



**United Way
of Racine County**

UNITED WAY OF RACINE COUNTY, INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

December 31, 2023 and 2022

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Schedules of Revenue and Expenses by Function	18
Schedules of Restricted Program Revenue and Expenses	20
Schedules of Allocations	21

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of United Way of Racine County, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Racine County, Inc. as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Racine County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of United Way of Racine County, Inc. for the year ended December 31, 2022, were audited by another auditor, who expressed an unmodified opinion on those statements on March 17, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Racine County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Racine County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Racine County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenue and expenses by function, restricted program revenue and expenses, and allocations for the year ended December 31, 2023 are presented for purposes of additional analysis and are 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. The accompanying schedules of revenue and expenses by function, restricted program revenue and expenses, and allocations for the year ended December 31, 2022, were subjected to auditing procedures applied in the audit of the basic financial statements by another auditor, whose report on such information stated that it was fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs LLP

Wegner CPAs, LLP
Waukesha, Wisconsin
March 29, 2024

UNITED WAY OF RACINE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,007,596	\$ 2,475,470
Certificates of deposit	1,240,714	630,689
Investments	5,280,750	4,682,693
Interest receivable	4,243	496
Grants receivable	74,804	137,279
Unconditional promise to give	1,322,264	1,834,105
Prepaid expenses	<u>45,860</u>	<u>43,608</u>
Total current assets	9,976,231	9,804,340
PROPERTY AND EQUIPMENT, NET	13,703	25,661
OTHER ASSETS		
Operating lease right-of-use assets	29,817	149,664
Certificates of deposit	-	606,858
Unconditional promises to give	40,000	80,000
Beneficial interest in assets held by Racine Community Foundation	<u>1,758,238</u>	<u>1,592,441</u>
Total other assets	<u>1,828,055</u>	<u>2,428,963</u>
Total assets	<u>\$ 11,817,989</u>	<u>\$ 12,258,964</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 343,612	\$ 75,036
Accrued vacation	66,104	61,715
Agency designations payable	468,750	409,063
Deferred grant revenue	256,476	1,000,000
Agency allocations payable	696,090	737,334
Current portion of operating lease liabilities	29,817	119,847
Agency fund liability	<u>600,000</u>	<u>400,000</u>
Total current liabilities	2,460,849	2,802,995
OTHER LIABILITIES		
Operating lease liabilities less current portion	<u>-</u>	<u>29,817</u>
Total liabilities	2,460,849	2,832,812
NET ASSETS		
Without donor restrictions	5,210,458	5,161,105
With donor restrictions	<u>4,146,682</u>	<u>4,265,047</u>
Total net assets	<u>9,357,140</u>	<u>9,426,152</u>
Total liabilities and net assets	<u>\$ 11,817,989</u>	<u>\$ 12,258,964</u>

See accompanying notes.

UNITED WAY OF RACINE COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Current year campaign	\$ -	\$ 3,518,838	\$ 3,518,838	\$ -	\$ 3,527,637	\$ 3,527,637
Less donor designations	-	(468,750)	(468,750)	-	(409,063)	(409,063)
Less provision for uncollectible accounts	-	(139,466)	(139,466)	-	(117,099)	(117,099)
Net current year campaign	-	2,910,622	2,910,622	-	3,001,475	3,001,475
Prior year campaigns	432,588	-	432,588	399,725	-	399,725
Less donor designations	(108,169)	-	(108,169)	(142,656)	-	(142,656)
Net prior year campaigns	324,419	-	324,419	257,069	-	257,069
Other contributions	242,764	30,578	273,342	130,572	-	130,572
Grants	1,252,891	-	1,252,891	545,435	-	545,435
Administration fees	37,211	-	37,211	-	-	-
Investment return, net	636,901	-	636,901	(738,352)	-	(738,352)
Change in value of beneficial interest in assets held by Racine Community Foundation	42,740	123,057	165,797	(63,505)	(188,487)	(251,992)
Total support and revenue	2,536,926	3,064,257	5,601,183	131,219	2,812,988	2,944,207
EXPENSES						
Program services	4,525,993	-	4,525,993	3,863,453	-	3,863,453
Management and general	656,092	-	656,092	513,566	-	513,566
Fundraising	488,110	-	488,110	443,162	-	443,162
Total expenses	5,670,195	-	5,670,195	4,820,181	-	4,820,181
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions and expiration of time restrictions	3,182,622	(3,182,622)	-	3,032,626	(3,032,626)	-
Change in net assets	49,353	(118,365)	(69,012)	(1,656,336)	(219,638)	(1,875,974)
Net assets at beginning of year	5,161,105	4,265,047	9,426,152	6,817,441	4,484,685	11,302,126
Net assets at end of year	<u>\$ 5,210,458</u>	<u>\$ 4,146,682</u>	<u>\$ 9,357,140</u>	<u>\$ 5,161,105</u>	<u>\$ 4,265,047</u>	<u>\$ 9,426,152</u>

See accompanying notes.

