

**OSHKOSH AREA UNITED WAY, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2017**

**OSHKOSH AREA UNITED WAY, INC.  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2017**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>5</b>
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>6</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>7</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS TO AGENCIES</b>	<b>20</b>

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Oshkosh Area United Way, Inc.  
Oshkosh, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Oshkosh Area United Way, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, changes in net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oshkosh Area United Way, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Oshkosh Area United Way, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 21, 2017. In our opinion, except as noted in the following paragraph, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis-of-Matter Regarding a Correction of an Error**

As discussed in Note 3 to the financial statements, temporarily restricted net assets were overstated and funds held for others were understated for the year ended December 31, 2016. Accordingly, amounts reported for funds held for others and temporarily restricted net assets have been restated in the 2016 summarized comparative financial statements now presented, and adjustments have been made to properly record program expenses for the year then ended to correct the error. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

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



**CliftonLarsonAllen LLP**

Oshkosh, Wisconsin  
March 15, 2018



	2017	(As Restated and For Comparative Purposes Only) 2016
	<u>2017</u>	<u>2016</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 81,684	\$ 64,693
Accrued Liabilities	-	455
Funds Held for Others	152,397	35,937
Line of Credit	-	120,000
Contributions Payable to Nonparticipating Agencies	3,298	5,361
Contributions Payable to Other United Way Organizations	1,557	9,501
Total Current Liabilities	<u>238,936</u>	<u>235,947</u>
<b>LONG-TERM LIABILITIES</b>		
Line of Credit	-	50,000
Total Liabilities	238,936	285,947
<b>NET ASSETS</b>		
Unrestricted:		
General Operating	150,523	(47,652)
Board-Designated:		
Equipment	2,398	4,461
Long-Term Endowment	1,121,426	1,080,000
Program Reserves	237,755	260,946
Total Board-Designated Net Assets	<u>1,361,579</u>	<u>1,345,407</u>
Total Unrestricted Net Assets	1,512,102	1,297,755
Temporarily Restricted	989,644	1,100,830
Permanently Restricted	87,889	81,756
Total Net Assets	<u>2,589,635</u>	<u>2,480,341</u>
Total Liabilities and Net Assets	<u>\$ 2,828,571</u>	<u>\$ 2,766,288</u>

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

	2017				(As Restated and For Comparative Purposes Only) 2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE, SUPPORT, AND OTHER GAINS</b>					
2017/2018 Campaign Revenue, Net	\$ -	\$ 958,120	\$ -	\$ 958,120	\$ -
2016/2017 Campaign Revenue, Net	204,261	-	-	204,261	1,048,888
2015/2016 Campaign Revenue, Net	(1,974)	-	-	(1,974)	150,740
2014/2015 Campaign Revenue, Net	-	-	-	-	(930)
2013/2014 Campaign Revenue, Net	-	-	-	-	(748)
Designations from Other United Ways	22,655	-	-	22,655	25,328
Bequests	4,056	-	-	4,056	3,959
In-Kind Contributions	41,253	-	-	41,253	37,675
Special Events, Net of Expenses of \$5,510	16,895	-	-	16,895	21,241
Interest and Dividends	29,241	-	-	29,241	34,316
Net Realized and Unrealized Gain on Investments	188,894	-	-	188,894	61,955
Change in Value of Beneficial Interest in Trust	-	-	6,133	6,133	-
Change in Value of Beneficial Interest in Assets					
Held by Community Foundation	25,056	-	-	25,056	6,507
Imagination Library	2,535	-	-	2,535	7,000
Miscellaneous	10,436	-	-	10,436	13,877
Net Assets Released from Restrictions	1,069,306	(1,069,306)	-	-	-
Total Revenue, Support, and Other Gains	<u>1,612,614</u>	<u>(111,186)</u>	<u>6,133</u>	<u>1,507,561</u>	<u>1,409,808</u>
<b>EXPENSES</b>					
Program Expenses:					
Agency Allocations	898,000	-	-	898,000	913,903
Community Impact	187,711	-	-	187,711	186,477
Total Program Expenses	<u>1,085,711</u>	<u>-</u>	<u>-</u>	<u>1,085,711</u>	<u>1,100,380</u>
Management and General	110,708	-	-	110,708	102,940
Fundraising	201,848	-	-	201,848	206,752
Total Expenses	<u>1,398,267</u>	<u>-</u>	<u>-</u>	<u>1,398,267</u>	<u>1,410,072</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 214,347</u>	<u>\$ (111,186)</u>	<u>\$ 6,133</u>	<u>\$ 109,294</u>	<u>\$ (264)</u>

