine Unified School District using volunteer tutors to address early grade reading proficiency. Imagination Library is a program that provides books to children from birth to age five. Community Schools is a place-based strategy that creates partnerships between neighborhoods and resources. Community Schools is based on the Community School Model found in 5,000 Communities across the nation, it has an integrated focus on academics, health and social services, community engagement, and development. VITA is a national program staffed by local volunteers to provide free preparation and electronic filing of tax returns.

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 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. They are classified as short-term or long-term dependent upon their maturity date when purchased.

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

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**Investments**

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of investments are recorded on a trade date basis. Net appreciation (depreciation) in fair value of investments includes both realized and unrealized investment gains and losses. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period the pledge is received and as assets depending on the form of the benefits received. An allowance for uncollectible promises is recorded based on the prior history of uncollectible promises to give and current economic and industry trends.

**Property and Equipment**

Property and equipment are recorded at cost, or if donated, at the approximate fair market value at the date of donation. Depreciation and amortization are provided on the straight-line basis over their estimated useful lives, ranging from 3-10 years. Capitalization occurs when the fair market value of donated assets or the cost of purchased assets with useful lives of one or more years, exceeds \$1,000.

Expenditures for maintenance, including those for planned major maintenance projects, repairs, and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major replacements and renewals are capitalized.

**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 - Unrestricted net assets include all net assets which are neither temporarily or permanently restricted.

**UNITED WAY OF RACINE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

**Net Assets (Continued)**

Temporarily Restricted - Temporarily restricted net assets include 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. Certain temporarily restricted contributions whose restrictions are met in the same year as received are presented as unrestricted revenue.

Permanently Restricted - Permanently restricted net assets include 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.

**Restricted and Unrestricted Support and Revenue**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When a 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.

Annual campaigns are conducted in the fall of each year for raising funds for the next year. These amounts have been temporarily restricted until 2018 when both the time restriction ends and when donor designated funds are expended. Donor designated funds are tracked and spent according to the donor designation as part of United Way of Racine County, Inc.'s normal allocation process in the following year. Pledges received from donors who have designated a specific agency with their support are recognized as a corresponding liability by United Way of Racine County, Inc.

**Donated Services**

The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its operations. No amounts have been recognized in the accompanying statement of activities for donated services since the recognition criteria has not been met.

**Revenue Recognition**

Campaign contributions and income from special events and fund-raising are recognized in the year pledged. Pledges receivable and related revenue are recorded when the pledge is received, and allowances are provided for amounts estimated to be uncollectible. The allowances are based on past history, adjusted for current conditions, as considered appropriate by management.

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the financial statements. Expenses that can be identified with a specific function are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's use of estimates.

**Income Taxes**

No provision or benefit from income taxes has been included in these financial statement 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. Management analyzed the requirements for uncertain tax positions. The Organization determined that it was not required to record a liability related to uncertain tax positions at December 31, 2017.

**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 December 31, 2016, from which the summarized information was derived.

**NOTE 3 INVESTMENTS**

Investments of all funds of United Way of Racine County, Inc. are reviewed and controlled by a volunteer Finance Committee, which functions under policies approved by the board of directors. Investments are stated at fair market value. The following is a summary of the types and amounts of investments held at December 31, 2017:

United Way of Racine County, Inc. maintains investment accounts at several financial institutions. Mutual funds of \$836,417 are protected by the Securities Investor Protection Corporation up to \$500,000, of which \$100,000 is available for cash claims. The mutual funds increased in value by \$141,492 for the year. Total net investment income for the year was \$126,727 including mutual fund gains from above and income from interest-bearing checking, money market accounts, and certificates of deposit, net of investment fees of \$19,993.

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 3 INVESTMENTS (CONTINUED)**

In 1997, United Way of Racine County, Inc. established an endowment fund with the Racine Community Foundation for Success by Six programming. The principal portion of these funds can only be distributed to United Way of Racine County, Inc. with approval of the Racine Community Foundation board of directors and 75% approval of the United Way of Racine County, Inc. board of directors. The principal balance is intended to be permanently restricted with investment income used for programs for age zero to six children. The balance of this endowment fund is \$709,753 at December 31, 2017, of which \$450,000 is permanently restricted.