UNITED WAY OF RACINE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services						Supporting Activities		Total Expenses	
	Campaign and Grants	Community Impact	Schools of Hope	Imagination Library	Link and Inspire for Tomorrow	Volunteer Income Tax Assistance	Full-Service Community School	Management and General		Fundraising
Grants and allocations	\$ 3,235,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,235,789
Salaries	-	178,154	30,956	6,549	89,974	36,439	148,184	232,910	250,567	973,733
Temporary help	-	-	-	-	-	9,601	-	-	-	9,601
Payroll taxes and benefits	-	72,085	5,308	1,261	29,922	7,519	42,832	109,967	61,795	330,689
Professional fees	-	3,646	489	131	4,485	728	238	22,214	20,082	52,013
Contracted services	-	37,188	742	-	12,893	937	206,860	107,879	-	366,499
Supplies	-	2,569	1,649	145,159	9,196	6,434	37,755	14,043	4,029	220,834
Telephone	-	3,930	1,083	114	5,392	1,259	3,098	8,557	5,659	29,092
Postage	-	533	79	20	656	199	-	2,118	2,626	6,231
Occupancy	-	23,539	3,081	859	28,961	4,437	-	43,113	26,989	130,979
Repairs and maintenance	-	-	-	-	-	-	-	3,026	-	3,026
Printing and publications	-	-	96	910	-	1,141	249	9,703	84,083	96,182
Travel and training	-	789	11	-	8,348	1,744	16,825	21,988	8,113	57,818
Meeting expenses	-	159	219	-	1,265	-	27	3,152	765	5,587
Membership dues	-	1,515	-	-	-	-	-	12,534	1,323	15,372
Liability insurance	-	622	82	20	775	118	-	3,444	726	5,787
National dues	-	18,623	2,438	670	22,913	3,522	-	27,983	21,353	97,502
Bank fees	-	-	-	-	-	-	-	21,503	-	21,503
Depreciation	-	-	-	-	-	-	-	11,958	-	11,958
Total expenses	\$ 3,235,789	\$ 343,352	\$ 46,233	\$ 155,693	\$ 214,780	\$ 74,078	\$ 456,068	\$ 656,092	\$ 488,110	\$ 5,670,195

See accompanying notes.

UNITED WAY OF RACINE COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services						Supporting Activities		Total Expenses	
	Campaign and Grants	Community Impact	Schools of Hope	Imagination Library	Link and Inspire for Tomorrow	Volunteer Income Tax Assistance	Full-Service Community School	Management and General		Fundraising
Grants and allocations	\$ 2,692,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,692,661
Salaries	-	133,982	25,486	6,185	91,378	29,028	154,535	254,899	217,838	913,331
Temporary help	-	-	-	-	-	10,270	-	6,946	-	17,216
Payroll taxes and benefits	-	54,539	4,860	1,360	32,621	6,855	45,334	100,665	79,033	325,267
Professional fees	-	2,186	416	104	4,494	777	-	13,698	16,031	37,706
Contracted services	-	37,776	645	11	926	1,087	252,208	11,681	26	304,360
Supplies	-	1,255	624	137,059	13,352	2,463	9,175	9,853	3,909	177,690
Telephone	-	2,581	859	106	6,025	1,058	3,897	7,511	5,815	27,852
Postage	-	433	71	639	787	111	-	1,546	1,757	5,344
Occupancy	-	15,454	3,015	778	31,402	4,373	-	40,957	34,887	130,866
Repairs and maintenance	-	-	-	-	-	-	-	6,285	-	6,285
Printing and publications	-	-	-	450	-	1,242	-	8,519	67,901	78,112
Travel and training	-	217	25	-	2,917	1,295	11,072	13,216	2,986	31,728
Meeting expenses	-	6	-	-	105	106	-	2,813	41	3,071
Membership dues	-	-	-	-	10	-	-	11,706	-	11,716
Liability insurance	-	388	74	18	798	111	-	825	865	3,079
National dues	-	5,414	1,031	258	11,128	1,547	-	11,515	12,073	42,966
Depreciation	-	-	-	-	-	-	-	10,931	-	10,931
Total expenses	\$ 2,692,661	\$ 254,231	\$ 37,106	\$ 146,968	\$ 195,943	\$ 60,323	\$ 476,221	\$ 513,566	\$ 443,162	\$ 4,820,181

See accompanying notes.

