

UNITED WAY OF DOOR COUNTY, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022

UNITED WAY OF DOOR COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

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

Report on Audit of the Financial Statements

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, 2022, 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, 2022, 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Summarized Comparative Information

We have previously audited the United Way of Door County, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited statements in our report dated May 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Report on 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 pages 24 to 26 is presented for additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023 on our consideration of United Way of Door County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of Door County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Door County, Inc.'s internal control over financial reporting and compliance.

HAWKINS ASH CPAS LLP

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

Manitowoc, Wisconsin
August 30, 2023

UNITED WAY OF DOOR COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(with comparative amounts for 2021)

	2022	2021
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,256,010	\$ 853,508
Equity securities - stock	10,489	10,725
Beneficial interest in Community Foundation	1,082,840	1,263,180
Unconditional promises to give, net	124,284	212,742
Accounts receivable	10,593	-
Grants receivable	68,654	38,407
Prepaid expenses	23,721	5,250
Property and equipment, net	96,578	91,592
Cash surrender value of life insurance	3,323	3,184
Beneficial interest in Community Foundation - restricted	82,603	82,103
TOTAL ASSETS	<u>2,759,095</u>	<u>2,560,691</u>
 <u>LIABILITIES</u>		
Accounts payable	5,815	18,999
Accrued payroll and payroll taxes	9,434	7,453
Refundable advance	141,895	-
TOTAL LIABILITIES	<u>157,144</u>	<u>26,452</u>
 <u>NET ASSETS</u>		
Without donor restrictions	1,628,719	1,648,036
With donor restrictions	973,232	886,203
TOTAL NET ASSETS	<u>2,601,951</u>	<u>2,534,239</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,759,095</u>	 <u>\$ 2,560,691</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(with comparative amounts for 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total 2022	Total 2021
PUBLIC SUPPORT AND REVENUE				
Gross campaign results - prior year	\$ 42,646	\$ -	\$ 42,646	\$ 34,011
Gross campaign results - current year	-	718,786	718,786	718,911
Less: provision for uncollectible	-	(23,590)	(23,590)	(22,597)
Net campaign revenue - current year	-	695,196	695,196	696,314
Contributions - programs	468,850	189,408	658,258	277,459
Contributions - fiscal agent	-	1,524	1,524	850
Contributions - other	-	-	-	1,360,106
Federal grants - programs	1,381,826	-	1,381,826	39,607
State grants - programs	64,417	-	64,417	50,880
In-kind contributions	58,126	-	58,126	63,617
Special events	51,330	-	51,330	33,033
Endowment contributions	-	500	500	29,150
Designations from other United Ways	1,454	-	1,454	2,922
Miscellaneous revenue	139	-	139	2,532
Interest income	113	-	113	29
Investment return	(236)	-	(236)	1,135
Change in beneficial interest:				
Assets held by Community Foundation	(198,912)	(16,627)	(215,539)	31,718
Net assets released from restrictions	782,972	(782,972)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,652,725</u>	<u>87,029</u>	<u>2,739,754</u>	<u>2,623,363</u>
EXPENSES				
Program services:				
Agency allocations/relations	432,000	-	432,000	384,000
Fund distribution/programming	1,767,579	-	1,767,579	572,799
Supporting services:				
Management and general	232,220	-	232,220	134,386
Fund raising	226,370	-	226,370	97,625
United Way of America/Wisconsin dues	13,873	-	13,873	14,454
TOTAL PROGRAM AND SUPPORTING EXPENSES	<u>2,672,042</u>	<u>-</u>	<u>2,672,042</u>	<u>1,203,264</u>
INCREASE (DECREASE) IN NET ASSETS	(19,317)	87,029	67,712	1,420,099
NET ASSETS, BEGINNING OF YEAR	<u>1,648,036</u>	<u>886,203</u>	<u>2,534,239</u>	<u>1,114,140</u>
NET ASSETS, END OF YEAR	<u>\$ 1,628,719</u>	<u>\$ 973,232</u>	<u>\$ 2,601,951</u>	<u>\$ 2,534,239</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, 2022
(with comparative amounts for 2021)