In 1993, United Way of Racine County, Inc. established an endowment fund known as the United Way of Racine County, Inc./W.R. Wadewitz fund at the Racine Community Foundation. This endowment fund has a balance of \$407,898 at December 31, 2017, of which \$116,818 is permanently restricted. The remaining balance is temporarily restricted for providing emergency capital needs to United Way of Racine County, Inc. and United Way of Racine County, Inc. funded agencies. Funds are periodically distributed as needed based on advisory recommendations from United Way of Racine County, Inc.

In 2001, United Way of Racine County, Inc. established an endowment fund known as the United Way of Racine County, Inc. Fund at the Racine Community Foundation. This endowment fund has a balance of \$329,991 at December 31, 2017. The principal portion of these funds can only be distributed to United Way of Racine County, Inc. with the approval of the Racine Community Foundation board of directors and 75% approval of the United Way of Racine County, Inc. board of directors. The purpose of this fund is to provide program services in Racine County. These funds are temporarily restricted.

The endowment investments held by the Racine Community Foundation are in pooled investment accounts and are uninsured. Investments held by the foundation are common stocks, mutual funds, and other fixed income accounts. The investment income earned (net of trustee fees) is allocated to United Way of Racine County, Inc.'s endowment funds based on the endowment's average monthly balance in relationship to total funds invested by the Foundation. The endowment funds' investment income is composed of interest, dividends, capital gains (losses), net realized gains (losses), and unrealized gains (losses).

**NOTE 4 FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

*Level 2* – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

Pooled separate accounts are valued at the net asset value of units of the fund held by the Organization based on the fair value of the underlying investments of the fund. Pooled separate accounts do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of December 31, 2017:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds:				
Index	\$ 836,417	\$ 836,417	\$ -	\$ -
Pooled Separate Accounts	1,447,642	-	1,447,642	-
Total	<u>\$ 2,284,059</u>	<u>\$ 836,417</u>	<u>\$ 1,447,642</u>	<u>\$ -</u>

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Equipment	\$ 254,098
Leasehold Improvements	75,000
Total, at Cost	329,098
Less: Accumulated Depreciation	(298,928)
Total Property and Equipment	\$ 30,170

**NOTE 6 PROMISES TO GIVE**

The total net value of unconditional promises to give is \$2,535,851. An allowance of \$306,262 for uncollectible promises is recorded based on the prior history of uncollectible promises to give and current economic and industry trends. The allowance was maintained this year at 5% of pledges made during the 2017 campaign. Based on prior history and management's estimate, the full amount less the allowance is expected to be collected in the following year.

During the year ending December 31, 2014, United Way of Racine County, Inc. entered into an agreement with Higher Expectations Community Impact Initiative, to raise money on their behalf. The purpose of this agreement is to develop a community collective impact strategy that will work to ensure Racine County children graduate and successfully enter post-secondary education and the workforce without remediation. As of December 31, 2017, there was \$180,000 of pledges receivable relating to this agreement. Management has determined that any uncollectible pledges related to the initiative are not significant.

Pledges receivable as of December 31, 2017 are as follows:

Receivable in Less than One-Year	\$ 2,822,113
Receivable in One to Five Years	20,000
Total Pledges Receivable	2,842,113
Less:	
Allowance for Doubtful Pledges	(306,262)
Pledges Receivable - Net	2,535,851
Less - Current Portion	2,515,851
Pledges Receivable, Less Current Portion	\$ 20,000

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 7 ALLOCATIONS, AGENCY ALLOCATION PAYABLE, AND CAMPAIGN FUNDS PAYABLE TO AGENCIES**

United Way of Racine County, Inc. has approved and allocated \$2,670,494 to supported agencies, community building programs, and other projects in the 2017 year. Of this amount, \$1,044,534 is unpaid and reported as a liability, agency allocations payable, as of December 31, 2017.

