

UNITED WAY OF DOOR COUNTY, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019

UNITED WAY OF DOOR COUNTY, INC.

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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, 2019, 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 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, 2019, 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.

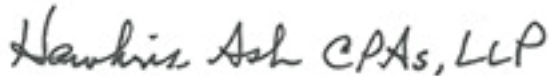
Report on Summarized Comparative Information

We have previously audited the United Way of Door County, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated May 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 22 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



Manitowoc, Wisconsin
May 20, 2020

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(with comparative amounts for 2018)

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 531,303	\$ 568,870
Equity securities - stock	3,063	2,784
Beneficial interest in Community Foundation	66,574	43,912
Unconditional promises to give (less allowance for uncollectibles of \$50,324 in 2019 and \$64,796 in 2018)	86,528	109,124
Other receivables	15,353	-
Prepaid expenses	3,333	18,596
Property and equipment at cost, less accumulated depreciation of \$20,474 in 2019 and \$20,021 in 2018	102,938	1,157
Cash surrender value of life insurance	2,925	2,686
Asset held for resale	10,000	10,000
Beneficial interest in Community Foundation - restricted	52,653	52,153
TOTAL ASSETS	874,670	809,282
 <u>LIABILITIES</u>		
Accounts payable	37,863	599
Accrued payroll and payroll taxes	17,382	24,929
TOTAL LIABILITIES	55,245	25,528
 <u>NET ASSETS</u>		
Without donor restrictions	208,516	168,440
With donor restrictions	610,909	615,314
TOTAL NET ASSETS	819,425	783,754
 TOTAL LIABILITIES AND NET ASSETS	 \$ 874,670	 \$ 809,282

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(with comparative amounts for 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total 2019	Total 2018
PUBLIC SUPPORT AND REVENUE				
Gross campaign results - prior year	\$ 20,258	\$ -	\$ 20,258	\$ 22,602
Gross campaign results - current year	-	516,946	516,946	506,402
Less: provision for uncollectible	-	(14,145)	(14,145)	(32,463)
Net campaign revenue - current year	-	502,801	502,801	473,939
Contributions - programs	195,219	16,187	211,406	191,472
Contributions - fiscal agent	1,435	439	1,874	2,766
Contributions - capital campaign	11,000	-	11,000	-
Grants - programs	134,277	-	134,277	38,759
Donated goods and services	59,132	-	59,132	23,919
Special events, net of expenses of \$19,488	10,940	-	10,940	4,523
Endowment contributions	-	500	500	-
Designations from other United Ways	6,448	-	6,448	17,912
Miscellaneous revenue	5,506	-	5,506	5,872
Interest income	207	-	207	212
Investment income	279	-	279	(79)
Change in beneficial interest: Assets held by Community Foundation	8,218	9,760	17,978	(7,747)
Net assets released from restrictions	534,092	(534,092)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	987,011	(4,405)	982,606	774,150
EXPENSES				
Program services:				
Agency allocations/relations	305,000	-	305,000	310,000
Fund distribution/programming	439,332	-	439,332	274,741
Supporting services:				
Management and general	110,393	-	110,393	94,599
Fund raising	86,114	-	86,114	55,840
United Way of America/Wisconsin dues	6,096	-	6,096	8,022
TOTAL PROGRAM AND SUPPORTING EXPENSES	946,935	-	946,935	743,202
INCREASE (DECREASE) IN NET ASSETS	40,076	(4,405)	35,671	30,948
NET ASSETS, BEGINNING OF YEAR	168,440	615,314	783,754	752,806
NET ASSETS, END OF YEAR	\$ 208,516	\$ 610,909	\$ 819,425	\$ 783,754

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(with comparative amounts for 2018)