UNITED WAY OF RACINE COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (69,012)	\$ (1,875,974)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	11,958	10,931
Amortization of operating lease right-of-use assets	119,847	119,684
Net realized and unrealized (gains) losses on investments	(396,928)	801,342
Change in value of beneficial interest in assets held by Racine Community Foundation	(165,797)	251,992
(Increase) decrease in assets		
Accounts receivable	-	2,729
Interest receivable	(3,747)	14
Grants receivable	62,475	(41,618)
Unconditional promise to give	551,841	1,088
Prepaid expenses	(2,252)	(17,264)
Increase (decrease) in liabilities		
Accounts payable	268,576	(96,687)
Accrued vacation	4,389	14,657
Agency designations payable	59,687	(13,570)
Deferred grant revenue	(743,524)	1,000,000
Agency allocations payable	(41,244)	(5,346)
Operating lease liabilities	(119,847)	(119,684)
Agency fund liability	200,000	200,000
Net cash flows from operating activities	(263,578)	232,294
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends reinvested	(217,175)	(5,592)
Purchases of property and equipment	-	(16,072)
Purchases of investments	(3,539,683)	(2,749,415)
Proceeds from sales of investments	3,552,562	2,790,536
Redemptions of certificates of deposit	-	465,030
Distributions from beneficial interest in assets held by Racine Community Foundation	-	35,340
Net cash flows from investing activities	(204,296)	519,827
Change in cash	(467,874)	752,121
Cash at beginning of year	2,475,470	1,723,349
Cash at end of year	<u>\$ 2,007,596</u>	<u>\$ 2,475,470</u>

See accompanying notes.

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Way of Racine County, Inc. (UWRC) is a human resources organization in the Racine, Wisconsin community through which volunteers can channel their concern for people in need. UWRC promotes social work by the 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. UWRC is primarily supported by contributions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending of the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

UWRC reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investment securities are expose to various risks such as interest rate, market, and credit risk, Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Beneficial Interest in Assets Held by Racine Community Foundation

UWRC's beneficial interest in assets held by Racine Community Foundation represents agreements between UWRC and the Foundation in which UWRC transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to UWRC by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Amounts designated for member and non-member agencies are not included in the current year campaign revenue as reported in the statement of activities. In accordance with requirements for accounting for contributions received and contributions made, such amounts are included only on the statement of financial position as payable to the agency as designated.

Grants

UWR receives grants from government agencies and others that are conditioned upon UWRC incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by UWRC, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Leases

UWRC does not recognize short-term leases in the statement of financial position. For these leases, UWRC recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. UWRC also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, UWRC uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Income Tax Status

UWRC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, supplies, telephone, postage, and occupancy, which are allocated on the basis of estimates of time and effort.

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following program services and supporting activities are included in the accompanying financial statements:

Campaign and Grants – UWRC raises and distributes funds to prioritized agencies and other community partners to help address Racine County needs.

Community Impact – UWRC's central activity allocates funds to agencies that promote social work in the Racine County area.

Schools of Hope – This program is in partnership with Racine Unified School District using volunteer tutors to address early grade reading proficiency.

Imagination Library – This a program to provide books to children from birth to age five.

Link and Inspire for Tomorrow (LIFT) – LIFT is a place-based strategy that creates partnerships between neighborhoods and resources. LIFT is based on the Community School Model found in 5,000 communities across the nation, and it has an integrated focus on academics, health and social services, community engagement, and development.

Volunteer Income Tax Assistance (VITA) – VITA is a national program staffed by local volunteers to provide free preparation and electronic filing of tax returns.

Full-Service Community School (FSCS) – FSCS is a national program to provide support to improve educational outcomes for children.