	PROGRAM SERVICES		SUPPORTING SERVICES		Total 2022	Total 2021
	Fund Distribution/ Programming	Management and General	Fund Raising			
Salaries	\$ 261,857	\$ 96,331	\$ 39,710	\$ 397,898	\$ 340,651	
Payroll taxes	19,931	7,332	3,023	30,286	25,883	
Benefits	18,639	6,857	2,827	28,323	22,833	
Subtotal	300,427	110,520	45,560	456,507	389,367	
Professional fees	-	7,925	-	7,925	7,773	
Insurance	3,607	1,327	547	5,481	6,248	
Rent	38,932	14,322	5,904	59,158	58,300	
Telephone	3,069	1,129	466	4,664	3,752	
Publicity/advertising	12,743	4,688	1,932	19,363	19,718	
Printing	3,734	1,374	566	5,674	5,984	
Supplies	5,653	2,080	857	8,590	11,664	
Campaign public relations	2,032	748	308	3,088	1,723	
Impact initiatives	1,377,449	78,196	127,266	1,582,911	228,027	
Bank fees	-	1,499	-	1,499	1,097	
Postage	688	253	104	1,045	8,507	
Computer expenses	7,333	2,697	1,112	11,142	22,677	
Special events	-	-	39,941	39,941	18,094	
Dues and subscriptions	7	2	1	10	219	
Trainings and meetings	4,746	1,746	720	7,212	4,396	
Recognition	1,984	730	301	3,015	17	
Interest	-	-	-	-	1,075	
Miscellaneous	-	1,080	-	1,080	8,269	
Subtotal	1,762,404	230,316	225,585	2,218,305	796,907	
Depreciation	5,175	1,904	785	7,864	7,903	
TOTAL	<u>\$ 1,767,579</u>	<u>\$ 232,220</u>	<u>\$ 226,370</u>	<u>\$ 2,226,169</u>	<u>\$ 804,810</u>	

The accompanying notes are an integral part of these statements.

UNITED WAY OF DOOR COUNTY, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(with comparative amounts for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 67,712	\$ 1,420,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,864	7,903
Net (increase) decrease in unrealized appreciation in equity securities	236	(1,135)
Change in allowance for unconditional promises to give	(5,444)	868
Change in Beneficial Interest in Community Foundation	215,539	(31,718)
Donation of asset held for resale to another non-profit	-	10,000
Cash surrender value of life insurance	(139)	(132)
Contributions restricted for endowment fund	(500)	(29,150)
 Changes in operating assets and liabilities:		
Unconditional promises to give	93,902	28,723
Accounts receivable	(10,593)	
Grants receivable	(30,247)	13,453
Prepaid expenses	(18,471)	7,159
Accounts payable	(13,184)	(5,106)
Accrued payroll and payroll taxes	1,981	2,305
Refundable advance	<u>141,895</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>450,551</u>	<u>1,423,269</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(12,850)	-
Contribution to Beneficial Interest in Community Foundation	(46,435)	(1,192,705)
Distributions from Beneficial Interest in Community Foundation	<u>10,736</u>	<u>5,358</u>
NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	<u>(48,549)</u>	<u>(1,187,347)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on line of credit	-	(36,289)
Endowment fund contributions	<u>500</u>	<u>29,150</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>500</u>	<u>(7,139)</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	402,502	228,783
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>853,508</u>	<u>624,725</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,256,010</u>	<u>\$ 853,508</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest expense	-	1,075
 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, 2022

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, 2022, 45.4% of total revenue came from the Wisconsin Department of Workforce Development.

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, building operating expenses, 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.

