

UNITED WAY OF DOOR COUNTY, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2015

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, 2015, 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 2014 financial statements and, in our report dated May 27, 2015, 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, 2015, 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

Hawkins Ash CPAs, LLP

Manitowoc, Wisconsin

July 20, 2016

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(with comparative amounts for 2014)

	2015	2014
<u>ASSETS</u>		
Cash and cash equivalents	\$ 309,509	\$ 299,983
Equity securities - stock	533	-
Beneficial interest in Community Foundation	29,842	37,907
Unconditional promises to give - annual campaign (less allowance for uncollectibles of \$48,330 in 2015 and \$40,844 in 2014)	94,031	119,197
Prepaid agency allocations	-	750
Equipment at cost, less accumulated depreciation of \$32,813 in 2015 and \$31,529 in 2014	7,617	1,499
Cash - restricted	1,050	-
Beneficial interest in Community Foundation - restricted	49,733	49,733
Cash surrender value of life insurance	2,466	2,354
TOTAL ASSETS	494,781	511,423
<u>LIABILITIES</u>		
Designations payable	-	356
Accounts payable	4,114	5,736
Accrued payroll and payroll taxes	11,802	4,315
TOTAL LIABILITIES	15,916	10,407
<u>NET ASSETS</u>		
Unrestricted	512	38,987
Temporarily restricted	427,570	412,296
Permanently restricted	50,783	49,733
TOTAL NET ASSETS	478,865	501,016
TOTAL LIABILITIES AND NET ASSETS	\$ 494,781	\$ 511,423

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(with comparative amounts for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
PUBLIC SUPPORT AND REVENUE					
Gross campaign results - prior year	\$ 21,791	\$ -	\$ -	\$ 21,791	\$ 15,084
Gross campaign results - current year	-	379,629	-	379,629	384,888
Less: donor designations	-	-	-	-	(356)
Less: provision for uncollectible	-	(21,240)	-	(21,240)	(14,116)
Net campaign revenue - current year	-	358,389	-	358,389	370,416
Contributions - AODA	-	20,959	-	20,959	28,722
Contributions - programs	12,384	17,487	-	29,871	-
Grants - fiscal agent	17,907	-	-	17,907	12,000
Donated goods and services	22,309	-	-	22,309	20,530
Special events, net of expenses of \$5,553	15,036	-	-	15,036	15,731
Endowment contributions	-	-	1,050	1,050	-
Designations from other United Ways	16,320	-	-	16,320	18,709
Investment income:					
Interest income	245	-	-	245	233
Dividend income	1,064	1,575	-	2,639	2,825
Net realized gain (loss) on sale of investments	(785)	(1,161)	-	(1,946)	2,031
Net increase (decrease) in unrealized appreciation in fair market value of investments	(2,144)	(3,174)	-	(5,318)	95
Net assets released from restrictions	378,801	(378,801)	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	482,928	15,274	1,050	499,252	486,376
EXPENSES					
Program services:					
Agency allocations/relations	304,310	-	-	304,310	291,640
Fund distribution	158,297	-	-	158,297	146,283
Supporting services:					
Management and general	31,554	-	-	31,554	27,185
Fund raising	22,021	-	-	22,021	24,210
United Way of America/Wisconsin dues	5,221	-	-	5,221	5,083
TOTAL PROGRAM AND SUPPORTING EXPENSES	521,403	-	-	521,403	494,401
INCREASE (DECREASE) IN NET ASSETS	(38,475)	15,274	1,050	(22,151)	(8,025)
NET ASSETS, BEGINNING OF YEAR	38,987	412,296	49,733	501,016	509,041
NET ASSETS, END OF YEAR	\$ 512	\$ 427,570	\$ 50,783	\$ 478,865	\$ 501,016

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015
(with comparative amounts for 2014)