	PROGRAM SERVICES		SUPPORTING SERVICES		Total 2019	Total 2018
	Fund Distribution/ Programming	Management and General	Fund Raising			
Salaries	\$ 221,403	\$ 55,746	\$ 51,928	\$ 329,077	\$ 243,656	
Payroll taxes	17,075	4,299	4,005	25,379	18,697	
Benefits	14,404	3,627	3,378	21,409	16,235	
Subtotal	<u>252,882</u>	<u>63,672</u>	<u>59,311</u>	<u>375,865</u>	<u>278,588</u>	
Professional fees	-	13,855	-	13,855	13,245	
Insurance	2,403	605	564	3,572	4,943	
Rent	32,496	8,182	7,622	48,300	15,300	
Telephone	2,353	592	552	3,497	5,672	
Publicity/advertising	9,455	2,381	2,217	14,053	11,515	
Printing	6,794	1,711	1,593	10,098	7,857	
Supplies	3,252	819	762	4,833	6,708	
Campaign public relations	678	171	158	1,007	948	
Impact initiatives	118,664	12,456	10,907	142,027	59,781	
Bank fees	-	2,661	-	2,661	3,702	
Postage	3,233	814	758	4,805	5,223	
Computer expenses	2,579	649	605	3,833	3,189	
Dues and subscriptions	40	10	10	60	119	
Trainings and meetings	3,994	1,006	937	5,937	4,551	
Recognition	219	55	51	325	926	
Miscellaneous	-	658	-	658	629	
Subtotal	<u>439,042</u>	<u>110,297</u>	<u>86,047</u>	<u>635,386</u>	<u>422,896</u>	
Depreciation	<u>290</u>	<u>96</u>	<u>67</u>	<u>453</u>	<u>2,284</u>	
TOTAL	<u>\$ 439,332</u>	<u>\$ 110,393</u>	<u>\$ 86,114</u>	<u>\$ 635,839</u>	<u>\$ 425,180</u>	

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(with comparative amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 35,671	\$ 30,948
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	453	2,284
Donated equity security - stock	-	(1,326)
Net (increase) decrease in unrealized appreciation in equity securities	(279)	79
Cash surrender value of life insurance	(239)	-
Contributions restricted for endowment fund	(500)	-
Changes in operating assets and liabilities:		
Unconditional promises to give	22,596	72,791
Other receivables	(15,353)	-
Prepaid expenses	15,263	(18,596)
Accounts payable	37,264	(4,858)
Accrued payroll and payroll taxes	<u>(7,547)</u>	<u>6,455</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>87,329</u>	<u>87,777</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(102,234)	-
Net change in restricted cash	-	800
Change in beneficial interest in net assets of the Door County Community Foundation	<u>(23,162)</u>	<u>6,970</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(125,396)</u>	<u>7,770</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment fund contributions	<u>500</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,567)	95,547
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>568,870</u>	<u>473,323</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 531,303</u>	<u>\$ 568,870</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:		

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Nature of Organization 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 organization: Door County Nonprofit Group.

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

Basis of Presentation - The accompanying financial statements are prepared 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.

The Organization is required to report information regarding its net assets and its activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounting Pronouncements Adopted - As of January 1, 2019, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Results for reporting year ended December 31, 2019 are presented under FASB ASC Topic 606. The adoption of ASU 2014-09 did not have a material impact on our financial statements.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

During the year, the Organization also adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which clarifies how entities should characterize grants and similar contracts with government agencies and others. It will assist entities in evaluating whether transactions are reciprocal exchange transactions or contributions and if they are conditional or unconditional contributions. The Organization has adjusted the presentation of these statements accordingly. Results for reporting the year ended December 31, 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of the adoption. Accordingly, no adjustment to opening net assets was recorded.

Recent Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)* effective for annual reporting periods beginning after December 15, 2019. ASU 2019-10 subsequently deferred the effective date for ASU 2016-02 until annual reporting periods beginning after December 15, 2020. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. The ASU will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements providing additional information about the amounts recorded in the financial statements. The Organization is currently evaluating the impact this guidance will have on the financial statements.