See accompanying Notes to Financial Statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2017**

	2017							2016	
			Unrestricted			Temporarily Restricted	Permanently Restricted	Total	(For Comparative Purposes Only)
	General Operating	Equipment	Long-Term Endowment	Program Reserves	Total Unrestricted				Total
<b>NET ASSETS - BEGINNING OF YEAR, As Previously Reported</b>	\$ (47,652)	\$ 4,461	\$ 1,080,000	\$ 260,946	\$ 1,297,755	\$ 1,125,894	\$ 81,756	\$ 2,505,405	\$ 2,563,906
Restatement, As Disclosed in Note 3	-	-	-	-	-	(25,064)	-	(25,064)	(83,301)
<b>NET ASSETS - BEGINNING OF YEAR, As Restated</b>	(47,652)	4,461	1,080,000	260,946	1,297,755	1,100,830	81,756	2,480,341	2,480,605
Change in Net Assets	78,594	(2,063)	199,184	(61,368)	214,347	(111,186)	6,133	109,294	(264)
Transfers	119,581	-	(157,758)	38,177	-	-	-	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 150,523</b>	<b>\$ 2,398</b>	<b>\$ 1,121,426</b>	<b>\$ 237,755</b>	<b>\$ 1,512,102</b>	<b>\$ 989,644</b>	<b>\$ 87,889</b>	<b>\$ 2,589,635</b>	<b>\$ 2,480,341</b>

See accompanying Notes to Financial Statements.



**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	2017					2016
	Agency Allocations	Community Impact	Management and General	Fundraising	Total	(As Restated and For Comparative Purposes Only) Total
Annual Allocations to Agencies	\$ 845,883	\$ -	\$ -	\$ -	\$ 845,883	\$ 853,553
Reserve Allocations Disbursed	29,498	-	-	-	29,498	31,999
Salaries	9,088	61,749	36,663	49,966	157,466	187,150
Payroll Tax	1,127	7,698	3,154	6,658	18,637	20,522
Employee Benefits	3,872	24,336	10,709	8,454	47,371	60,209
Advertising	77	515	278	358	1,228	1,910
Dues - Affiliations	1,089	7,251	3,907	5,038	17,285	18,177
Postage	263	1,750	943	1,215	4,171	5,487
Printing	706	4,700	2,532	3,261	11,199	9,968
Supplies	915	6,094	3,283	4,229	14,521	10,145
Subscriptions	3	23	12	16	54	581
Telephone	307	2,044	1,101	1,418	4,870	4,866
Investment Management Fees	-	-	14,664	-	14,664	14,859
Professional Fees	2,851	18,980	10,225	13,170	45,226	34,190
Conferences	343	2,283	1,230	1,584	5,440	3,702
Travel	158	1,054	568	732	2,512	2,991
Insurance	122	815	439	566	1,942	2,152
Rent	1,281	8,530	4,595	5,919	20,325	19,313
Depreciation	130	865	468	600	2,063	2,125
Uncollectible Pledges	-	-	-	62,625	62,625	49,288
Interest Expense	-	-	901	-	901	1,917
Vehicle Expenses	-	-	-	1,104	1,104	516
Miscellaneous	287	11,590	1,022	1,311	14,210	902
Kick-Off Expenses	-	-	-	11,019	11,019	10,581
Community Development	-	814	-	-	814	1,279
Imagination Library	-	26,620	-	-	26,620	23,015
In-Kind Expenses	-	-	14,014	22,605	36,619	38,675
<b>Total</b>	<b>\$ 898,000</b>	<b>\$ 187,711</b>	<b>\$ 110,708</b>	<b>\$ 201,848</b>	<b>\$ 1,398,267</b>	<b>\$ 1,410,072</b>

See accompanying Notes to Financial Statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2017**

