

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

**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2021**

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

TABLE OF CONTENTS

DECEMBER 31, 2021

Page	
2 - 4	Independent Auditors' Report
	<b>FINANCIAL STATEMENTS</b>
5	Statement of Financial Position
6	Statement of Activities
7	Statement of Functional Expenses
8	Statement of Cash Flows
9 - 22	Notes to Financial Statements
	<b>SUPPLEMENTARY INFORMATION</b>
23	Schedule of Allocations

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

We have audited the financial statements of United Way of Door County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Door County, Inc. as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***2020 Financial Statements Restated***

As discussed in Note 20 to the financial statements, the 2020 financial statements have been restated to correct for identified misstatements. Our opinion is not modified with respect to this matter.

### ***Report on Summarized Comparative Information***

We have previously audited the United Way of Door County, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated July 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Door County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Door County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 24 is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

HAWKINS ASH CPAS LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin  
May 18, 2022

**UNITED WAY OF DOOR COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
(with comparative amounts for 2020)

	2021	2020
<b><u>ASSETS</u></b>		<u>Restated</u>
Cash and cash equivalents	\$ 853,508	\$ 624,725
Equity securities - stock	10,725	9,590
Beneficial interest in Community Foundation	1,263,180	73,565
Unconditional promises to give, net	212,742	242,333
Grants receivable	38,407	51,860
Prepaid expenses	5,250	12,409
Property and equipment, net	91,592	99,495
Cash surrender value of life insurance	3,184	3,052
Asset held for resale	-	10,000
Beneficial interest in Community Foundation - restricted	82,103	52,653
<b>TOTAL ASSETS</b>	<b><u>2,560,691</u></b>	<b><u>1,179,682</u></b>
 <b><u>LIABILITIES</u></b>		
Line of credit	-	36,289
Accounts payable	18,999	24,105
Accrued payroll and payroll taxes	7,453	5,148
<b>TOTAL LIABILITIES</b>	<b><u>26,452</u></b>	<b><u>65,542</u></b>
 <b><u>NET ASSETS</u></b>		
Without donor restrictions	1,648,036	203,466
With donor restrictions	886,203	910,674
<b>TOTAL NET ASSETS</b>	<b><u>2,534,239</u></b>	<b><u>1,114,140</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,560,691</u></b>	<b><u>\$ 1,179,682</u></b>

The accompanying notes are an integral part of these statements.

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

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021  
(with comparative amounts for 2020)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total 2021	Total 2020 <u>Restated</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross campaign results - prior year	\$ 34,011	\$ -	\$ 34,011	\$ 12,204
Gross campaign results - current year	-	718,911	718,911	786,924
Less: provision for uncollectible	-	(22,597)	(22,597)	(19,680)
Net campaign revenue - current year	-	696,314	696,314	767,244
Contributions - programs	277,459	-	277,459	296,204
Contributions - fiscal agent	-	850	850	1,325
Contributions - other	1,349,406	10,700	1,360,106	1,000
Grants - programs	90,487	-	90,487	122,384
Grants - other	-	-	-	60,000
Donated goods and services	63,617	-	63,617	56,495
Special events	33,033	-	33,033	5,486
Endowment contributions	-	29,150	29,150	300
Designations from other United Ways	2,922	-	2,922	2,276
Miscellaneous revenue	2,532	-	2,532	3,127
Interest income	29	-	29	153
Investment income	1,135	-	1,135	48
Change in beneficial interest:				
Assets held by Community Foundation	15,654	16,064	31,718	11,501
Net assets released from restrictions	<u>777,549</u>	<u>(777,549)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>2,647,834</u>	<u>(24,471)</u>	<u>2,623,363</u>	<u>1,339,747</u>
<b>EXPENSES</b>				
Program services:				
Agency allocations/relations	384,000	-	384,000	313,010
Fund distribution/programming	572,799	-	572,799	536,372
Supporting services:				
Management and general	134,386	-	134,386	125,544
Fund raising	97,625	-	97,625	65,024
United Way of America/Wisconsin dues	<u>14,454</u>	<u>-</u>	<u>14,454</u>	<u>11,561</u>
<b>TOTAL PROGRAM AND SUPPORTING EXPENSES</b>	<u>1,203,264</u>	<u>-</u>	<u>1,203,264</u>	<u>1,051,511</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,444,570	(24,471)	1,420,099	288,236
NET ASSETS, BEGINNING OF YEAR, restated	<u>203,466</u>	<u>910,674</u>	<u>1,114,140</u>	<u>825,904</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 1,648,036</b></u>	<u><b>\$ 886,203</b></u>	<u><b>\$ 2,534,239</b></u>	<u><b>\$ 1,114,140</b></u>