United Way of Racine County, Inc. has entered into contracts with supported agencies which, among other things, provide that in the event an agency did not properly use the amount of its allocation, the agency may be required to return all or part of the improperly used or unused portion. Known refunds and any related receivables are recorded in the financial statements as a return of previous year allocations. The amount of refunds for the year under audit are unknown. As a result, no amount is reflected in the financial statements for these potential refund receivables.

United Way of Racine County, Inc. has recognized a liability in the amount of \$512,660 as campaign funds payable to various agencies. This amount represents current campaign pledges received from donors who have designated a specific agency for their support.

**NOTE 8 OPERATING LEASE COMMITMENTS**

The Organization entered into a lease for office space in Burlington, Wisconsin on March 1, 2013, which expired on February 28, 2014. The Organization continues to pay on a month-to-month basis subsequent to the lease term. Rent expense for 2017 under this lease was \$7,800.

The Organization entered into a lease for office space in Racine, Wisconsin on April 1, 2014, which expires on March 31, 2019. Rent expense for 2017 under this lease was \$58,799.

The Organization entered into a lease for additional office space in Racine, Wisconsin which commenced on April 1, 2015 and expires March 31, 2021. Rent expense for 2017 under this lease was \$7,095.

Future minimum lease payments under these lease contracts are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 65,894
2019	21,795
2020	7,095
2021	1,774
Total	<u>\$ 96,558</u>



**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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 \$12,320 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 currently is valid through December 31, 2020.

**NOTE 10 DEFINED CONTRIBUTION PLAN – 401(K)**

United Way of Racine County, Inc. has a defined contribution plan for the Organization's employees. The defined contribution plan contributes 8% of annual salaries for eligible employees. Total retirement expense under this plan for the year was \$100,564.

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

Emergency Capital Needs (Wadewitz)	\$ 291,080
Education	179,290
Health	77,013
Income	46,158
Success by Six	259,753
Western Racine County	12,830
Planned Giving	329,991
Advancing Family Assets	5,040
Sponsorships	25,000
Community Schools	74,477
Imagination Library	35,727
School of Hope	9,877
UW Leadership Event	16,250
Greening Greater Racine	2,706
VITA	50
Women United Brighter Future Fund	9,945
Estates and Trusts	254,000
Strive	803,004
Periods after December 31, 2017	2,187,125
Total	<u>\$ 4,619,316</u>

**NOTE 12 PERMANENTLY RESTRICTED NET ASSETS**

As of December 31, 2017, permanently restricted net assets consists of \$450,000 in the Success by Six fund and \$116,818 in the United Way of Racine County, Inc./W.R. Wadewitz fund. These amounts are invested in endowment funds with Racine Community Foundation as defined in Note 3.

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 13 ENDOWMENTS**

United Way of Racine County, Inc.'s endowments consist of various funds established to benefit United Way of Racine County, Inc. for a variety of purposes. United Way of Racine County, Inc.'s endowments include donor-restricted endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

United Way of Racine County, Inc.'s board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

**Return Objectives and Risk Parameters**

United Way of Racine County, Inc. has adopted investment and spending policies for certain endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the fair value of the endowment assets. See Note 3 for further information.

**Spending Policy**

The Organization has a policy of appropriating for distribution each year varying amounts based on current budgeted activity. In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

**UNITED WAY OF RACINE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 13 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To achieve its investment goals, United Way of Racine County, Inc. targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. United Way of Racine County, Inc.'s asset allocations included a blend of equity and debt securities and cash equivalents.