Cash and Cash Equivalents - The Organization's cash and cash equivalents consists of cash on deposit with financial institutions. For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Organization does not consider cash, money market accounts, or certificates of deposits included as investments to be cash equivalents for the statement of cash flows.

Receivables - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for 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 of the valuation allowance and a credit to the receivable. Management believes all receivables are collectible; accordingly, no allowance has been recorded.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a nominal interest rate applicable to the year in which the promise is received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management provides for uncollectible amounts through a provision for uncollectible pledge expense from outstanding balances and an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to uncollectible promises to give.

Investments - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position.

The aggregate of (a) the unrealized appreciation (depreciation) in the fair value of investments during the year, (b) the realized gains (losses) on sales of investments during the year, (c) dividend income, (d) interest income, and (e) investment fees are reflected in investment return on the statement of activities.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends are recorded on the ex-dividend date.

Property and Equipment - All acquisitions of property and equipment in excess of \$1,000 with useful lives greater than one year are capitalized. Purchased equipment is carried at cost. Donated equipment is carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on estimated useful lives of 3 to 7 years.

Leasehold improvements	15 years
Equipment	3 - 7 years

Valuation of Long-lived Assets - 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 are considered to be impaired at December 31, 2019.

Restricted Cash - Certain donor-restricted assets that meet the definition of cash and cash equivalents that have donor-imposed restrictions limiting their use to long-term purposes are classified as restricted cash in the statement of financial position.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

Revenue Recognition - The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statement of activities and changes in net assets for the year ending December 31, 2019:

Special event revenue: The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at the special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, and the indirect costs are netted against special event revenue in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation. The Organization combines in the statement of activities the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special events fees received before year-end for an event to occur after year end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Contribution Recognition - Contributions are recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions are recognized when received or unconditionally pledged. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions - The Organization records the value of donated goods when there is an objective basis to measure the value. Donated fundraising items are valued using the final amount received from the sale or raffle of the item. Donated goods are reflected as donated goods and services revenue and donated fundraising items are included in special event revenue in the accompanying statement of activities.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. Such amounts, which are based upon information provided by third-party services providers, are recorded at their estimated fair value determined on the date of contribution.

A substantial number of volunteers have made significant contributions of their time to the Organization'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.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Those expenses include salaries, payroll taxes, benefits, occupancy costs, office expenses, and depreciation which are allocated based on estimates of time and usage as determined by a time and cost study.

Advertising - Advertising costs are expensed as incurred and totaled \$14,053 for the year ended December 31, 2019.

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. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from State taxation.

Accounting for Uncertainty in Income Taxes - 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, 2019, 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 in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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

Comparative Data - The financial statements include certain 2018 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, 2018 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, 2018 from which the summarized information was derived.

Subsequent Events - The Organization evaluated subsequent events through May 20, 2020, the date which the financial statements were available to be issued.

NOTE 2 - Concentrations of Cash and Credit Risk

The Organization may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of \$250,000. The amount of the accounting loss that the Organization would have incurred had the financial institution not been able to return monies in excess of \$250,000 amounted to \$260,513 as of December 31, 2019. The Organization does not require collateral or other security to support deposits subject to this credit risk.

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 531,303
Equity securities - stock	3,063
Unconditional promises to give receivable in less than one year	86,528
Other receivables	<u>15,353</u>
 Total financial assets available within one year	 636,247
 Less amounts not available for general expenditure within one year:	
Net assets with donor restrictions	24,752
Board designated net assets	<u>53,137</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 558,358</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 4 - Investments

The Organization holds corporate stock valued at \$3,063 at December 31, 2019.

NOTE 5 - 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 balance of the fund was \$119,227 as of December 31, 2019.

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.

NOTE 6 - Unconditional Promises to Give

The aggregate collections of promises to give are as follows at December 31, 2019:

Receivable in less than one year	\$ 136,852
Less allowance for uncollectible promises	<u>(50,324)</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u><u>\$ 86,528</u></u>

NOTE 7 - 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 \$2,925 at December 31, 2019 for the combined policies.