The accompanying notes are an integral part of these statements.

**UNITED WAY OF DOOR COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**  
(with comparative amounts for 2020)

	PROGRAM SERVICES		SUPPORTING SERVICES		Total 2021	Total 2020
	Fund Distribution/ Programming	Management and General	Fund Raising			
Salaries	\$ 236,173	\$ 66,597	\$ 37,881	\$ 340,651	\$ 337,984	
Payroll taxes	17,945	5,060	2,878	25,883	26,374	
Benefits	15,830	4,464	2,539	22,833	28,125	
Subtotal	269,948	76,121	43,298	389,367	392,483	
Professional fees	-	7,773	-	7,773	12,166	
Insurance	4,332	1,221	695	6,248	5,200	
Rent	40,419	11,398	6,483	58,300	58,301	
Telephone	2,601	734	417	3,752	3,675	
Publicity/advertising	13,670	3,855	2,193	19,718	9,100	
Printing	4,149	1,170	665	5,984	6,002	
Supplies	8,087	2,280	1,297	11,664	8,588	
Campaign public relations	1,195	337	191	1,723	1,077	
Impact initiatives	198,429	11,265	18,333	228,027	183,777	
Bank fees	-	1,097	-	1,097	1,493	
Postage	5,898	1,663	946	8,507	6,227	
Computer expenses	15,722	4,433	2,522	22,677	8,709	
Special events	-	-	18,094	18,094	3,856	
Dues and subscriptions	152	43	24	219	-	
Trainings and meetings	3,048	859	489	4,396	6,458	
Recognition	12	3	2	17	1,555	
Interest	-	1,075	-	1,075	991	
Miscellaneous	-	8,269	-	8,269	9,666	
Subtotal	567,662	133,596	95,649	796,907	719,324	
Depreciation	5,137	790	1,976	7,903	7,616	
<b>TOTAL</b>	<b>\$ 572,799</b>	<b>\$ 134,386</b>	<b>\$ 97,625</b>	<b>\$ 804,810</b>	<b>\$ 726,940</b>	

The accompanying notes are an integral part of these statements.



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

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021  
(with comparative amounts for 2020)

	<u>2021</u>	<u>2020</u>
		Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 1,420,099	\$ 288,236
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,903	7,616
Net (increase) decrease in unrealized appreciation in equity securities	(1,135)	(48)
Change in allowance for unconditional promises to give	868	(14,472)
Change in beneficial interest in net assets of the Door County Community Foundation	(31,718)	(11,501)
Donation of asset held for resale to another non-profit	10,000	-
Cash surrender value of life insurance	(132)	(127)
Contributions restricted for endowment fund	(29,150)	(300)
 Changes in operating assets and liabilities:		
Unconditional promises to give	28,723	(141,333)
Grants receivable	13,453	(36,507)
Prepaid expenses	7,159	(9,076)
Accounts payable	(5,106)	(13,758)
Accrued payroll and payroll taxes	2,305	(12,234)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,423,269</u>	<u>56,496</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(4,173)
Purchase in Door County Community Foundation	(1,192,705)	(300)
Distributions from Door County Community Foundation	5,358	4,810
<b>NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>	<u>(1,187,347)</u>	<u>337</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	-	36,289
Payment on line of credit	(36,289)	-
Endowment fund contributions	29,150	300
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(7,139)</u>	<u>36,589</u>
 <b>INCREASE (DECREASE) IN CASH         AND CASH EQUIVALENTS</b>	228,783	93,422
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>624,725</u>	<u>531,303</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 853,508</b></u>	<u><b>\$ 624,725</b></u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest expense	1,075	991
 <b>SUPPLEMENTAL INFORMATION OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
NONE		

The accompanying notes are an integral part of these statements.