	PROGRAM SERVICES		SUPPORTING SERVICES		Total 2015	Total 2014
	Program-Fund Distribution	Management and General	Fund Raising			
Salaries	\$ 73,580	\$ 9,556	\$ 12,422	\$ 95,558	\$ 87,713	
Payroll taxes	5,273	685	890	6,848	6,691	
Benefits	3,807	494	643	4,944	5,091	
Subtotal	82,660	10,735	13,955	107,350	99,495	
Professional fees	-	14,945	-	14,945	10,736	
Insurance	2,585	349	559	3,493	3,464	
Rent	11,550	1,500	1,950	15,000	15,000	
Telephone	3,972	497	496	4,965	4,870	
Publicity/advertising	3,507	206	413	4,126	3,226	
Printing	2,466	145	290	2,901	4,370	
Supplies	926	309	309	1,544	3,201	
Campaign public relations	1,876	117	352	2,345	478	
Impact initiatives	39,053	-	-	39,053	36,271	
Bank fees	-	1,426	-	1,426	1,229	
Postage	814	203	1,017	2,034	3,388	
Computer expenses	822	329	492	1,643	2,204	
Copies	493	62	61	616	-	
Dues and subscriptions	54	18	47	119	70	
Trainings and meetings	5,878	367	1,102	7,347	7,243	
Recognition	806	50	152	1,008	1,087	
Miscellaneous	-	168	505	673	632	
Subtotal	157,462	31,426	21,700	210,588	196,964	
Depreciation	835	128	321	1,284	714	
TOTAL	\$ 158,297	\$ 31,554	\$ 22,021	\$ 211,872	\$ 197,678	

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

(with comparative amounts for 2014)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (22,151)	\$ (8,025)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,284	714
Donated equity security - stock	(533)	-
Net realized (gain) loss on sale of interest in Community Foundation	1,946	(2,031)
Net (increase) decrease in unrealized appreciation in fair market value of interest in Community Foundation	5,318	(95)
Cash surrender value of life insurance	(112)	(324)
Contributions restricted for endowment fund	(1,050)	-
Changes in operating assets and liabilities:		
Unconditional promises to give	25,166	(6,549)
Prepaid expenses	750	(750)
Designations payable	(356)	-
Accounts payable	(1,622)	2,103
Accrued payroll and payroll taxes	<u>7,487</u>	<u>279</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>16,127</u>	<u>(14,678)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(7,402)	(673)
Net change in restricted cash	(1,050)	-
Net (increase) decrease in interest in Community Foundation	<u>801</u>	<u>455</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(7,651)</u>	<u>(218)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment fund contributions	<u>1,050</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,526	(14,896)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>299,983</u>	<u>314,879</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 309,509</u>	<u>\$ 299,983</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:		
None		

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 Door County Alcohol and Other Drug Abuse Coalition 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 2015.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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 \$587 at December 31, 2015. 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 immediately sold on notification of receipt.

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, 2015

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 2014 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, 2014 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, 2014 from which the summarized information was derived.

Advertising - Advertising costs are expensed as incurred. Total advertising expense was \$4,126 for the year ended December 31, 2015.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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, 2015, 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. The Organization's federal returns are subject to examination generally for three years after they are filed and state returns are subject to examination generally for four years after they are filed.

Subsequent Events - The Organization has evaluated subsequent events through July 20, 2016, 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. All balances were insured at December 31, 2015.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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>65,435</u>	\$ <u>14,140</u>	\$ <u>79,575</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, 2015

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, 2015.

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 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 as of December 31, 2015:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Stock	\$ 533	\$ -	\$ -
Beneficial interest in Community Foundation	-	79,575	-
	<u>\$ 533</u>	<u>\$ 79,575</u>	<u>\$ -</u>

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UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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

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.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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

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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment	\$ 29,842	\$ -	\$ -	\$ 29,842
Donor-restricted endowment	-	-	50,783	50,783
TOTAL	<u>\$ 29,842</u>	<u>\$ -</u>	<u>\$ 50,783</u>	<u>\$ 80,625</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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

Changes in Endowment Net Assets for the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets				
beginning of year	\$ 32,546	\$ 5,361	\$ 49,733	\$ 87,640
Investment return:				
Investment income	827	1,225	-	2,052
Net appreciation realized and unrealized	<u>(2,929)</u>	<u>(4,335)</u>	<u>-</u>	<u>(7,264)</u>
Total investment return	(2,102)	(3,110)	-	(5,212)
Contributions	1,528	-	1,050	2,578
Appropriation of endowment asset for expenditure	<u>(2,130)</u>	<u>(2,251)</u>	<u>-</u>	<u>(4,381)</u>
Endowment net assets				
end of year	<u>\$ 29,842</u>	<u>\$ -</u>	<u>\$ 50,783</u>	<u>\$ 80,625</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, 2015.