Endowment Net Assets Composition by Type of Fund as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted Endowment Funds	\$ -	\$ 880,824	\$ 566,818	\$ 1,447,642
Board Designated Endowment Funds	-	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 880,824</u>	<u>\$ 566,818</u>	<u>\$ 1,447,642</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2017:

Net Assets - Beginning of Year	\$ -	\$ 555,859	\$ 566,818	\$ 1,122,677
Investment Return:				
Investment Income	-	16,638	-	16,638
Net Appreciation	-	160,036	-	160,036
Total	-	732,533	566,818	1,299,351
Contributions	-	204,000	-	204,000
Appropriation of Endowment Assets for Expenditure	-	(55,709)	-	(55,709)
Net Assets - End of Year	<u>\$ -</u>	<u>\$ 880,824</u>	<u>\$ 566,818</u>	<u>\$ 1,447,642</u>

**NOTE 14 SIGNIFICANT CONCENTRATIONS**

**FDIC Limits**

United Way of Racine County, Inc. invests its cash in interest bearing checking and money market accounts at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured.

**Customer Concentrations**

Due to the limited number of large companies in the Racine area, three companies and their employees represent 57% of the total contributions pledged for the current year campaign ended December 31, 2017. One of the three employers and its employees represent 39% of the total contributions pledged in 2017. The remaining balances are comprised of a diverse base of companies and contributors each comprising less than 5% of total contributions pledged and the pledges receivable balance.

**UNITED WAY OF RACINE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 15 SUBSEQUENT EVENTS**

Management evaluated subsequent events through March 23, 2018, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2017, but prior to March 23, 2018 that provided additional evidence about conditions that existed at December 31, 2017, has been recognized in the financial statements for the year ended December 31, 2017. Events or transactions that provided evidence about conditions that did not exist at December 31, 2017 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2017.

**UNITED WAY OF RACINE COUNTY, INC.**  
**SCHEDULE OF REVENUE AND EXPENSES BY FUNCTION**  
**YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE INFORMATION AS OF DECEMBER 31, 2016)**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	2017								2016	
	Campaign and Allocations	Community Impact	Schools of Hope	Imagination Library	Community Schools	Volunteer Income Tax Assistance	Fund- Raising	Management and General	Total	Total
<b>REVENUES, GAINS, AND PUBLIC SUPPORT</b>										
Net Assets Released from Restrictions:										
Campaign Contributions	\$ 3,487,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,487,299	\$ 3,694,808
Contributions	447,196	-	-	-	-	-	-	-	447,196	97,122
Contributions, Prior Period Campaigns	300,901	-	-	-	-	-	-	-	300,901	614,273
Governmental Grants	257,076	-	-	-	-	-	-	-	257,076	347,812
Investment Gain (Loss) and Interest Income	126,727	-	-	-	-	-	-	-	126,727	56,218
Revenues, Gains, and Public Support Before Allocation	4,619,199	-	-	-	-	-	-	-	4,619,199	4,810,233
Allocation of Revenue to Support Functions	(1,982,946)	456,674	126,908	167,749	93,061	108,355	577,239	452,960	-	-
<b>TOTAL REVENUES, GAINS, AND PUBLIC SUPPORT</b>	<b>2,636,253</b>	<b>456,674</b>	<b>126,908</b>	<b>167,749</b>	<b>93,061</b>	<b>108,355</b>	<b>577,239</b>	<b>452,960</b>	<b>4,619,199</b>	<b>4,810,233</b>
<b>EXPENSES</b>										
Salaries	-	269,778	76,511	41,622	62,193	60,995	268,815	197,001	976,915	839,249
Temporary Help	-	-	-	-	-	2,616	7,598	-	10,214	21,043
Payroll Taxes and Employee Benefits	-	80,472	25,257	24,019	18,853	25,122	101,482	122,695	397,900	343,323
Total Payroll Expenses	-	350,250	101,768	65,641	81,046	88,733	377,895	319,696	1,385,029	1,203,615
Professional Fees	-	40,780	893	638	766	11,052	15,669	15,685	85,483	139,959
Office Expenses										
Supplies	-	4,797	4,024	89,584	2,211	1,500	9,021	7,971	119,108	83,761
Telephone	-	3,973	2,782	1,238	1,507	1,980	10,593	6,918	28,991	30,148
Postage	-	755	870	1,553	129	192	5,666	1,789	10,954	7,392
Occupancy	-	7,890	4,552	2,298	2,273	2,155	47,842	15,101	82,111	76,524
Repairs and Maintenance	-	-	-	-	-	-	-	10,759	10,759	16,002
Printing and Publications	-	4,534	684	1,008	-	-	77,394	3,345	86,965	83,967
Travel and Training	-	32,931	3,877	2,510	1,825	2,323	17,921	31,955	93,342	68,897
Meeting Expenses	-	372	3,820	681	187	267	-	-	5,327	10,610
Membership Dues	-	-	3,459	2,470	2,964	-	170	9,400	18,463	18,362
Professional Liability Insurance	-	510	179	128	153	153	740	689	2,552	2,552
State and National Dues	-	9,882	-	-	-	-	14,328	13,340	37,550	41,535
Family Support Funds	-	-	-	-	-	-	-	-	-	440
Depreciation	-	-	-	-	-	-	-	16,312	16,312	17,851
Allocations	2,670,494	-	-	-	-	-	-	-	2,670,494	2,933,469
<b>TOTAL EXPENSES</b>	<b>2,670,494</b>	<b>456,674</b>	<b>126,908</b>	<b>167,749</b>	<b>93,061</b>	<b>108,355</b>	<b>577,239</b>	<b>452,960</b>	<b>4,653,440</b>	<b>4,735,084</b>
<b>CHANGE IN NET ASSETS, UNRESTRICTED</b>	<b>\$ (34,241)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (34,241)</b>	<b>\$ 75,149</b>