Management and General – Includes accounting and production of financial reports, advertising, oversight of the annual budget, supervision of departments and programs, maintenance of personnel records, attending general board and committee meetings, and any other administrative and office services necessary for UWRC.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundation, and corporations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through March 29, 2024, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS

Credit Risk

UWRC maintains its cash balances at several financial institutions located in Racine, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023 and 2022, UWRC’s uninsured cash balances total approximately \$1,125,000 and \$2,330,000, respectively.

Concentration of Contributions

Due to the limited number of large companies in the Racine, Wisconsin, area, one company and its employees represent approximately 40% and 45%, respectively, of the total contributions pledged for the campaign years ended December 31, 2023 and 2022.

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at the end of the year are as follows:

	2023	2022
Receivable in less than one year	\$ 1,322,264	\$ 1,834,105
Receivable in one to five years	40,000	80,000
Total unconditional promises to give	\$ 1,362,264	\$ 1,914,105

NOTE 4—INVESTMENTS

Investments are comprised of the following:

	2023	2022
Cash and equivalents held by investment managers	\$ 88,967	\$ 81,118
Equity securities	916,998	848,379
Fixed income funds	2,752,814	2,512,232
Index mutual funds	1,521,971	1,240,964
	\$ 5,280,750	\$ 4,682,693

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4—INVESTMENTS (continued)

Fair values of equity securities are based on the closing prices reported on the active market where the individual securities are traded. Fixed income funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily value and to transact at that price. Equity securities and fixed income funds held by UWRC are considered to be actively traded and are valued using Level 1 fair value measurements. Index mutual funds are valued at the closing price reported by the investment company and are valued using Level 2 fair value measurements.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2023	2022
Equipment	\$ 210,755	\$ 210,755
Leasehold improvements	75,000	75,000
Accumulated depreciation	(272,052)	(260,094)
	\$ 13,703	\$ 25,661

NOTE 6—ENDOWMENT

UWRC’s endowment consists of several individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of UWRC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, UWRC considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. UWRC has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In accordance with UPMIFA, UWRC 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 purposes of 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 UWRC, and (7) UWRC’s investment policies.

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—ENDOWMENT (continued)

Investment Return Objectives, Risk Parameters, and Strategies. UWRC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that UWRC must hold in perpetuity or for donor-specified periods. Given the relationship between risk and return, a fundamental step in determining the investment policy for the endowment fund is the determination of an appropriate risk tolerance. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment fund over the long term, and capital market volatility, the board of directors believes that a moderate risk strategy is prudent. Under this policy, as approved by the board of directors, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year. UWRC expects its endowment fund, over time, to provide an annual average rate of return of approximately 5%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, UWRC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWRC targets diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy: At year end, UWRC has a policy of distributing up to 4% of the moving average of the past 12 quarters' closing market value of the endowment investment. In establishing this policy, UWRC considered the long-term expected return of its endowment.

Endowment net asset composition by type of fund at December 31, 2023 and 2022, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$ 453,248	\$ -	\$ 453,248
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	566,818	566,818
Accumulated investment gains	-	738,172	738,172
Total endowment funds	<u>\$ 453,248</u>	<u>\$ 1,304,990</u>	<u>\$ 1,758,238</u>

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 6—ENDOWMENT (continued)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	\$ 410,508	\$ -	\$ 410,508
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	566,818	566,818
Accumulated investment gains	-	615,115	615,115
Total endowment funds	\$ 410,508	\$ 1,181,933	\$ 1,592,441

Changes in endowment net assets for the years ended December 31, 2023 and 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2021	\$ 474,013	\$ 1,405,760	\$ 1,879,773
Change in value	(63,505)	(188,487)	(251,992)
Appropriated for expenditure	-	(35,340)	(35,340)
Balance, December 31, 2022	410,508	1,181,933	1,592,441
Change in value	42,740	123,057	165,797
Balance, December 31, 2023	\$ 453,248	\$ 1,304,990	\$ 1,758,238

NOTE 7—RETIREMENT PLAN

UWRC sponsors a 401(k) plan. Eligibility is limited to employees who meet certain criteria. The plan calls for salary reduction contributions, which may be matched up to 8% of total salaries. Retirement expense for the years ended December 31, 2023 and 2022, was \$100,504 and \$97,355, respectively.