NOTE 6 - Unconditional Promises to Give

Unconditional promises to give are as follows:

DECEMBER 31, 2015

Annual Campaign

Receivable in less than one year	\$ 142,361
Less allowance for uncollectible promises	<u>(48,330)</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$ 94,031</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, 2015, these amounts are unknown.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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 \$2,466 at December 31, 2015 for the combined policies.

NOTE 9 - 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, 2015:

Professional fees	\$ 6,677
Rent	15,000
Printing/supplies	<u>632</u>
TOTAL	<u>\$ 22,309</u>

NOTE 10 - 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 \$6,124 of proceeds received from the auction/raffle of donated fundraising items for the year ended December 31, 2015.

	<u>For the Year Ended December 31, 2015</u>		
	<u>Revenue</u>	<u>Expense</u>	<u>Net Revenue/ (Expense)</u>
Chef's For A Day	\$ 14,704	\$ 1,150	\$ 13,554
Festival Activities	2,108	-	2,108
Annual Meeting	1,395	1,898	(503)
Campaign Kickoff	-	2,215	(2,215)
Center Point Grand Opening	720	-	720
Egg Harbor Car Show	820	-	820
Miscellaneous	<u>842</u>	<u>290</u>	<u>552</u>
TOTAL	<u>\$ 20,589</u>	<u>\$ 5,553</u>	<u>\$ 15,036</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 11 - 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 2015 was \$1,444.

NOTE 12 - 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, 2015, and this is reflected in donated goods and services on the statement of activities and rent on the statement of functional expenses.

NOTE 13 - 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 14 - 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	\$ 358,389
Program restrictions	15,334
Prior year's campaign receivables that remain uncollected	21,674
Technology upgrades	2,153
Fiscal agent initiatives	30,020
TOTAL	<u>\$ 427,570</u>

NOTE 15 - Permanently Restricted Net Assets

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

Endowment fund contributions	<u>\$ 50,783</u>
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UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 16 - 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.

SUPPLEMENTARY INFORMATION

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF ALLOCATIONS
YEAR ENDED DECEMBER 31, 2015
(with comparative amounts for 2014)

	2015	2014
AGENCY ALLOCATIONS		
Alcohol and Other Drug Coalition (United Way of Door County is fiscal agent)	\$ 11,000	\$ 10,560
Altrusa Club of Door County Foundation	4,000	4,400
Alzheimer's Association - Greater Wisconsin	-	2,640
Big Brothers Big Sisters	11,000	6,600
Boys and Girls Club of Door County	26,000	24,640
Community Clinic of Door County	48,000	33,440
Door County Child Care Center	-	8,800
Door/Kewaunee Business Education Partnership	-	5,720
Door Tran	9,000	8,800
Family Centers of Door County	6,000	7,920
Family Services	47,440	51,480
Financial Information & Service Center	-	15,840
Girl Scouts of the Northwestern Great Lakes	-	3,520
Healthy Door County (Program of United Way of Door County)	8,001	-
HELP of Door County	22,600	20,240
Kimberley Foundation	5,833	8,800
Lakeshore CAP	12,000	-
Legal Aid Society	2,500	2,200
Ministry Door County Medical Center	16,000	15,840
Money Management Counselors	15,000	-
NAMI	4,000	3,520
Neighbor to Neighbor	8,000	7,480
NEW Curative Rehabilitation	625	1,760
Northern Door Children's Center	17,330	14,080
Sunshine House	-	6,160
Washington Island Community Health	8,000	6,600
We Are HOPE, Inc.	17,600	17,600
	<u>299,929</u>	<u>288,640</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	2,000
Family Services	501	-
Leadership Door County	1,000	-
Mental Health Coalition	-	1,000
Neighbor to Neighbor	283	-
	<u>4,381</u>	<u>3,000</u>
TOTAL GRANTS		
	<u>4,381</u>	<u>3,000</u>
TOTAL	<u>\$ 304,310</u>	<u>\$ 291,640</u>