**UNITED WAY OF RACINE COUNTY, INC.**  
**SCHEDULE OF RESTRICTED PROGRAM REVENUE AND EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**RESTRICTED REVENUES**

Racine County Human Services Department	\$ 4,000
Emergency Shelter/Transitional Housing Grant	200,591
Community Learning Center	<u>52,485</u>
Total Restricted Revenues	<u>257,076</u>

**EXPENSES**

United Way of Racine County Allocation	30,156
Community Learning Center	36,855
Emergency Shelter/Transitional Housing	<u>190,065</u>
Total Expenses	<u>257,076</u>

**EXCESS (DEFICIENCY)**

\$ -

**UNITED WAY OF RACINE COUNTY, INC.  
SCHEDULE OF ALLOCATIONS  
YEAR ENDED DECEMBER 31, 2017  
(SEE INDEPENDENT AUDITORS' REPORT)**

**EDUCATION**

Big Brothers Big Sisters of Racine & Kenosha Co. Inc. - Outcome Based One-to-One Mentoring for Middle Grade Students	\$ 42,188
Big Brothers Big Sisters of Racine & Kenosha Co. Inc. - Outcome Based One-to-One Mentoring for High School Students	35,956
Board of Regents of the University of Wisconsin System, UW - Extension - Early Learning and School Readiness Program	69,940
Board of Regents of the University of Wisconsin System, UW - Extension - Racine County Touchpoints Project	(3,293)
Central Racine County Health Department - Family Connects Racine County	200,000
John XXIII Educational Center - High School Support	33,300
John XXIII Educational Center - Middle School Support	32,400
Racine Family YMCA - Teen Achievers	19,550
Racine Family YMCA - Young Achievers	34,200
Racine Family YMCA - School Achievers	45,900
SAFE Haven of Racine County, Inc. - Girls Inc. of Racine	16,000
SAFE Haven of Racine County, Inc. - Girls Inc. of Racine Grades 6-8	24,000
Youth for Christ - Southeast Wisconsin - Parent Life	12,073

**HEALTH**

Alliance on Mental Illness of Racine County, Inc. - NAMI Racine	54,400
Children's Hospital of Wisconsin, Community Services - RCCAC: Racine County Child Advocacy Center	22,750
Family Service of Racine, Inc. - Counseling & Psychotherapy Program	70,303
Focus on Community - FAST (Families & Schools Together)	45,000
Focus on Community - Botvin Lifeskills	47,493
Lutheran Social Services of WI & Upper MI, Inc. - S.C.A.N. - Stop Child Abuse & Neglect	34,408
Lutheran Social Services of WI & Upper MI, Inc. - Sexual Assault Services	50,677

