

OSHKOSH AREA UNITED WAY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2016

**OSHKOSH AREA UNITED WAY, INC.
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016**

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

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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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
February 21, 2017

	2016	(For Comparative Purposes Only) 2015
	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 64,693	\$ 110,742
Accrued Liabilities	455	11,493
Funds Held for Others	10,873	15,165
Line of Credit	120,000	-
Contributions Payable to Non-Participating Agencies	5,361	11,490
Contributions Payable to Other United Way Organizations	9,501	8,609
Total Current Liabilities	<u>210,883</u>	<u>157,499</u>
LONG-TERM LIABILITIES		
Line of Credit	<u>50,000</u>	<u>-</u>
Total Liabilities	260,883	157,499
NET ASSETS		
Unrestricted:		
General Operating	(47,652)	(21,739)
Board-Designated:		
Equipment	4,461	6,586
Long-Term Endowment	1,080,000	1,080,000
Program Reserves	260,946	262,984
Total Board-Designated Net Assets	<u>1,345,407</u>	<u>1,349,570</u>
Total Unrestricted Net Assets	<u>1,297,755</u>	<u>1,327,831</u>
Temporarily Restricted	1,125,894	1,154,319
Permanently Restricted	81,756	81,756
Total Net Assets	<u>2,505,405</u>	<u>2,563,906</u>
Total Liabilities and Net Assets	<u>\$ 2,766,288</u>	<u>\$ 2,721,405</u>

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	2016				(For Comparative Purposes Only) 2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE, SUPPORT, AND OTHER GAINS					
2016/2017 Campaign Revenue, Net	\$ -	\$ 1,048,888	\$ -	\$ 1,048,888	\$ -
2015/2016 Campaign Revenue, Net	150,740	-	-	150,740	1,031,576
2014/2015 Campaign Revenue, Net	(930)	-	-	(930)	195,819
2013/2014 Campaign Revenue, Net	(748)	-	-	(748)	(6,536)
Designations from Other United Ways	25,328	-	-	25,328	25,671
Bequests	3,959	-	-	3,959	4,343
In-Kind Contributions	37,675	-	-	37,675	24,252
Special Events, Net of Expenses of \$6,269	21,241	-	-	21,241	16,521
Interest and Dividends	34,316	-	-	34,316	37,005
Net Realized and Unrealized Gain (Loss) on Investments	61,955	-	-	61,955	(54,716)
Change in Value of Beneficial Interest in Trust	-	-	-	-	(7,665)
Change in Value of Beneficial Interest in Assets					
Held by Community Foundation	6,507	-	-	6,507	(5,788)
Imagination Library	7,000	-	-	7,000	10,550
Miscellaneous	13,877	-	-	13,877	7,007
Net Assets Released from Restrictions	1,077,313	(1,077,313)	-	-	-
Total Revenue, Support, and Other Gains	1,438,233	(28,425)	-	1,409,808	1,278,039
EXPENSES					
Program Expenses:					
Agency Allocations	913,903	-	-	913,903	911,841
Community Impact	244,714	-	-	244,714	254,237
Total Program Expenses	1,158,617	-	-	1,158,617	1,166,078
Management and General	102,940	-	-	102,940	79,108
Fundraising	206,752	-	-	206,752	164,390
Total Expenses	1,468,309	-	-	1,468,309	1,409,576
CHANGE IN NET ASSETS	<u>\$ (30,076)</u>	<u>\$ (28,425)</u>	<u>\$ -</u>	<u>\$ (58,501)</u>	<u>\$ (131,537)</u>

See accompanying Notes to Financial Statements.

**OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016**

	2016							2015	
	Unrestricted				Temporarily Restricted	Permanently Restricted	Total	(For Comparative Purposes Only) Total	
	General Operating	Equipment	Long-Term Endowment	Program Reserves				Total Unrestricted	
NET ASSETS - BEGINNING OF YEAR	\$ (21,739)	\$ 6,586	\$ 1,080,000	\$ 262,984	\$ 1,327,831	\$ 1,154,319	\$ 81,756	\$ 2,563,906	\$ 2,695,443
Change in Net Assets	(9,502)	(2,125)	63,589	(82,038)	(30,076)	(28,425)	-	(58,501)	(131,537)
Transfers	(16,411)	-	(63,589)	80,000	-	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ (47,652)</u>	<u>\$ 4,461</u>	<u>\$ 1,080,000</u>	<u>\$ 260,946</u>	<u>\$ 1,297,755</u>	<u>\$ 1,125,894</u>	<u>\$ 81,756</u>	<u>\$ 2,505,405</u>	<u>\$ 2,563,906</u>

See accompanying Notes to Financial Statements.