NOTE 8 - Asset Held for Resale

In 2016, the Organization received a donation of a Steinway grand piano valued at \$20,000.

During 2017, the asset's carrying value was adjusted to \$10,000 to reflect its fair market value based on current market conditions. The \$10,000 fair market value of the asset is included on the statement of financial position as "assets held for resale" at December 31, 2019.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 9 - 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.

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, 2019.

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, 2019:

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 9 - Fair Value Measurements - Continued

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Corporate stock	\$ 3,063	\$ -	\$ -
Beneficial interest in Community Foundation	-	-	119,227
	<u>\$ 3,063</u>	<u>\$ -</u>	<u>\$ 119,227</u>

The following is a reconciliation of activity for 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	\$ 96,065
Investment income, (net of fees of \$747)	2,371
Realized gains	779
Unrealized gains	14,828
Distributions	-
Contributions	5,184
Balance, end of year	<u>\$ 119,227</u>

NOTE 10 - Net Assets

Included in net assets without donor restrictions are amounts designated by the board for the following purposes at December 31, 2019:

	2019
Quasi-endowment	\$ 56,814
Operating reserve	53,137
TOTAL DESIGNATED NET ASSETS	<u>\$ 109,951</u>

The Organization's Board of Directors has designated funds be set aside to establish and maintain a quasi-endowment for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization.

The Organization's Board of Directors has also created a reserve fund which shall be maintained at a level not to exceed 25% of the most recently approved annual expense budget and not to go below 10% of the approved annual expense budget of the Organization. The reserve was created to maintain a continual source of funds for the Organization to meet its commitment to its agencies and to meet the changing needs of the community.

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2019:

Subject to expenditure for specified purpose:	
Door County NFP Group	\$ 4,654
STRIDE	20,098
	<u>24,752</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 10 - Net Assets - Continued

Subject to the passage of time:

Promises to give that are not restricted by donors, But which are unavailable for expenditure until due	<u>523,744</u>
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Endowments

Amount required to be held in perpetuity	52,653
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Earnings subject to appropriation and expenditure for specified purpose:	
Available for general use	<u>9,760</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 610,909</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019:

Expiration of time restrictions	\$ 473,393
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Satisfaction of purpose restrictions:

Door County Partnership for Children and Families	<u>60,699</u>
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TOTAL RESTRICTIONS RELEASED	<u>\$ 534,092</u>
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NOTE 11 - 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 - The Board of Directors of the Organization has interpreted the Wisconsin 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 any explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 11 - Endowment Fund - Continued

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

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.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 11 - Endowment Fund - Continued

Endowment Net Asset Composition by Type of Fund as of December 31, 2019:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board-designated endowment funds	\$ 56,814	\$ -	\$ 56,814
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	52,653	52,653
Accumulated investment gains	-	9,760	9,760
TOTAL	<u>\$ 56,814</u>	<u>\$ 62,413</u>	<u>\$ 119,227</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 (underwater endowments). In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that have occurred. The Organization did not have any such deficiency as of December 31, 2019.

Changes in Endowment Net Assets for the Year Ended December 31, 2019:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 43,912	\$ 52,153	\$ 96,065
Investment return, net	8,218	9,760	17,978
Contributions	4,684	500	5,184
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u>\$ 56,814</u>	<u>\$ 62,413</u>	<u>\$ 119,227</u>

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 2019 were \$7,483.

NOTE 13 - Leases

The Organization entered into an operating lease 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, 2019, and is reflected in donated goods and services on the statement of activities and rent on the statement of functional expenses.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 13 – Leases - Continued

On November 30, 2018, The Organization entered into an additional operating lease with Associated Bank for office space on the first floor of the building located at 57 North Third Avenue, Sturgeon Bay, WI. The lease is to commence on November 1, 2018 and expire on October 31, 2023. The lease calls for monthly rent payments of \$2,750; however as long as the Organization maintains its tax exempt status, they will not be required to make any rent payments. Also, the Organization is responsible for paying their pro rata share of building operating expenses to the Landlord on a monthly basis. The amount recorded for in-kind rent is \$33,000 for the year ending December 31, 2019 and is reflected in donated goods and services on the statement of activities and rent on the statement of functional expenses. The lessor has yet to require the Organization to pay their pro rata share of building operating expenses.