NOTE 8—CONDITIONAL GRANTS

UWRC has several grants that are conditioned upon UWRC incurring qualifying expenses under the grant programs. At December 31, 2023, these conditional grants total approximately \$346,200. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 9—NET ASSETS

UWRC’s board of directors has designated net assets without donor restrictions for the following purposes:

	2023	2022
Operating reserves	\$ 1,175,893	\$ 1,762,993
Board-designated endowment funds	453,248	410,508
Community initiatives	3,082,588	3,134,754
Investment in property and equipment	13,703	25,661
Undesignated	485,026	(172,811)
	\$ 5,210,458	\$ 5,161,105

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to the passage of time:		
Current-year campaign revenue	\$ 1,709,449	\$ 1,678,868
Subject to expenditure for specified purpose:		
Education	61,847	65,286
Health	28,935	22,278
Income	18,574	23,935
Western Racine County	7,388	44,259
Essential services basic needs	32,475	27,637
Imagination Library	17,061	16,290
United Way Leadership event	54,821	244,500
VITA	2,000	4,259
Women United Brighter Future Fund	41,662	42,719
United Ways	360	54,715
Equity Innovation Fund	483	130
Equity Through Technology	200,000	-
Community schools	7,312	34,795
Schools of Hope	23,266	19,314
STRIVE	636,059	804,129
Subject to UWRC's spending policy and appropriation:		
Emergency capital needs	437,510	396,253
Success by Six	867,480	785,680
	\$ 4,146,682	\$ 4,265,047

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 10—LIQUIDITY AND AVAILABILITY

UWRC monitors its liquid financial assets sufficient to meet its program and initiative funding and operating needs, while also striving to maximize the investment of its available funds. In addition, UWRC anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. UWRC has a stabilization fund which enables it to support participating agency programs and services during highly unusual circumstances. This fund is targeted to equal or exceed the greater of \$1,000,000 or three months of allocations and operating costs.

The following reflects UWRC's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of donor-imposed restrictions or board designations:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 2,007,596	\$ 2,475,470
Certificates of deposit	1,240,714	1,237,547
Investments	5,280,750	4,682,693
Interest receivable	4,243	496
Grants receivable	74,804	137,279
Unconditional promise to give	1,362,264	1,914,105
Beneficial interest in assets held by Racine Community Foundation	<u>1,758,238</u>	<u>1,592,441</u>
Total financial assets at year-end	11,728,609	12,040,031
Less those unavailable for general expenditures within one year:		
Board designated operating reserves	(1,175,893)	(1,762,993)
Board-designated endowment funds	(453,248)	(410,508)
Board-designated for community initiatives	(3,082,588)	(3,134,754)
Restricted by donor to maintain as an endowment	(1,304,990)	(1,181,933)
Restricted by donor with purpose restrictions	(2,437,233)	(2,586,179)
Unconditional promises to give to be collected in more than one year	<u>(40,000)</u>	<u>(80,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,234,657</u>	<u>\$ 2,883,664</u>

UNITED WAY OF RACINE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 11—CONDITIONAL GRANTS PAYABLE

UWRC has awarded multi-year grants to various organizations under Community Initiatives funding. These grants are conditioned on meeting the requirements as agreed upon in the agreements. At December 31, 2023, these conditional grants total \$2,351,970 and will be paid out if those conditions are met.

NOTE 12—LEASES

UWRC leases building space and a copier under operating leases with remaining terms ending during 2024. Operating lease cost was \$127,168 and \$123,016 for the years ended December 31, 2023 and 2022, respectively.

Other information related to leases is as follows:

	<u>2023</u>	<u>2022</u>
Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liabilities	\$ 119,428	\$ 123,016
Weighted-average remaining lease term	0.2 years	1.2 years
Weighted-average discount rate	1.63%	1.63%

The total lease liability of \$29,817 as of December 31, 2023, includes payments with maturities through March 1, 2024.