	2017	(As Restated and For Comparative Purposes Only) 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 109,294	\$ (264)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,063	2,125
Gift-in-Kind Property Received	(20,634)	(11,000)
Property Awarded to Donors	18,073	19,764
Change in Beneficial Interest in Assets Held by Community Foundation	(25,056)	(6,507)
Change in Value of Beneficial Interest in Trust	(6,133)	-
Net Realized and Unrealized Gain on Investments	(188,894)	(61,955)
Uncollectible Contributions Receivable	62,625	49,288
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	65,579	(84,458)
Other Assets	-	(7,073)
Accounts Receivable	(15,868)	(39)
Accounts Payable	16,991	(46,049)
Accrued Liabilities	(455)	(11,038)
Contributions Payable to Nonparticipating Agencies	(2,063)	(6,129)
Contributions Payable to Other United Way Organizations	(7,944)	892
Funds Held for Others	116,460	12,471
Net Cash Provided (Used) by Operating Activities	124,038	(149,972)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(326,788)	(199,973)
Proceeds from Sale of Investments	398,004	195,769
Net Cash Provided (Used) by Investing Activities	71,216	(4,204)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Borrowings (Payments) on Lines of Credit	(170,000)	170,000
<b>NET INCREASE IN CASH</b>	25,254	15,824
Cash - Beginning of Year	319,376	303,552
<b>CASH - END OF YEAR</b>	\$ 344,630	\$ 319,376

See accompanying Notes to Financial Statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 NATURE OF OPERATIONS**

Oshkosh Area United Way, Inc. (the Organization) is a nonprofit Wisconsin corporation engaged in raising and allocating funds to assist member agencies in meeting human service needs in order to improve the quality of life in the community. The primary source of revenue is from contributions.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Description of Programs**

The Organization operates the following programs:

Agency Allocations – Allocate funds to assist member agencies in meeting human service needs.

Community Impact – Assist in human service planning to improve the quality of life in the community.

**Investments**

Investments are presented in the accompanying financial statements at fair value using methodologies described in Note 7 – Investments and Fair Value Measurements. All investment income and realized and unrealized gains and losses are accounted for in the accompanying statement of activities.

Investment income is reported in the accompanying statement of activities as unrestricted, temporarily restricted, or permanently restricted revenue based upon donor-imposed restrictions or law.

**Equipment**

The Organization's policy is to capitalize any equipment addition over \$1,000. Equipment is stated at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of five to seven years.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions Receivable**

Contributions are recognized as income when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Additionally, all uncollected contributions over two years old are deemed uncollectible and written off.

**Funds Held for Others**

At times, the Organization can hold funds, which have been established by unrelated organizations, under an agency transaction. These funds are reflected as liabilities in the accompanying statement of financial position.

**Net Assets**

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted Net Assets – Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily Restricted Net Assets – Temporarily restricted net assets include contributed net assets for which donor-imposed time and/or purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted Net Assets – Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

**Revenue Recognition**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**In-Kind Support**

The Organization records various types of in-kind support including advertising, printing, and supplies. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by a like amount included in expenses.

Additionally, the Organization receives a significant amount of contributed time that does not meet the recognition criteria for contributed professional services. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based primarily on the time spent supporting the various activities.

**Tax-Exempt Status**

As a nonprofit organization, the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The tax-exempt status is based on the stated purpose of the operations and supporting evidence presented to the Internal Revenue Service with the application for tax-exempt status. Such status is subject to re-evaluation should there be any changes in operation, character, or purpose of the Organization.

The Organization files tax returns in the U.S. federal jurisdiction.

**Accounting Standard Updates**

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is expected to impact the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. The guidance is required to be applied by the Organization for the year ended December 31, 2018; however, early application is permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. The guidance is required to be applied by the Organization for the year ended December 31, 2020; however, early application is permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

**OSHKOSH AREA UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Management evaluated subsequent events through March 15, 2018, the date the accompanying financial statements were available to be issued.