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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 Door Community Non Profit Group.

For the year ended December 31, 2021, 51.4% of total revenue came from a single donor.

**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, capital purchases, building usage fees, an annual campaign safety net and a 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.

**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 2020-05 subsequently deferred the effective date for ASU 2016-02 until annual reporting periods beginning after December 15, 2021. 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 statement of financial position, the new ASU will require both types of leases to be recognized on the statement of financial position. 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.

**UNITED WAY OF DOOR COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2021

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

**Recent Accounting Pronouncements, Continued** - In September 2020, the FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) effective for annual reporting periods beginning after June 15, 2021. Under the new guidance, gifts-in-kind will be required to be presented as a separate line item on the statement of activities and additional disclosures will be required. 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.

**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 statement 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 statement of activities in the period in which the securities are sold. Dividends are recorded on the ex-dividend date.

**UNITED WAY OF DOOR COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2021

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

**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 the following estimated useful lives:

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, 2021.

**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.

**Revenue Recognition** - The Organization records the following exchange transaction revenue in its statement of activities and changes in net assets:

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 when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. 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.

**UNITED WAY OF DOOR COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2021

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

**Contribution Recognition, Continued** - 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 statement of activities as net assets released from restrictions.

**Grant Recognition** - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

**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.

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 \$19,718 for the year ended December 31, 2021.

**UNITED WAY OF DOOR COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2021

**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. 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, 2021, 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.

**Comparative Data** - The financial statements include certain 2020 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, 2020 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, 2020 from which the summarized information was derived.

**Subsequent Events** - The Organization evaluated subsequent events through May 18, 2022, 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 \$510,762 as of December 31, 2021. The Organization does not require collateral or other security to support deposits subject to this credit risk.

**UNITED WAY OF DOOR COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2021

**NOTE 3 - Unemployment Reserve**

In 2021, the Organization became self-funded for state unemployment compensation purposes. In accordance with state regulations, a surety bond in the amount of \$5,600 has been filed with the Wisconsin Unemployment Reserve Fund.

**NOTE 4 - 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 at December 31, 2021:

Cash and cash equivalents	\$ 853,508
Equity securities - stock	10,725
Unconditional promises to give receivable in less than one year	212,742
Grants receivable	<u>38,407</u>
 Total financial assets available within one year	 1,115,382
 Less amounts not available for general expenditure within one year:	
Net assets with donor restrictions	74,687
Board designated net assets	<u>223,151</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 817,544</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.

**NOTE 5 - Investments**

The Organization holds corporate stock valued at \$10,725 at December 31, 2021.

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2021**

**NOTE 6 - 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 \$1,345,283 as of December 31, 2021.

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 7 - Unconditional Promises to Give**

The aggregate collections of promises to give are as follows at December 31, 2021:

Receivable in less than one year	\$ 264,016
Less allowance for uncollectible promises	<u>(51,274)</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$ 212,742</u>

**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 \$3,184 at December 31, 2021 for the combined policies.

**NOTE 9 - Property and Equipment**

A summary of property and equipment is as follows as of December 31, 2021:

Equipment	\$ 24,190
Leasehold improvements	<u>102,234</u>
	126,424
Less: Accumulated depreciation	<u>34,832</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 91,592</u>

Depreciation expense amounted to \$7,903 for year ended December 31, 2021.



**UNITED WAY OF DOOR COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2021

**NOTE 10 - 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, 2021.

*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.

