

UNITED WAY OF DOOR COUNTY, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2016

UNITED WAY OF DOOR COUNTY, INC.

CONTENTS

DECEMBER 31, 2016

Page	
2-3	Independent Auditors' Report
	FINANCIAL STATEMENTS
4	Statement of Financial Position
5	Statement of Activities
6	Statement of Functional Expenses
7	Statement of Cash Flows
8-19	Notes to Financial Statements
	SUPPLEMENTARY INFORMATION
20	Schedule of Allocations



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Door County, Inc.
Sturgeon Bay, Wisconsin

We have audited the accompanying financial statements of United Way of Door County, Inc. (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2015 financial statements and, in our report dated July 20, 2016, we expressed an unmodified opinion on those 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Door County, Inc. as of December 31, 2016, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations on page 20 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.

HAWKINS ASH CPAS, LLP

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin
September 21, 2017

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(with comparative amounts for 2015)

	2016	2015
<u>ASSETS</u>		<u>restated</u>
Cash and cash equivalents	\$ 394,180	\$ 309,509
Equity securities - stock	1,267	533
Beneficial interest in Community Foundation	42,165	29,842
Unconditional promises to give - annual campaign (less allowance for uncollectibles of \$48,617 in 2016 and \$48,330 in 2015)	76,169	94,031
Unconditional promises to give - general	70,127	-
Grant receivables	3,500	7,064
Prepaid expenses	8,775	-
Equipment at cost, less accumulated depreciation of \$35,721 in 2016 and \$32,813 in 2015	6,490	7,617
Cash surrender value of life insurance	2,574	2,466
Asset held for resale	20,000	-
Cash - restricted	1,620	1,050
Beneficial interest in Community Foundation - restricted	49,733	49,733
TOTAL ASSETS	<u>676,600</u>	<u>501,845</u>
<u>LIABILITIES</u>		
Accounts payable	4,834	4,114
Accrued payroll and payroll taxes	16,351	11,802
TOTAL LIABILITIES	<u>21,185</u>	<u>15,916</u>
<u>NET ASSETS</u>		
Unrestricted	20,874	7,576
Temporarily restricted	583,188	427,570
Permanently restricted	51,353	50,783
TOTAL NET ASSETS	<u>655,415</u>	<u>485,929</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 676,600</u>	<u>\$ 501,845</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(with comparative amounts for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015 <u>restated</u>
PUBLIC SUPPORT AND REVENUE					
Gross campaign results - prior year	\$ 27,388	\$ -	\$ -	\$ 27,388	\$ 21,791
Gross campaign results - current year	-	439,691	-	439,691	379,629
Less: donor designations	-	-	-	-	-
Less: provision for uncollectible	-	(19,609)	-	(19,609)	(21,240)
Net campaign revenue - current year	-	420,082	-	420,082	358,389
Contributions - AODA	-	13,213	-	13,213	20,959
Contributions - other programming	14,025	-	-	14,025	29,871
Contributions - fiscal agent	7,115	51,330	-	58,445	-
Contributions - miscellaneous	-	70,127	-	70,127	-
Grants - AODA	17,300	-	-	17,300	7,064
Grants - fiscal agent	6,480	-	-	6,480	17,907
Donated goods and services	23,084	-	-	23,084	22,309
Special events, net of expenses of \$11,900	17,186	-	-	17,186	15,036
Endowment contributions	5,000	-	570	5,570	1,050
Designations from other United Ways	22,109	-	-	22,109	16,320
Investment income:					
Interest income	139	-	-	139	245
Dividend income	1,229	1,038	-	2,267	2,639
Net realized gain (loss) on sale of investments	104	173	-	277	(1,946)
Net increase (decrease) in unrealized appreciation in fair market value of investments	1,927	3,212	-	5,139	(5,318)
Net assets released from restrictions	403,557	(403,557)	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>546,643</u>	<u>155,618</u>	<u>570</u>	<u>702,831</u>	<u>506,316</u>
EXPENSES					
Program services:					
Agency allocations/relations	253,628	-	-	253,628	304,310
Fund distribution	212,698	-	-	212,698	158,297
Supporting services:					
Management and general	35,223	-	-	35,223	31,554
Fund raising	26,544	-	-	26,544	22,021
United Way of America/Wisconsin dues	5,252	-	-	5,252	5,221
TOTAL PROGRAM AND SUPPORTING EXPENSES	<u>533,345</u>	<u>-</u>	<u>-</u>	<u>533,345</u>	<u>521,403</u>
INCREASE (DECREASE) IN NET ASSETS	13,298	155,618	570	169,486	(15,087)
NET ASSETS, BEGINNING OF YEAR, restated	7,576	427,570	50,783	485,929	501,016
NET ASSETS, END OF YEAR	<u>\$ 20,874</u>	<u>\$ 583,188</u>	<u>\$ 51,353</u>	<u>\$ 655,415</u>	<u>\$ 485,929</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016
(with comparative amounts for 2015)