**NOTE 3 RESTATEMENT**

It was determined that a grant for which the Organization serves as a fiscal agent was not properly recorded in the 2016 financial statements. Therefore, the 2016 financial statements have been restated to increase funds held for others and decrease temporarily restricted net assets and Community Impact program expenses as noted below:

	Balance Prior to Restatement	Adjustment	Balance as Restated
Funds Held for Others	\$ 10,873	\$ 25,064	\$ 35,937
Temporarily Restricted Net Assets	1,125,894	(25,064)	1,100,830
Community Impact Expenses	244,714	(58,237)	186,477

**NOTE 4 SIGNIFICANT CONCENTRATIONS**

U.S. generally accepted accounting principles require disclosure of information about certain significant estimates and current vulnerabilities due to certain concentrations. These matters included the following:

**Contributions from Major Donors**

The Organization had contributions from one major donor representing 10% of its contribution revenue for the year ended December 31, 2017.

**Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Organization maintains its bank accounts and certificates of deposit at several financial institutions in the Fox Cities area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. At various times during the year ended December 31, 2017, the Organization's cash balances exceeded the federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 5 PRIOR YEAR SUMMARIZED INFORMATION**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**NOTE 6 CONTRIBUTIONS RECEIVABLE**

The contributions receivable balance included the following amounts at December 31, 2017:

2017/2018 Campaign	\$ 439,868
2016/2017 Campaign	<u>155,048</u>
Total Contributions Receivable	594,916
Less: Allowance for Uncollectible Contributions	<u>(100,000)</u>
Net Contributions Receivable	<u><u>\$ 494,916</u></u>

**NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in inactive markets, such as dealer or broker markets.

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer or broker-traded transactions, or are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

There have been no changes in the methodologies used at December 31, 2017. Following is a description of the valuation methodologies used for assets measured at fair value:

**Mutual Funds**

Mutual funds are valued at the unadjusted quoted market price of the shares held by the Organization at year-end.

**Common Stock**

The common stock is valued using unadjusted quoted market prices or alternative pricing sources and models utilizing market observable inputs.

**Government Obligations and Bonds**

These investments are valued by appraisals from third-party pricing services that categorize bonds with similar features and apply a general yield level for the entire category of securities. The approximate price of a specific bond can be calculated based on this derived yield level and assumptions that certain criteria are constant.

**Money Market Accounts and Certificates of Deposit**

These investments are recorded at cost, which approximates fair value.

**Beneficial Interests**

*Oshkosh Area Community Foundation* – Beneficial interest in assets held by the Oshkosh Area Community Foundation (the Foundation) represents amounts held at the Foundation. The Foundation invests the assets held in the fund. The income can be distributed. The principal may be distributed if approved in writing by two-thirds of the members of the Organization's governing body and a majority of the Board of Governors of the Foundation. If distributed, the principal is to be used according to the purposes set forth in the agreement. The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the fund. The Organization has used the fair value of its pro-rata share of the investment pool held by the Foundation to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Foundation; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

*Trust* – The Organization has been named as a beneficiary of a perpetual trust, whose assets are held by US Bank as trustee. The trust agreement allows for distribution of 10% of the annual investment income earned by the trust to the Organization. The Organization has used a defined percentage interest of the fair value of the trust assets to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Trust and their investment policy; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.



**OSHKOSH AREA UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 178,620	\$ -	\$ -	\$ 178,620
Common Stock	739,200	-	-	739,200
Government Obligations and Bonds:				
Corporate Bonds	-	100,374	-	100,374
Investment Presented at Fair Value	<u>\$ 917,820</u>	<u>\$ 100,374</u>	<u>\$ -</u>	1,018,194
Money Market Accounts				400,066
Certificates of Deposit				<u>248,567</u>
Total Investments				<u>\$ 1,666,827</u>
Beneficial Interest in Assets Held by Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,427</u>	<u>\$ 191,427</u>
Beneficial Interest in Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,889</u>	<u>\$ 87,889</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended December 31, 2017.