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2021**

**NOTE 10 - Fair Value Measurements - Continued**

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, 2021:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Corporate stock	\$ 10,725	\$ -	\$ -
Beneficial interest in Community Foundation	-	-	1,345,283
	<u>\$ 10,725</u>	<u>\$ -</u>	<u>\$ 1,345,283</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):

**Beneficial interest in Community Foundation**

Balance, beginning year	\$ 126,218
Change in beneficial interest	31,718
Distributions	(5,358)
Contributions	1,192,705
Balance, end of year	<u>\$ 1,345,283</u>

**NOTE 11 - Line of Credit**

The Organization took out a line of credit of \$60,000 on April 22, 2020 that matures on April 22, 2021 for the building remodel project. The line was renewed through April 22, 2022. The interest rate is equal to the Prime Rate as published in the Wall Street Journal of 4.25%, for the year ended December 31, 2021. The agreement is collateralized by substantially all assets of the Organization. The outstanding balance on the line of credit was \$-0- for the year ended December 31, 2021.

**NOTE 12 - Net Assets**

Included in net assets without donor restrictions are amounts designated by the board for the following purposes at December 31, 2021:

Quasi-endowment	\$ 1,241,503
Building operating expenses	36,000
Capital purchases	10,000
Annual campaign safety net	77,000
Operating reserve	100,151
<b>TOTAL DESIGNATED NET ASSETS</b>	<b><u>\$ 1,464,654</u></b>

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2021**

**NOTE 12 - Net Assets - Continued**

The Organization's Board of Directors has designated funds be set aside for the following purposes:

- 1) 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.
- 2) To designate funds to cover three years of annual operating expenses for the Organization's share of expenses owed under their current lease agreement (covers the remaining three years of the lease agreement).
- 3) To designate funds for the purchase of signage for the interior and exterior of the Organization's building.
- 4) To designate funds to assist with the 2021 and 2022 annual campaigns if short of the budgeted goal.
- 5) To create 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, 2021:

Subject to expenditure for specified purpose:

Partnership for Children and Families (promises to give)	\$ 69,000
Door Community Non Profit Group	<u>5,687</u>
	<u>74,687</u>

Subject to the passage of time:

Funds received for the 2022 campaign	10,700
Promises to give and funds received during the current year campaign, that are for expenditure in the the next year.	<u>697,036</u>
	<u>707,736</u>

Endowments

Amount required to be held in perpetuity	82,103
Earnings subject to appropriation and expenditure for specified purpose:	
Available for general use	<u>21,677</u>

**TOTAL NET ASSETS WITH DONOR RESTRICTIONS** **\$ 886,203**

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2021**

**NOTE 12 - Net Assets - Continued**

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, 2021:

Expiration of time restrictions	\$ 771,645
Satisfaction of purpose restrictions:	
Operations	5,358
Door County NFP Group	<u>546</u>
<b>TOTAL RESTRICTIONS RELEASED</b>	<b><u>\$ 777,549</u></b>

**NOTE 13 - 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.

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, 2021**

**NOTE 13 - 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 3% of the average value of the fund for the previous five years. The average value will be calculated annually at December 31<sup>st</sup>, 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.

**Endowment Net Asset Composition by Type of Fund as of December 31, 2021:**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,241,503	\$ -	\$ 1,241,503
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	82,103	82,103
Accumulated investment gains	-	21,677	21,677
<b>TOTAL</b>	<b><u>\$ 1,241,503</u></b>	<b><u>\$ 103,780</u></b>	<b><u>\$ 1,345,283</u></b>

**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, 2021.

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2021**

**NOTE 13 - Endowment Fund - Continued**

*Changes in Endowment Net Assets for the Year Ended December 31, 2021:*

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 62,294	\$ 63,924	\$ 126,218
Investment return, net	15,654	16,064	31,718
Contributions	1,163,555	29,150	1,192,705
Appropriation of endowment assets pursuant to spending-rate policy	-	(5,358)	(5,358)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u><b>\$ 1,241,503</b></u>	<u><b>\$ 103,780</b></u>	<u><b>\$ 1,345,283</b></u>

**NOTE 14 - 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 2021 were \$9,172.

**NOTE 15 - 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, 2021, and is reflected in donated goods and services on the statement of activities and rent on the statement of functional expenses.