	PROGRAM SERVICES		SUPPORTING SERVICES		Total 2016	Total 2015
	Program-Fund Distribution	Management and General	Fund Raising			
Salaries	\$ 83,406	\$ 10,832	\$ 14,082	\$ 108,320	\$ 95,558	
Payroll taxes	6,726	874	1,135	8,735	6,848	
Benefits	4,429	575	748	5,752	4,944	
Subtotal	94,561	12,281	15,965	122,807	107,350	
Professional fees	-	13,211	-	13,211	14,945	
Insurance	2,667	360	577	3,604	3,493	
Rent	11,550	1,500	1,950	15,000	15,000	
Telephone	3,436	430	429	4,295	4,965	
Publicity/advertising	6,258	368	736	7,362	4,126	
Printing	3,464	204	407	4,075	2,901	
Supplies	2,214	738	738	3,690	1,544	
Campaign public relations	262	16	50	328	2,345	
Impact initiatives	73,713	-	-	73,713	39,053	
Bank fees	-	1,865	-	1,865	1,426	
Postage	1,103	276	1,378	2,757	2,034	
Computer expenses	3,345	1,338	2,007	6,690	1,643	
Copies	-	-	-	-	616	
Dues and subscriptions	54	18	47	119	119	
Trainings and meetings	7,963	498	1,493	9,954	7,347	
Recognition	218	14	40	272	1,008	
Miscellaneous	-	1,815	-	1,815	673	
Subtotal	210,808	34,932	25,817	271,557	210,588	
Depreciation	1,890	291	727	2,908	1,284	
TOTAL	\$ 212,698	\$ 35,223	\$ 26,544	\$ 274,465	\$ 211,872	

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(with comparative amounts for 2015)

	<u>2016</u>	<u>2015</u>
		restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 169,486	\$ (15,087)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,908	1,284
Donated equity security - stock	(1,267)	(533)
Net realized (gain) loss on sale of interest in Community Foundation	(277)	1,946
Net (increase) decrease in unrealized appreciation in fair market value of interest in Community Foundation	(5,139)	5,318
Donation of asset held for resale	(20,000)	-
Cash surrender value of life insurance	(108)	(112)
Contributions restricted for endowment fund	(570)	(1,050)
 Changes in operating assets and liabilities:		
Unconditional promises to give	(52,265)	25,166
Grant receivables	3,564	(7,064)
Prepaid expenses	(8,775)	750
Designations payable	-	(356)
Accounts payable	720	(1,622)
Accrued payroll and payroll taxes	4,549	7,487
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	<u>92,826</u>	<u>16,127</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(1,781)	(7,402)
Net change in restricted cash	(570)	(1,050)
Proceeds from sale of equity securities	533	-
Net (increase) decrease in interest in Community Foundation	(6,907)	801
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	<u>(8,725)</u>	<u>(7,651)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment fund contributions	570	1,050
INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	84,671	9,526
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>309,509</u>	<u>299,983</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 394,180</u>	<u>\$ 309,509</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest expense	-	-
 SUPPLEMENTAL INFORMATION OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
During 2016, the Organization received a donation of a grand piano valued at \$20,000 that will be held for resale.		