**INCOME**

First Choice Pre-Apprenticeship Training	32,000
Focus on Community - Advancing Family Assets	67,531
Racine Family YMCA - Focus on Fathers Initiative	56,500
Racine Literacy Council, Inc. - Adult Literacy Program	80,000
Racine Vocational Ministry, Inc. - Walk-In Program	63,000
Three Harbors Council, Boy Scouts of America, Inc. - Personal Finance Management	26,000

**BASIC NEEDS**

Catherine Marian Housing, Inc. - Bethany Apartments	21,000
Cerebral Palsy Agency of Racine County, Inc. - RADD	38,500
Health Care Network, Inc. - Health Care Services	72,600
Homeless Assistance Leadership Organization, Inc. - HALO	130,200
Racine County Food Bank - Emergency Food Distribution	64,867
SAFE Haven of Racine, Inc. - Youth Shelter & Outreach Programs	34,729
The Salvation Army - Racine Corps - Child Nutrition Program	12,500
The ARC of Racine County, Inc. - Schools to Community Self-Determination Program	31,500
Transitional Living Center, Burlington, Burlington - Shelter Program	13,650

**UNITED WAY OF RACINE COUNTY, INC.  
SCHEDULE OF ALLOCATIONS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2017  
(SEE INDEPENDENT AUDITORS' REPORT)**

**COMMUNITY SCHOOLS**

American Red Cross - Babysitting & Childcare Training	\$ 1,525
Children's Hospital of Wisconsin, Community Services - Child and Family Counseling	69,483
Focus on Community - Multi-Hub FAST (Families & Schools Together)	40,000
Focus on Community - Advancing Family Assets - Knapp	74,000
Racine Family YMCA - The School Achievers Program - Knapp Elementary	41,893
The ARC of Racine County, Inc. - Health Matters: Have Fun and Get Fit)	(1,125)

**WOMEN UNITED**

Catherine Marian Housing, Inc. - Bethany Apartments	1,000
SAFE Haven of Racine, Inc.	1,000
Youth for Christ - Southeast Wisconsin	1,000
First Choice Pre-Apprenticeship Training	1,000
Premier Power of Wisconsin	590

**COMMUNITY PARTNERS**

Asset Builders of America - Money Conference	3,500
Caseworthy	94,900
Catholic Charities of the Archdiocese of Milwaukee, Inc. - Behavioral Health Counseling Services	10,000
Children's Hospital of Wisconsin, Community Services - Child and Family Counseling Program	10,000
Dr. John Bryant Center - Center of the Performing Arts	5,000
Family Service of Racine, Inc. - Opioids: Killing More Than Pain	2,000
Green Path, Inc. - Racine Family Financial Health Initiative	2,500
Higher Expectations - Race, Equity, and Inclusion	15,000
Networking Breakfast - East and West	896
Racine Friendship Clubhouse - Work-Ordered Day Program	9,000
Racine Interfaith Coalition - Creating an EXPO Group for Racine County	7,500
Racine Zoological Society - Racine Zoo Interpretive Signage	1,260
Training for Partner Providers	1,000
University of Wisconsin - Parkside - Continuing Education & Community Engagement (CECE)	1,500

**Youth Initiatives/Youth as Resources**

Program Expenses	1,350
Grants	7,762

**Wadewitz Fund**

Racine Family YMCA - HAVAC Systems at the George Bray Neighborhood YMCA	12,459
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**Grant Expenses**

21st Century Community Learning Center (CLC)	36,855
Emergency Shelter Grant - Racine County - State of Wisconsin	134,330
Emergency Shelter Grant - Racine County - City of Racine	55,735

**Fiscal Sponsorships**

Higher Expectations (STRIVE)	313,742
Greening a Greater Racine	13,017

**TOTAL ALLOCATIONS**

**\$ 2,670,494**