Accounting Pronouncements Adopted - As of January 1, 2022 the Organization adopted the provision of FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). Under the new guidance, gifts-in-kind are required to be presented as a separate line item on the statements of activities and additional disclosures will be required. The presentation and disclosures for contributed nonfinancial assets have been enhanced in accordance with the standard.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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

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 in the Beneficial interest in Community Foundation to be cash equivalents for the statement of cash flows.

Accounts/Grants Receivable - 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, 2022

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, 2022.

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. There was no restricted cash at December 31, 2022.

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, 2022

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 in-kind contribution 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 \$19,363 for the year ended December 31, 2022.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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, 2022, 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 summarized comparative 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 2021 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, 2021 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, 2021 from which the summarized information was derived.

Subsequent Events - The Organization evaluated subsequent events through August 30, 2023, 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 \$899,293 as of December 31, 2022. 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, 2022

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, 2022:

Cash and cash equivalents	\$ 1,256,010
Equity securities - stock	10,489
Unconditional promises to give receivable in less than one year	124,284
Accounts receivable	10,593
Grants receivable	<u>68,654</u>
 Total financial assets available within one year	 1,470,030
 Less amounts not available for general expenditure within one year:	
Cash held for the Workforce Innovation Grant (included in refundable advance)	141,895
Net assets with donor restrictions	195,433
Board designated net assets	<u>162,666</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 970,036</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 \$10,489 at December 31, 2022.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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 \$1,165,443 as of December 31, 2022.

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, 2022:

Receivable in less than one year	\$ 170,114
Less allowance for uncollectible promises	<u>(45,830)</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$ 124,284</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 \$3,323 at December 31, 2022 for the combined policies.

NOTE 9 - Property and Equipment

A summary of property and equipment is as follows as of December 31, 2022:

Equipment	\$ 37,040
Leasehold improvements	<u>102,234</u>
	139,274
Less: Accumulated depreciation	<u>42,696</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 96,578</u>

Depreciation expense amounted to \$7,864 for year ended December 31, 2022.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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, 2022.

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

Beneficial Interest in Community Foundation: 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, 2022

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, 2022:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Corporate stock	\$ 10,489	\$ -	\$ -
Beneficial interest in Community Foundation	<u>-</u>	<u>-</u>	<u>1,165,443</u>
	<u>\$ 10,489</u>	<u>\$ -</u>	<u>\$ 1,165,443</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	\$ 1,345,283
Change in beneficial interest	(215,539)
Distributions	(10,736)
Contributions	<u>46,435</u>
Balance, end of year	<u>\$ 1,165,443</u>

NOTE 11 - Line of Credit

The Organization took out a line of credit of \$60,000 on April 22, 2020 that matured on April 22, 2021 and was subsequently renewed through April 22, 2022 for the building remodel project. The Organization did not renew the line after this last renewal period. The interest rate is equal to the Prime Rate as published in the Wall Street Journal of 7.5%, for the year ended December 31, 2022. The agreement is collateralized by substantially all assets of the Organization.

NOTE 12 - Net Assets

Included in net assets without donor restrictions are amounts designated by the board for the following purposes at December 31, 2022:

Quasi-endowment	\$ 1,082,840
Building operating expenses	24,000
Annual campaign safety net	38,500
Operating reserve	<u>100,166</u>
TOTAL DESIGNATED NET ASSETS	<u>\$ 1,245,506</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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 to assist with the 2021 and 2022 annual campaigns if short of the budgeted goal.
- 4) 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, 2022:

Subject to expenditure for specified purpose:

Partnership for Children and Families (promises to give)	\$ 67,000
Flex fund	117,908
Volunteer Connection	4,500
Door Community Non-Profit Group	<u>6,025</u>
	<u>195,433</u>

Subject to the passage of time:

Promises to give and funds received during the current year campaign, that are for expenditure in the next year.	<u>695,196</u>
--	----------------

Endowments

Amount required to be held in perpetuity	82,603
Earnings subject to appropriation and expenditure for specified purpose:	
Available for general use	<u>-</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS **\$ 973,232**

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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, 2022:

Expiration of time restrictions	\$ 707,736
Satisfaction of purpose restrictions:	
Operations	5,050
Partnership for Children and Families	69,000
Door County NFP Group	<u>1,186</u>
TOTAL RESTRICTIONS RELEASED	<u>\$ 782,972</u>

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, 2022

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 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.

Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,082,840	\$ -	\$ 1,082,840
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	82,603	82,603
Accumulated investment gains	-	-	-
TOTAL	<u>\$ 1,082,840</u>	<u>\$ 82,603</u>	<u>\$ 1,165,443</u>

Funds with Deficiencies - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowments). In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that have occurred. The Organization did not have any such deficiency as of December 31, 2022.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 13 - Endowment Fund - Continued

Changes in Endowment Net Assets for the Year Ended December 31, 2022:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,241,503	\$ 103,780	\$ 1,345,283
Investment return, net	(198,912)	(16,627)	(215,539)
Contributions	45,935	500	46,435
Appropriation of endowment assets pursuant to spending-rate policy	(5,686)	(5,050)	(10,736)
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u>\$ 1,082,840</u>	<u>\$ 82,603</u>	<u>\$ 1,165,443</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 2022 were \$9,723.

NOTE 15 - In-Kind Rental Agreements

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, 2022, and is reflected in in-kind contributions 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, 2022 and is reflected in in-kind contributions 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 \$11,158 as their share of building operating expenses for the year ended December 31, 2022.

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 16 - In-Kind Contributions

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, 2022:

Publicity/advertising	\$ 350
Rent	48,000
Special events expense (rent)	650
Special events expense (supplies)	2,334
Training and meetings (rent)	500
Training and meetings (professional services)	1,600
Impact Initiatives (goods)	1,400
Supplies	<u>3,292</u>
TOTAL	<u>\$ 58,126</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market or disposed of.

The Organization receives contributed professional services that are reported using current rates for similar types of services.

Contributed supplies and goods received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to the appropriate expense account. Donated supplies and goods are valued at the fair market value based on current market rates for similar items.

The Organization has two lease agreements for office space in which there is no charge from the lessor. The Organization also receives rental space for events and meetings at no charge from the donors. The rents for the two lease agreements is based upon values as provided by the lessor in the lease agreements and rents for the other rental spaces is based on rent amounts that are charged for similar spaces. See Note 15 for additional information.

All contributed services, supplies, goods and rent were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

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, 2022, these amounts are unknown.

NOTE 18 - Risks and Uncertainties

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

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

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 - Commitments and Contingent Liabilities

The Organization has contracts with various funding sources for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the contracts. The amount of these reimbursement requests, if any, are not determinable.

SUPPLEMENTARY INFORMATION

UNITED WAY OF DOOR COUNTY, INC.

SCHEDULE OF ALLOCATIONS
YEAR ENDED DECEMBER 31, 2022
(with comparative amounts for 2021)

	2022	2021
AGENCY ALLOCATIONS		
115 Club	\$ 4,000	\$ 6,000
Alcohol and Other Drug Coalition (Program of United Way of Door County)	8,000	8,000
Big Brothers Big Sisters	8,000	8,000
Boys and Girls Club of Door County	33,000	35,000
Child care initiative (Program of United Way of Door County)	10,000	-
Door Community Child Development Center	30,000	24,000
Door County Medical Center Foundation	31,000	32,000
Door County YMCA	3,500	-
Door Tran	10,000	12,000
Family Services	43,000	38,000
Habitat for Humanity	5,000	-
Healthy Door County (Program of United Way of Door County)	5,000	2,500
HELP of Door County	40,000	30,000
Lakeshore CAP	30,000	30,000
Legal Aid Society	3,000	3,000
Money Management Counselors (FISC)	5,000	10,000
Neighbor to Neighbor	2,500	2,000
Northern Door Children's Center	30,000	20,000
Partnership for Children and Families (Program of United Way of Door County)	30,000	30,000
Society of St. Vincent De Paul	6,000	-
STRIDE (Program of United Way of Door County)	40,000	40,000
Washington Island Community Health	6,000	6,000
We Are HOPE, Inc.	37,500	37,500
Write on Door County	1,500	-
Total Agency Allocations	<u>422,000</u>	<u>374,000</u>
OTHER DISTRIBUTIONS		
Birch Creek Music Performance Center	-	10,000
ENDOWMENT GRANTS		
County of Door	7,775	-
Do Good Door County	1,225	-
Sunshine Resources	1,000	-
Total Endowment Grants	<u>10,000</u>	<u>-</u>
TOTAL	<u>\$ 432,000</u>	<u>\$ 384,000</u>