NOTE 14 - 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, 2019:

Professional fees	\$ 6,472
Rent	48,300
Printing	4,177
Supplies	183
TOTAL	<u>\$ 59,132</u>

NOTE 15 - 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, 2019, these amounts are unknown.

NOTE 16 - Risks and Uncertainties

The Organization's investments are exposed to various risks, such as interest rate, and market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statement of financial position and the statement of activities.

NOTE 17 - 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 fundraising revenue for the Second Chance Prom is \$3,182 of proceeds received from the auction/raffle of donated fundraising items. Included in both revenue and expense for the various events is \$3,135 of donated services.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 17 - Special Events - Continued

	For the Year Ended December 31, 2019		
	<u>Revenue</u>	<u>Expense</u>	Net Revenue/ (Expense)
Second Chance Prom	\$ 22,253	\$ 13,585	\$ 8,668
Annual Meeting	2,105	2,150	(45)
Campaign Kickoff	4,028	3,388	640
Miscellaneous	2,042	365	1,677
TOTAL	\$ 30,428	\$ 19,488	\$ 10,940

NOTE 18 - Related Party Transactions

The Organization's executive director sits on the board of Door Tran, Inc. (a funded partner) and serves as their past president. The amount included in agency allocations/relations on the statement of activities for this agency was \$6,500. In addition, various board members sit on boards of funded partners; however, these are not deemed significant related party transactions to these financial statements.

NOTE 19 – Subsequent events

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

The Organization applied for and was granted a Paycheck Protection Program loan administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.

On April 22, 2020, the Organization entered into a \$60,000 revolving line of credit agreement with a local financial institution to cover renovation costs of their leased office space. The interest rate is 1.00 percentage point over the Prime Rate. The line is due April 22, 2021.

SUPPLEMENTARY INFORMATION

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF ALLOCATIONS
YEAR ENDED DECEMBER 31, 2019
(with comparative amounts for 2018)

	2019	2018
AGENCY ALLOCATIONS		
115 Club	\$ 4,000	\$ -
Alcohol and Other Drug Coalition (Program of United Way of Door County)	8,500	12,000
Altrusa Club of Door County Foundation	2,000	4,000
Big Brothers Big Sisters	14,200	15,000
Boys and Girls Club of Door County	18,500	14,000
Door County Medical Center Foundation	26,500	27,000
Door County YMCA	18,500	15,000
Door Tran	6,500	8,500
Family Services	42,000	43,000
Girl Scouts of the Northwestern Great Lakes	2,000	-
Healthy Door County (Program of United Way of Door County)	3,500	7,000
HELP of Door County	23,500	21,000
Lakeshore CAP	26,500	29,000
Legal Aid Society	2,500	3,000
Loaves & Fishes	2,500	3,000
Money Management Counselors (FISC)	13,000	14,000
Neighbor to Neighbor	3,500	5,500
Northern Door Children's Center	18,500	17,000
Partnership for Children and Families (Program of United Way of Door County)	24,000	30,000
STRIDE (Program of United Way of Door County)	24,000	15,000
Washington Island Community Health	8,300	8,000
We Are HOPE, Inc.	12,500	10,000
Write on Door County	-	5,000
	305,000	306,000
TOTAL AGENCY ALLOCATIONS		
ENDOWMENT GRANTS		
Friends of Potawatomi State Park	-	3,000
Sturgeon Bay Police Department	-	1,000
	-	1,000
TOTAL	\$ 305,000	\$ 310,000