UNITED WAY OF RACINE COUNTY, INC.
SCHEDULE OF REVENUE AND EXPENSES BY FUNCTION
Year Ended December 31, 2023

	Campaign and Grants	Community Impact	Schools of Hope	Imagination Library	Link and Inspire for Tomorrow	Volunteer Income Tax Assistance	Full Service Community School	Management and General	Fundraising	Total
SUPPORT AND REVENUE										
Net assets released from restrictions:										
Current year campaign contributions	\$ 3,182,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,182,622
Net prior year campaigns	324,419	-	-	-	-	-	-	-	-	324,419
Other contributions	242,764	-	-	-	-	-	-	-	-	242,764
Grants	1,252,891	-	-	-	-	-	-	-	-	1,252,891
Administration fees	37,211	-	-	-	-	-	-	-	-	37,211
Investment return, NET	636,901	-	-	-	-	-	-	-	-	636,901
Change in value of beneficial interest in assets held by Racine Community Foundation	42,740	-	-	-	-	-	-	-	-	42,740
Support and revenue before allocation	5,719,548	-	-	-	-	-	-	-	-	5,719,548
Allocation of revenue to support functions	(2,434,406)	343,352	46,233	155,693	214,780	74,078	456,068	656,092	488,110	-
Total support and revenue	3,285,142	343,352	46,233	155,693	214,780	74,078	456,068	656,092	488,110	5,719,548
EXPENSES										
Grants and allocations	3,235,789	-	-	-	-	-	-	-	-	3,235,789
Salaries	-	178,154	30,956	6,549	89,974	36,439	148,184	232,910	250,567	973,733
Temporary help	-	-	-	-	-	9,601	-	-	-	9,601
Payroll taxes and benefits	-	72,085	5,308	1,261	29,922	7,519	42,832	109,967	61,795	330,689
Professional fees	-	3,646	489	131	4,485	728	238	22,214	20,082	52,013
Contracted services	-	37,188	742	-	12,893	937	206,860	107,879	-	366,499
Supplies	-	2,569	1,649	145,159	9,196	6,434	37,755	14,043	4,029	220,834
Telephone	-	3,930	1,083	114	5,392	1,259	3,098	8,557	5,659	29,092
Postage	-	533	79	20	656	199	-	2,118	2,626	6,231
Occupancy	-	23,539	3,081	859	28,961	4,437	-	43,113	26,989	130,979
Repairs and maintenance	-	-	-	-	-	-	-	3,026	-	3,026
Printing and publications	-	-	96	910	-	1,141	249	9,703	84,083	96,182
Travel and training	-	789	11	-	8,348	1,744	16,825	21,988	8,113	57,818
Meeting expenses	-	159	219	-	1,265	-	27	3,152	765	5,587
Membership dues	-	1,515	-	-	-	-	-	12,534	1,323	15,372
Liability insurance	-	622	82	20	775	118	-	3,444	726	5,787
National dues	-	18,623	2,438	670	22,913	3,522	-	27,983	21,353	97,502
Bank fees	-	-	-	-	-	-	-	21,503	-	21,503
Depreciation	-	-	-	-	-	-	-	11,958	-	11,958
Total expenses	3,235,789	343,352	46,233	155,693	214,780	74,078	456,068	656,092	488,110	5,670,195
Change in net assets without donor restrictions	\$ 49,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,353

UNITED WAY OF RACINE COUNTY, INC.
SCHEDULE OF REVENUE AND EXPENSES BY FUNCTION
Year Ended December 31, 2022

	Campaign and Grants	Community Impact	Schools of Hope	Imagination Library	Link and Inspire for Tomorrow	Volunteer Income Tax Assistance	Full Service Community School	Management and General	Fundraising	Total
SUPPORT AND REVENUE										
Net assets released from restrictions:										
Current year campaign contributions	\$ 3,032,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,032,626
Net prior year campaigns	257,069	-	-	-	-	-	-	-	-	257,069
Other contributions	130,572	-	-	-	-	-	-	-	-	130,572
Grants	545,435	-	-	-	-	-	-	-	-	545,435
Investment return	(738,352)	-	-	-	-	-	-	-	-	(738,352)
Change in value of beneficial interest in assets held by Racine Community Foundation	(63,505)	-	-	-	-	-	-	-	-	(63,505)
Support and revenue before allocation	3,163,845	-	-	-	-	-	-	-	-	3,163,845
Allocation of revenue to support functions	(2,127,520)	254,231	37,106	146,968	195,943	60,323	476,221	513,566	443,162	-
Total support and revenue	1,036,325	254,231	37,106	146,968	195,943	60,323	476,221	513,566	443,162	3,163,845
EXPENSES										
Grants and allocations	2,692,661	-	-	-	-	-	-	-	-	2,692,661
Salaries	-	133,982	25,486	6,185	91,378	29,028	154,535	254,899	217,838	913,331
Temporary help	-	-	-	-	-	10,270	-	6,946	-	17,216
Payroll taxes	-	54,539	4,860	1,360	32,621	6,855	45,334	100,665	79,033	325,267
Professional fees	-	2,186	416	104	4,494	777	-	13,698	16,031	37,706
Contracted services	-	37,776	645	11	926	1,087	252,208	11,681	26	304,360
Supplies	-	1,255	624	137,059	13,352	2,463	9,175	9,853	3,909	177,690
Telephone	-	2,581	859	106	6,025	1,058	3,897	7,511	5,815	27,852
Postage	-	433	71	639	787	111	-	1,546	1,757	5,344
Occupancy	-	15,454	3,015	778	31,402	4,373	-	40,957	34,887	130,866
Repairs and maintenance	-	-	-	-	-	-	-	6,285	-	6,285
Printing and publications	-	-	-	450	-	1,242	-	8,519	67,901	78,112
Travel and training	-	217	25	-	2,917	1,295	11,072	13,216	2,986	31,728
Meeting expenses	-	6	-	-	105	106	-	2,813	41	3,071
Membership dues	-	-	-	-	10	-	-	11,706	-	11,716
Liability insurance	-	388	74	18	798	111	-	825	865	3,079
National dues	-	5,414	1,031	258	11,128	1,547	-	11,515	12,073	42,966
Depreciation	-	-	-	-	-	-	-	10,931	-	10,931
Total expenses	2,692,661	254,231	37,106	146,968	195,943	60,323	476,221	513,566	443,162	4,820,181
Change in net assets without donor restrictions	<u>\$ (1,656,336)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,656,336)</u>