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities - United Way of Door County, Inc. ("Organization") is a Wisconsin non-stock, not-for-profit corporation whose purpose is to solicit and collect money or other property and distribute it to educational and other charitable nonprofit organizations in Door County, Wisconsin. For this reason, the Organization's funding is dependent on the local area economy.

The Organization acts as a fiscal agent for the following local organizations: the Partnership for Children and Families and the Door County Nonprofit Group.

A summary of the Organization's significant accounting policies follows:

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The accompanying financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted net assets - net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.
2. Temporarily restricted net assets - net assets that result from contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
3. Permanently restricted net assets - net assets resulting from contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization.

Valuation of Long-Lived Assets - The Organization accounts for the valuation of long-lived assets under U.S. GAAP. U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets were deemed impaired during 2016.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1 - Nature of Activities and Significant Accounting Policies - Continued

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

Cash and Cash Equivalents - For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

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

Investment Valuation and Income Recognition - The Organization has a beneficial interest in the Door County Community Foundation which is 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. See Note 4 for further discussion of fair value measurements.

The unrealized appreciation (depreciation) in the fair value of the underlying investments of the beneficial interest for the year ended December 31, the realized gains (losses) on dispositions of the underlying investments of the beneficial interest during the year and dividend income are separately stated on the statement of activities.

Investment management fees charged by the Foundation are \$606 at December 31, 2016. These are included in miscellaneous expense on the statement of functional expenses.

The Organization may receive gifts of other investments (i.e. stock or mutual funds) during the year. These are typically sold on notification of receipt; however, the Organization will at times hold these investments and record them at fair value.

Equipment - Equipment that is purchased by the Organization is recorded at cost. Donated equipment is recorded at estimated fair value at the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Organization does not have a specific capitalization policy.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1 - Nature of Activities and Significant Accounting Policies - Continued

Revenue Recognition - The Organization's revenue sources include: contributions, program revenues, and fundraising events. Revenue is recognized when earned and contributions are recognized when received. In accordance with U.S. GAAP, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Donated Services and Materials - Donated services shall be recognized if the services received (a) create or enhance nonfinancial assets (b) require specialized skills, are provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donations. A substantial number of volunteers have made significant contributions of their time to United Way of Door County, Inc.'s program and supporting services. The value of this contributed time is not reflected in these financial statements because the criteria for recognition have not been satisfied. Contributed services from professionals (e.g., accountants, attorneys, etc.) are recorded and reflected in the financial statements at their estimated fair value.

Donated materials or equipment, if applicable, are reflected in the financial statements at their estimated value at date of receipt.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Comparative Data - The financial statements include certain 2015 comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class and, in the statement of functional expenses, 2015 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015 from which the summarized information was derived.

Advertising - Advertising costs are expensed as incurred. Total advertising expense was \$7,362 for the year ended December 31, 2016.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 1 - Nature of Activities and Significant Accounting Policies - Continued

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Tax Status - The Organization is a nonprofit Organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Wisconsin income taxes pursuant to similar tax laws of the State of Wisconsin.

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in management and general expense if incurred.

Subsequent Events - The Organization has evaluated subsequent events through September 21, 2017, the date which the financial statements were available to be issued.

NOTE 2 - Concentrations of Credit Risk

The Organization has deposits with financial institutions that can exceed the Federal Deposit Insurance Corporation (FDIC) coverage amounts of \$250,000. Uninsured balances totaled \$73,920 at December 31, 2016. The Organization does not require collateral or other security to support deposits subject to this credit risk.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 3 - Beneficial Interest in Community Foundation

The Organization established the United Way of Door County Fund ("Fund") in April 2002 with the Door County Community Foundation, Inc. ("Foundation") (an Organization established with the principal purpose of receiving and administering funds as endowments for various charitable purposes). The Fund was set up by the Organization as an endowment to accept future contributions and for investment purposes. The Fund represents a share of the Foundation's pooled investments and is carried at fair value which is based on the fair values of the underlying assets owned by the Foundation. Changes in the beneficial interest are included in endowment donations and investment income on the statement of activities. Transfers to the Organization in the form of distributions are a reduction of the beneficial interest as reported on the statement of financial position.