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>State Identifying Number or Pass -Through</u>	<u>Expenditures</u>	<u>Subrecipient Pass-Through Expenditures</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Program From:				
Door County Department of Human Services				
SE - Grants for infants and Families - Birth to Three	84.181	535000	\$ 2,070	\$ -
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Program From:				
Door County Department of Human Services				
Child Abuse and Neglect State Grants - Parents Supporting Parents	93.669	3232	8,438	-
Block Grants for Community Mental Health Services	93.958	533287	7,500	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	570/533288	29,500	-
Wisconsin Child Abuse and Neglect Prevention Board				
Community Based Child Abuse and Prevention Grants	93.590	6094L	<u>4,353</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>49,791</u>	<u>-</u>
U.S. DEPARTMENT OF TREASURY				
Pass-Through Program From:				
Door County Department of Human Services				
CSLFRF - Childcare	21.027	Unknown	36,362	-
State of Wisconsin Department of Administration				
CSLFRF - Beyond the Classroom	21.027	ARPA-BTC-61	49,383	-
State of Wisconsin Department of Workforce Development				
CSLFRF - Worforce Innovation Grant	21.027	SLFRPO135	<u>1,244,220</u>	<u>1,197,527</u>
Total U.S. Department of Treasury			<u>1,329,965</u>	<u>1,197,527</u>
Total Expenditures of Federal Awards			<u>\$ 1,381,826</u>	<u>\$ 1,197,527</u>

UNITED WAY OF DOOR COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

NOTE 1 - Basis of Presentation

The accompanying "Schedule of Expenditures of Federal Awards" includes the federal grant activity of United Way of Door County, Inc. The information in this schedule is presented in accordance with the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Oversight Agency

The Federal oversight agency for United Way of Door County, Inc. is the U.S. Department of Treasury.

NOTE 4 - Subrecipients

United Way of Door County, Inc. provided federal awards to sub recipients during the year ended December 31, 2022.

NOTE 5 - 10% De Minimis Cost Rate

Elected to not use the 10% de minimis cost rate.

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Way of Door County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Door County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Door County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Door County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2022-02 and 2022-03 and another deficiency that we consider to be a material weakness as item 2022-01.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Door County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
August 30, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Door County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Door County, Inc.'s major federal programs for the year ended December 31, 2022. United Way of Door County, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Door County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of Door County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way of Door County, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of Door County, Inc.'s compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of Door County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of Door County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of Door County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way of Door County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

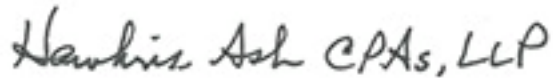
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2022-01 that we consider to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
August 30, 2023

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2022

A. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued? | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency(ies) identified | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal and State Awards

- | | |
|---|-------------------------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified not considered to be material weakness(es)? | No |
| 5. Type of auditors' report issued on compliance for major programs? | Unmodified |
| 6. Any audit findings disclosures that are required to be reported in accordance with the Uniform Guidance? | Yes |
| 7. Identification of major federal programs: | <u>CFDA No.</u> <u>Amount</u> |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 \$1,329,965 |
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs? | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |


B. Financial Statement Finding See Schedule on Pages 34-35

C. Federal Award Findings and Questioned Costs See Schedule on Page 34

D. Prior Year Findings N/A - No prior year single audit

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
DECEMBER 31, 2022

E. Other issues

- | | |
|---|--|
| 1. Does the auditor have substantial doubt about the auditee's ability to continue as a going concern? | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. Name and signature of Partner | Randall L. Miller, Partner
 |
| 5. Date of report | August 30, 2023 |

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
DECEMBER 31, 2022

2022-001 Material Audit Adjustments

Federal Program: Organization Wide and Coronavirus State and Local Fiscal Recovery Funds

Criteria: Generally accepted accounting principles (GAAP).

Condition: Material audit adjustments were required to prevent the Organization's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Cause: Internal controls did not identify that adjustments should be recorded.

Effect: This weakness could result in undetected errors and irregularities creating material misstatements in the Organization's financial statements.

Information: Systemic.

Prior Year Finding: The Organization was not required to be audited in accordance with the *Government Auditing Standards* in the prior year.

Recommendation: Improve the Organization's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect material adjustments.

2022-002 Management's Responsibility for Preparation of Financial Statements

Federal Program: Organization Wide

Criteria: Preparation of the financial statements and footnotes in accordance with GAAP.

Condition: Adequate internal controls necessitate personnel of your Organization to have adequate training and knowledge which would enable them to prepare financial statements and footnotes in accordance with GAAP.

Questioned Costs: Not applicable.

Cause: The training and knowledge of your personnel limits the Organization's ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systemic.

Prior Year Finding: The Organization was not required to be audited in accordance with the *Government Auditing Standards* in the prior year.

Recommendation: We recommend the Organization continue to outsource the financial statement preparation to their external audit firm.

UNITED WAY OF DOOR COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
DECEMBER 31, 2022

2022-003 Segregation of Duties

Federal Program: Organization Wide

Criteria: The ideal internal control would be to involve more staff to keep from having one person perform the whole process of authorization, custody, recordkeeping and reconciliation of cash receipts or cash disbursements.

Condition: The size of the Organization's staff limits the amount of duties that can be properly segregated. We noted many of the accounting functions are performed by a couple individuals. This weakness could result in the possibility of undetected errors or irregularities. Without larger staff, an ideal internal control environment is not possible. We need to make you aware of this weakness even though it may not be practical to correct with the addition of more staff.

Questioned Cost: Not applicable.

Cause: Without a larger staff, an ideal internal control system is not possible.

Effect: This weakness could result in the possibility of undetected errors and fictitious transactions causing the Organization's financial statements to be misstated.

Information: Systemic.

Prior Year Finding: The Organization was not required to be audited in accordance with the *Government Auditing Standards* in the prior year.

Recommendation: We recommend that the Organization continue to implement procedures to mitigate the lack of proper segregation of duties as well as an adequate oversight process to provide sufficient internal control over financial reporting. This includes reassigning some accounting functions to another staff or increasing the management's review of work done by the accountant.



Corrective Action Plan

2022-001 Material Audit Adjustments

Management will review the current year audit adjustments that were made and will attempt to adjust the accounts affected for the 2023 audit year.

2022-002 Management's Responsibility for Preparation of the Financial Statements

The benefit to the Organization of preparing the financial statements does not outweigh the cost. Therefore, we will continue to outsource the preparation of our financial statements to our external audit firm. Organization management will continue to review and approve the externally prepared financial statements.

2022-003 Segregation of Duties

The size of our staff limits the amount of duties that can be fully segregated. We will continue to look for improvements in our processes and procedures in certain areas to mitigate the lack of proper segregation; as well as, continue strong oversight of our accounting processes and financial reporting.

Ms. Amy Kohnle – Executive Director for the Organization, will be the responsible party for this corrective action plan. The anticipated complete date for finding 2022-001 will be December 31, 2023.