	<u>Foundation</u>	<u>Trust</u>	<u>Total</u>
Balance - Beginning of Year	\$ 166,371	\$ 81,756	\$ 248,127
Change in Value of Beneficial Interest	25,056	6,133	31,189
Balance - End of Year	<u>\$ 191,427</u>	<u>\$ 87,889</u>	<u>\$ 279,316</u>

**NOTE 8 EQUIPMENT**

Equipment consisted of the following at December 31, 2017:

Furniture	\$ 5,348
Computer Equipment	16,182
Total - at Cost	<u>21,530</u>
Less: Accumulated Depreciation	<u>(19,132)</u>
Net Equipment	<u>\$ 2,398</u>

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 9 LINES OF CREDIT**

The Organization has an unsecured \$150,000 revolving line of credit with a financial institution. Interest is payable monthly at the prime rate less 0.25% (4.25% at December 31, 2017), with a final principal and unpaid interest due February 15, 2019. The balance outstanding on the line at December 31, 2017 was \$-0-.

The Organization also has a second unsecured \$150,000 revolving line of credit with another financial institution. Interest is payable monthly at the prime rate less 0.25% (4.25% at December 31, 2017), with a final principal and unpaid interest due March 1, 2019. The balance outstanding on the second line at December 31, 2017 was \$-0-.

**NOTE 10 NATURE AND AMOUNT OF TEMPORARY RESTRICTIONS**

Temporarily restricted net assets were available for the following purpose at December 31, 2017:

2017/2018 Campaign - Time and Purpose Restriction Programs	\$ 958,120
	<u>31,524</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 989,644</u></u>

**NOTE 11 ENDOWMENTS**

The Organization's endowment consists of funds designated by the board of directors that were established to provide funds on a long-term basis for nonrecurring events and emergencies. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board-designated endowment is managed by a committee of the board of directors and the endowment's portfolio manager is governed by an investment policy. The value of the corpus has been determined to be \$1,121,426 and the board would need to pass a two-thirds majority motion to invade the corpus. Investment income is to be used for special projects, annual partner agency program allocations, the continued operations of the Organization, and/or any other use that the board of directors deems appropriate.

**Interpretation of Relevant Law**

The board of directors has interpreted 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 explicit donor stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 11 ENDOWMENTS (CONTINUED)**

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

**Funds with Deficiencies**

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and from continued appropriation for certain programs that was deemed prudent by the board of directors. There were no deficiencies as of December 31, 2017.

**Return Objectives and Risk Parameters**

The Organization has adopted an investment policy for their board-designated endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to protect principal values in terms of current dollars and, over the longer term, to increase principal values enough to offset the impact of inflation. Endowment assets consist of designations by the board of directors as follows: current year's campaign, donations or bequests (planned gifts), current and cumulative investment income and capital appreciation. Under an investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce benchmark returns based on appropriate market investment indices for each type of investment. Investment performance by the portfolio manager shall be reviewed by the board of directors or assigned committee. Quarterly and monthly statements of account with benchmarks are to be received.

**OSHKOSH AREA UNITED WAY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 11 ENDOWMENTS (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Equity exposure should be within the range of 60% to 75% of the total portfolio market value. Fixed income securities should range from 20% to 40% of the total portfolio market value and cash reserves should be from 0 to 10% of the total portfolio market value. It is the intent of the board of directors that the portfolio manager incorporates the principles of diversification, quality, marketability, and growth within the context of a long-term program. Equities are to be diversified by industry sector, size, and country. The manager shall emphasize quality in security selection and shall, to the extent practical, avoid risk through diversification in a portfolio of large, medium, and small capitalization stocks. The manager will emphasize long-term investing with relatively low turnover and avoid market timing.

**Spending Policy**

The Organization's intent is to protect the endowment's purchasing power. Therefore, the Organization appropriates up to a 15% distribution each year, determined by using the total portfolio market value on a three-year rolling average with the ending date being December 31 of the prior year. When deemed necessary to meet current needs, the board of directors can change the distribution limit for that year.

Endowment net assets consisted of the following as of December 31, 2017:

	Board Designated
Endowment Funds	\$ 1,121,426

Changes in endowment net assets for the year ended December 31, 2017:

	Board Designated
Net Assets - Beginning of Year	\$ 1,080,000
Investment Return:	
Investment Income	157,758
Net Increase	41,426
Transfers	(157,758)
Net Assets - End of Year	\$ 1,121,426

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 12 LEASE COMMITMENTS**

The Organization leases its office space from the Hooper Community Center, Inc. The current lease expired December 31, 2017, and automatically renews for consecutive one-year terms, unless terminated by either party at least 90 days prior to the end of the current lease term. Annual lease payments are based on square footage. Annual adjustments are communicated to the Organization by September 15 for the following year's lease term.