The Foundation holds funds for the use and future benefit of the Organization. The Board of the Foundation has the power to modify any restriction or condition on the distribution of the funds for any specified purpose if, in the sole judgment of the Foundation Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the Organization or inconsistent with the charitable needs served by the Foundation.

	<u>Adjusted Cost Basis</u>	Net (Decrease) Increase in Unrealized Appreciation in Fair Market Value of Investments	<u>Market Value</u>
Door County Community Foundation	\$ <u>72,619</u>	\$ <u>19,279</u>	\$ <u>91,898</u>

NOTE 4 - Fair Value Measurements

The Organization has determined the fair value of certain assets in accordance with the provisions of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 4 - Fair Value Measurements - Continued

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Corporate Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial Interest in Community Foundations: Investments held with a community foundation are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or asking price for over-the counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the community foundation also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information. The beneficial interest has been classified as a level 3 because it is not possible to determine a daily value of the portion of the commingled investment portfolio.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization 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 on a recurring basis as of December 31, 2016:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Stock	\$ 1,267	\$ -	\$ -
Beneficial interest in Community Foundation	-	-	91,898
	<u>\$ 1,267</u>	<u>\$ -</u>	<u>\$ 91,898</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

<u>Beneficial interest in Community Foundation</u>	
Balance, beginning year	\$ 79,575
Investment income, net of fees	1,661
Realized gains	277
Unrealized gains	5,139
Contributions	5,246
Balance, end of year	<u>\$ 91,898</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 4 - Fair Value Measurements - Continued

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. The transfer of the beneficial interest in community foundation from a level 2 to a level 3 in the current year is deemed appropriate.

NOTE 5 - United Way of Door County Endowment Fund

United Way of Door County, Inc.'s endowment fund consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restriction.

Interpretation of the Law - Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. The Board of Directors of United Way of Door County, Inc. has interpreted the Wisconsin 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 any explicit donor stipulations to the contrary. As a result of this interpretation, United Way of Door County, Inc. classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In 2009, the Organization reclassified amounts which were previously recorded as unrestricted net assets to temporarily restricted net assets to comply with the new law.

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 investment
6. Other resources of the Organization
7. The investment policies of the Organization

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 5 - United Way of Door County Endowment Fund - Continued

Investment Policy - The Board of Directors establishes policy and sets objectives for the United Way of Door County, Inc. The objective, of the Board's investment policies, is to ensure the financial health of the Organization it governs. The Board, therefore, seeks to ensure compliance with investment practices that preserve principal, ensure liquidity sufficient to meet the Organization's needs and maintain the purchasing power of the investment assets. The Board delegates to its Endowment Fund Committee, the authority to monitor endowment trust investment performance to ensure compliance with Board policy and specific objectives.

The designated fiduciaries and external investment agents shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in their own affairs. The Organization's endowment trust investment agents are responsible for complying with all provisions combined in this policy, and the Endowment Fund Committee is responsible for monitoring compliance with policy, making endowment trust investment decisions and assuring that the Board is meeting its fiduciary responsibility for endowment investment management.

Spending Policy - The amount available for spending per year will be calculated by taking 5% of the average value of the fund for the previous five years. The average value will be calculated annually at December 31st, and will be announced publicly. These funds will be available for spending during the next 12 month period.

The procedure for requesting funds will be through a grant application. Grant application forms are available from the United Way of Door County office. Completed applications should be submitted to the Endowment Fund Committee. Funds will be awarded based on grant application criteria. The United Way of Door County Vision and Mission Statements will be used as a guideline for money distribution. Specifically, the Endowment Fund Committee will be looking to see if the proposed project coincides with the Vision Statement and upholds the Mission Statement. Approved grant money must be used for the specified purpose, or returned to the Endowment Fund.