UNITED WAY OF RACINE COUNTY, INC.
SCHEDULES OF RESTRICTED PROGRAM REVENUE AND EXPENSES
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RESTRICTED REVENUES		
Equity Innovation Fund: Department of Treasury	\$ 744,048	\$ -
Volunteer Income Tax Assistance: Department of Treasury	35,535	-
GROW Racine: City of Racine	20,000	-
Nita M. Lovey 21st Century Community Learning Centers (21st CCLC)	-	44,091
Full-Service Community Service Grant: U.S. Department of Education	<u>453,309</u>	<u>501,344</u>
Total restricted revenues	1,252,892	545,435
EXPENSES		
Equity Innovation Fund: Department of Treasury	743,524	-
Volunteer Income Tax Assistance: Department of Treasury	74,078	-
GROW Racine: City of Racine	20,000	-
United Way of Racine County Allocation	-	11,195
Nita M. Lovey 21st Century Community Learning Centers (21st CCLC)	-	32,896
Full-Service Community Service Grant: U.S. Department of Education	<u>456,068</u>	<u>501,344</u>
Total expenses	<u>1,293,670</u>	<u>545,435</u>
EXCESS (DEFICIENCY)	<u>\$ (40,778)</u>	<u>\$ -</u>

UNITED WAY OF RACINE COUNTY, INC.
SCHEDULES OF ALLOCATIONS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Alliance on Mental Illness	\$ 26,600	\$ 32,000
BeLEAF Survivors, Inc.	127,130	119,032
Big Brothers Big Sisters of Racine & Kenosha Counties	-	12,025
Board of Regents of University of Wisconsin	69,675	56,230
Burlington Transitional Living Center	11,100	10,530
Catherine Marian Housing, Inc.	19,000	20,000
Children's Service Society of Wisconsin	102,530	98,880
Focus on Community	178,000	163,600
Girl Scouts of Wisconsin Southeast	26,600	15,000
HALO, Inc.	141,900	140,745
Health Care Network	81,000	81,000
Hospitality Center, Inc.	32,400	32,400
Housing Resources, Inc.	-	47,600
Racine County Family Connects	-	70,000
Racine County Project Emergency	50,000	56,700
Racine County Public Health Division	64,776	-
Racine County Vocational Ministry	55,250	56,000
Racine County YMCA	73,383	91,917
Racine Friendship Clubhouse	20,500	21,250
Racine Literacy Council	38,641	51,900
Racine Zoological Society	22,019	-
SAFE Haven of Racine, Inc.	75,768	71,175
St. Patrick's Parish	25,000	39,000
The ARC of Racine County, Inc	17,208	23,750
Three Harbors Council	30,000	20,000
Women's Resource Center of Racine, Inc.	30,100	36,450
YWCA Southeast Wisconsin	73,600	75,000
	<u>\$ 1,392,180</u>	<u>\$ 1,442,184</u>