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. The amount recorded for in-kind rent is \$33,000 for the year ending December 31, 2021 and is reflected in donated goods and services on the statement of activities and rent on the statement of functional expenses. As part of the lease, the Organization is responsible for paying their pro rata share of building operating expenses to the Landlord on a monthly basis. The Organization's paid \$10,300 as their share of building operating expenses for the year ended December 31, 2021.

**UNITED WAY OF DOOR COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2021**

**NOTE 16 - Donated Goods and Services**

The value of donated goods and services included in the financial statements and the corresponding expenses or assets are as follows for the year ended December 31, 2021:

Publicity/advertising	\$ 1,400
Rent	48,000
Special events expense (rental)	500
Impact Initiatives	1,187
Computer expenses	9,720
Supplies	<u>2,810</u>
<b>TOTAL</b>	<b><u>\$ 63,617</u></b>

**NOTE 17 - 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, 2021, these amounts are unknown.

**NOTE 18 - Risks and Uncertainties**

**Investments** - 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 statements of financial position and the statements of activities.

**COVID-19 Pandemic** - The world-wide Coronavirus Pandemic has impacted national and global economies. 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 current and future full impact to the Organization is not known.

**NOTE 19 - Related Party Transactions**

The executive director, staff and various board members of the Organization may sit on boards of funded partners.

**NOTE 20 - Prior Period Adjustments**

During the current year, the Organization discovered that a donor pledge was mistakenly omitted from the unconditional promise to give balance at December 31, 2020. Unconditional promises to give and contribution revenue have been increased by \$69,000 to correct for this error.

During the current year, the Organization discovered that donated stock had not been recorded on the Organization's books. For the 2020 year, equity securities - stock has been increased by \$6,285, beginning net assets without restrictions has been increased by \$6,479, and investment income has been decreased by \$194 to account for this error.

## **SUPPLEMENTARY INFORMATION**



**UNITED WAY OF DOOR COUNTY, INC.**  
**SCHEDULE OF ALLOCATIONS**  
**YEAR ENDED DECEMBER 31, 2021**  
(with comparative amounts for 2020)

	2021	2020
<b>AGENCY ALLOCATIONS</b>		
115 Club	\$ 6,000	\$ 5,000
Alcohol and Other Drug Coalition (Program of United Way of Door County)	8,000	9,000
Big Brothers Big Sisters	8,000	8,000
Boys and Girls Club of Door County	35,000	22,000
Door Community Child Development Center	24,000	8,000
Door County Medical Center Foundation	32,000	23,500
Door County YMCA	-	12,000
Door Tran	12,000	9,000
Family Services	38,000	44,000
Healthy Door County (Program of United Way of Door County)	2,500	3,500
HELP of Door County	30,000	23,000
Lakeshore CAP	30,000	26,500
Legal Aid Society	3,000	3,000
Loaves & Fishes	-	1,200
Money Management Counselors (FISC)	10,000	10,000
Neighbor to Neighbor	2,000	2,000
Northern Door Children's Center	20,000	20,000
Partnership for Children and Families (Program of United Way of Door County)	30,000	25,000
STRIDE (Program of United Way of Door County)	40,000	33,000
Washington Island Community Health	6,000	8,000
We Are HOPE, Inc.	37,500	12,500
Total Agency Allocations	374,000	308,200
<b>OTHER DISTRIBUTIONS</b>		
Birch Creek Music Performance Center	10,000	-
<b>ENDOWMENT GRANTS</b>		
Crossroads at Big Creek	-	1,000
Jak's Place - Lakeshore CAP	-	1,950
Penninsula Pre-School	-	600
Sunshine House, Inc.	-	1,260
Total Endowment Grants	-	4,810
<b>TOTAL</b>	<b>\$ 384,000</b>	<b>\$ 313,010</b>