All grant applications will be received and acted upon within 60 days of submission.

Nature of Restricted Net Assets - The amounts listed as permanently restricted are required to be retained permanently either by explicit donor stipulation or by UPMIFA. The temporarily restricted amounts are the portion of the perpetual endowment fund subject to a time restriction. The amounts will be released from restriction when appropriation is made by the Endowment Fund Committee.

Endowment Net Assets Composition by Type of Fund as of December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment	\$ 37,742	\$ -	\$ -	\$ 37,742
Donor-restricted endowment	-	4,423	51,353	55,776
TOTAL	<u>\$ 37,742</u>	<u>\$ 4,423</u>	<u>\$ 51,353</u>	<u>\$ 93,518</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 5 - United Way of Door County Endowment Fund - Continued

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets				
beginning of year	\$ 29,842	\$ -	\$ 50,783	\$ 80,625
Investment return:				
Investment income, net	623	1,038	-	1,661
Net appreciation realized and unrealized	<u>2,031</u>	<u>3,385</u>	<u>-</u>	<u>5,416</u>
Total investment return	2,654	4,423	-	7,077
Contributions	5,246	-	570	5,816
Appropriation of endowment asset for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets end of year	<u>\$ 37,742</u>	<u>\$ 4,423</u>	<u>\$ 51,353</u>	<u>\$ 93,518</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. The Organization did not have deficiencies in their donor restricted endowment at December 31, 2016.

NOTE 6 - Unconditional Promises to Give

Unconditional promises to give are as follows:

DECEMBER 31, 2016

Annual Campaign

Receivable in less than one year	\$ 124,786
Less allowance for uncollectible promises	<u>(48,617)</u>
NET UNCONDITIONAL PROMISES TO GIVE – ANNUAL CAMPAIGN	<u>\$ 76,169</u>

General

Receivable in less than one year	\$ 70,127
Less allowance for uncollectible promises	<u>-</u>
NET UNCONDITIONAL PROMISES TO GIVE – GENERAL	<u>\$ 70,127</u>

NOTE 7 - Conditional Promises to Give

Various donors have signed Statements of Intent with the Organization that provides for a contribution to the Organization's Endowment Fund from the donor's estate upon their death. At December 31, 2016, these amounts are unknown.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 8 - Life Insurance Policies

During 2011, the Organization was the recipient of two life insurance policies from a donor. The Organization is the owner and beneficiary of the policies. The policies are single premium whole life policies with a death benefit of \$10,000 per policy. The cash surrender value is \$2,574 at December 31, 2016 for the combined policies.

NOTE 9 – Asset Held for Resale

During 2016, the Organization received a donation of a Steinway grand piano valued at \$20,000. The Organization expects to sell the piano in 2017. At December 31, 2016, the piano is listed as asset held for resale on the statement of financial position.

NOTE 10 - In-Kind Donations

The value of in-kind donations included in the financial statements and the corresponding expenses or assets are as follows for the year ended December 31, 2016:

Professional fees	\$ 6,251
Building rent	15,000
Printing/supplies	678
Miscellaneous services	<u>1,155</u>
TOTAL	<u>\$ 23,084</u>

NOTE 11 - Special Events

The Organization sponsors many special events during the year for fundraising purposes. The following is a breakdown of these events. Included in the Chef's For A Day fundraising revenue is \$7,826 of proceeds received from the auction/raffle of donated fundraising items for the year ended December 31, 2016.

	For the Year Ended December 31, 2016		
	<u>Revenue</u>	<u>Expense</u>	Net <u>Revenue/ (Expense)</u>
Chef's For A Day	\$ 17,388	\$ 2,540	\$ 14,848
Annual Meeting	2,064	1,952	112
Campaign Kickoff	4,420	5,924	(1,504)
Miscellaneous	<u>5,214</u>	<u>1,484</u>	<u>3,730</u>
TOTAL	<u>\$ 29,086</u>	<u>\$ 11,900</u>	<u>\$ 17,186</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 12 - Retirement Plan

The Organization established a SIMPLE IRA Plan in 1999 for the benefit of its employees. Under the plan, the Organization will match the employee's elective deferral on a dollar-for-dollar basis (not to exceed the lesser of 3% of the employee's compensation or \$10,000). Total contributions made by the Organization to the Plan during 2016 was \$1,791.