In addition, the Organization leases certain pieces of office equipment under leases ending at various dates through July 31, 2021.

Future minimum lease payments for all leases are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2018	\$ 25,622
2019	8,037
2020	4,170
2021	2,433
Total	<u>\$ 40,262</u>

Lease expense for the year ended December 31, 2017 was \$24,085 and is included in rent and telephone expense on the statement of functional expenses.

**NOTE 13 RETIREMENT PLAN**

The Organization has a Simplified Employee Pension Plan (the plan). The plan covers substantially all employees. Employees are 100% vested in the Organization's contributions.

In 2017, the Organization made a contribution of 10% of eligible wages, totaling \$14,626.

**NOTE 14 UNEMPLOYMENT COMPENSATION DEPOSIT**

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, the Organization holds a letter of credit with an available balance of \$2,500 in favor of the Wisconsin unemployment reserve fund.

**NOTE 15 RELATED PARTY**

The Hooper Community Foundation is considered a related party. The Organization received management fees of \$15,000, which were recorded as offsets to various operational expense accounts, from Hooper Community Foundation and also paid them rents totaling \$16,345 during 2017.

**OSHKOSH AREA UNITED WAY, INC.**  
**SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS TO AGENCIES**  
**YEAR ENDED DECEMBER 31, 2017**  
(SEE INDEPENDENT AUDITORS' REPORT)

	2016/2017 Campaign Allocation	2017 Disbursements	(For Comparative Purposes Only) 2016 Disbursements
<b>ALLOCATIONS TO UNITED WAY AGENCIES</b>			
ADVOCAP/Bridges	\$ 90,000	\$ 90,000	\$ 85,000
ADVOCAP/Home Delivered Meals	15,000	15,000	15,500
American Red Cross	40,000	40,000	40,000
Big Brothers/Big Sisters	60,000	60,000	60,000
Bonus 10	5,000	5,000	5,000
Boys & Girls Club of Oshkosh	90,000	90,000	90,000
Catholic Charities	-	-	5,000
Cerebral Palsy of Mideast Wisconsin	93,000	93,000	108,335
Christine Ann Domestic Abuse Services	60,000	60,000	60,000
Day-by-Day Warming Shelter	20,000	20,000	10,000
Family Service of NE Wisconsin	51,000	51,000	49,500
FISC	33,990	33,990	33,990
Friendship Place	-	-	10,000
Girl Scouts of the Fox River Area, Inc.	20,000	20,000	20,000
Health Fund	44,730	43,623	41,728
2-1-1 Information and Referral	26,270	26,270	25,000
Legal Action of Wisconsin	25,000	25,000	25,000
Lutheran Social Services	9,500	9,500	9,500
Oshkosh Community Y.M.C.A.	55,500	55,500	55,500
Oshkosh Area Community Food Pantry	15,000	15,000	15,000
Reach Counseling Services	53,000	53,000	51,000
VITA/ Money Management	3,000	3,000	3,500
Winnebago Literacy Council	37,000	37,000	35,000
Total Allocations to United Way Agencies	<u>846,990</u>	<u>845,883</u>	<u>853,553</u>
Oshkosh Area United Way Allocation	257,000	257,000	244,110
Imagination Library	25,000	25,000	23,000
Total Internal Allocations	<u>282,000</u>	<u>282,000</u>	<u>267,110</u>
Total Allocations	<u>\$ 1,128,990</u>	<u>\$ 1,127,883</u>	<u>\$ 1,120,663</u>
 <b>BOARD-DESIGNATED PROGRAM RESERVES</b>			
LIFE Report	\$ 5,000	\$ -	\$ -
Outcomes Project	5,930	4,825	6,563
Women Poverty and Economic	-	12,045	3,476
Weight of the Fox Valley	5,000	15,000	15,000
Program Development Reserve	22,247	29,498	56,999
Total Board-Designated Program Reserves	<u>\$ 38,177</u>	<u>\$ 61,368</u>	<u>\$ 82,038</u>