NOTE 13 - Leases

The Organization entered into a written operating lease (formerly a verbal agreement) with Associated Bank to lease the basement of the building, located at 57 North Third Avenue, Sturgeon Bay, WI. The Bank has agreed to donate the value of the space to the Organization. The lease term is month to month. The estimated fair market value of the lease is \$15,000 for the year ending December 31, 2016, and this is reflected in donated goods and services on the statement of activities and rent on the statement of functional expenses.

NOTE 14 - Income Taxes

United Way of Door County, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization is also exempt from Wisconsin income taxes.

NOTE 15 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at year end:

Current year campaign contributions limited to use for the following years expenses	\$ 420,082
Program restrictions	26,498
Prior year's campaign receivables that remain uncollected	5,511
Time restrictions	74,550
Fiscal agent initiatives	56,547
TOTAL	<u>\$ 583,188</u>

NOTE 16 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following at year end:

Endowment fund contributions	<u>\$ 51,353</u>
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UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2016

NOTE 17 - Related Party Transactions

The Organization's executive director currently sits on the board of Door Tran, Inc. and the Alcohol and Other Drug Coalition (both funded partners in 2015). The executive director was involved on a committee of one other funded partner during 2015. The amount included in agency allocations/relations on the statement of activities for these agencies was \$49,600.

In addition, three current Organization board members also serve on the boards of funded partner agencies.

NOTE 18 – Prior Period Adjustment

During the current year, it was discovered that a grant receivable and the corresponding revenue amount of \$7,064, had not been recorded at December 31, 2015. Grants receivables, unrestricted net assets, and grants – AODA revenue were all increased by \$7,064 on the 2015 comparative column of the various statements to reflect this change.

SUPPLEMENTARY INFORMATION

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF ALLOCATIONS
YEAR ENDED DECEMBER 31, 2016
(with comparative amounts for 2015)

	2016	2015
AGENCY ALLOCATIONS		
Alcohol and Other Drug Coalition (Program of United Way of Door County)	\$ 11,000	\$ 11,000
Altrusa Club of Door County Foundation	4,000	4,000
Big Brothers Big Sisters	15,000	11,000
Boys and Girls Club of Door County	32,128	26,000
Community Clinic of Door County	-	48,000
Door Tran	9,000	9,000
Family Centers of Door County	-	6,000
Family Services	48,000	47,440
Habitat for Humanity	2,000	-
Healthy Door County (Program of United Way of Door County)	6,000	8,001
HELP of Door County	23,000	22,600
Kimberley Foundation	-	5,833
Lakeshore CAP	12,000	12,000
Legal Aid Society	2,500	2,500
Ministry Door County Medical Center	17,000	16,000
Money Management Counselors (FISC)	15,000	15,000
National Alliance for the Mentally Ill	7,000	4,000
Neighbor to Neighbor	9,000	8,000
NEW Curative Rehabilitation	-	625
Northern Door Children's Center	15,000	17,330
Washington Island Community Health	9,000	8,000
We Are HOPE, Inc.	17,000	17,600
	<u>253,628</u>	<u>299,929</u>
TOTAL ALLOCATIONS		
ENDOWMENT GRANTS		
Big Brothers Big Sisters	-	700
Boys and Girls Club of Door County	-	643
Door County Cradle to Career	-	754
Door Tran	-	500
Family Services	-	501
Leadership Door County	-	1,000
Neighbor to Neighbor	-	283
	<u>-</u>	<u>4,381</u>
TOTAL GRANTS		
	<u>-</u>	<u>4,381</u>
TOTAL	<u>\$ 253,628</u>	<u>\$ 304,310</u>