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	2016					2015
	Agency Allocations	Community Impact	Management and General	Fundraising	Total	(For Comparative Purposes Only) Total
Annual Allocations to Agencies	\$ 853,553	\$ -	\$ -	\$ -	\$ 853,553	\$ 848,455
Reserve Allocations Disbursed	31,999	-	-	-	31,999	41,482
Salaries	12,428	72,112	33,710	68,900	187,150	189,145
Payroll Tax	1,375	8,043	3,378	7,726	20,522	19,878
Employee Benefits	5,953	32,870	13,998	7,388	60,209	60,530
Advertising	141	806	364	599	1,910	2,104
Dues - Affiliations	1,341	7,669	3,466	5,701	18,177	14,854
Postage	405	2,315	1,046	1,721	5,487	6,480
Printing	735	4,206	1,901	3,126	9,968	7,555
Supplies	748	4,280	1,935	3,182	10,145	11,320
Subscriptions	43	245	111	182	581	409
Telephone	359	2,053	928	1,526	4,866	5,262
Investment Management Fees	-	-	14,859	-	14,859	16,005
Professional Fees	2,522	14,425	6,520	10,723	34,190	18,485
Conferences	273	1,562	706	1,161	3,702	5,271
Travel	221	1,262	570	938	2,991	3,567
Insurance	159	908	410	675	2,152	2,149
Rent	1,424	8,149	3,683	6,057	19,313	18,986
Consulting - HUB	-	58,237	-	-	58,237	59,768
Depreciation	157	897	405	666	2,125	2,930
Uncollectible Pledges	-	-	-	49,288	49,288	33,439
Interest Expense	-	-	1,917	-	1,917	-
Miscellaneous	67	381	171	799	1,418	1,129
Kick-off Expenses	-	-	-	10,581	10,581	2,607
Community Development	-	1,279	-	-	1,279	622
Imagination Library	-	23,015	-	-	23,015	24,892
In-Kind Expenses	-	-	12,862	25,813	38,675	12,252
Total	\$ 913,903	\$ 244,714	\$ 102,940	\$ 206,752	\$ 1,468,309	\$ 1,409,576

See accompanying Notes to Financial Statements.

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	2016	(For Comparative Purposes Only) 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (58,501)	\$ (131,537)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	2,125	2,930
Gift-in-Kind Property Received	(11,000)	(12,000)
Property Awarded to Donors	19,764	-
Change in Beneficial Interest in Assets Held by Community Foundation	(6,507)	5,788
Change in Value of Beneficial Interest in Trust	-	7,665
Net Realized and Unrealized (Gain) Loss on Investments	(61,955)	54,716
Uncollectible Contributions Receivable	49,288	33,439
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(84,458)	(168,831)
Grants Receivable	75,000	-
Other Assets	(7,073)	(7,764)
Accounts Receivable	(39)	(2,744)
Accounts Payable	(46,049)	40,194
Accrued Liabilities	(11,038)	3,813
Contributions Payable to Non-Participating Agencies	(6,129)	6,346
Contributions Payable to Other United Way Organizations	892	3,022
Funds Held for Others	(4,292)	3,150
Net Cash Used by Operating Activities	(149,972)	(161,813)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(199,973)	(563,920)
Proceeds from Sale of Investments	195,769	621,414
Net Cash Provided (Used) by Investing Activities	(4,204)	57,494
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Lines of Credit	170,000	-
NET INCREASE (DECREASE) IN CASH	15,824	(104,319)
Cash - Beginning of Year	303,552	407,871
CASH - END OF YEAR	\$ 319,376	\$ 303,552

See accompanying Notes to Financial Statements.

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 5 - 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, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants Receivable

Contributions and grants 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 - Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily Restricted - 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 - 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, 2016

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 not-for-profit 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, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform with the 2016 presentation. These reclassifications do not affect the total change in net assets as previously reported.

Subsequent Events

Management evaluated subsequent events through February 21, 2017, the date the accompanying financial statements were available to be issued.

NOTE 3 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, 2015, from which the summarized information was derived.

NOTE 4 CONTRIBUTIONS RECEIVABLE

The contributions receivable balance included the following amounts at December 31, 2016:

2016/2017 Campaign	\$ 555,273
2015/2016 Campaign	<u>167,847</u>
Total Contributions Receivable	723,120
Less: Allowance for Uncollectible Contributions	<u>(100,000)</u>
Net Contributions Receivable	<u><u>\$ 623,120</u></u>

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 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.

There have been no changes in the methodologies used at December 31, 2016. 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.

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 253,517	\$ -	\$ -	\$ 253,517
Common Stock	805,839	-	-	805,839
Government Obligations and Bonds:				
Corporate Bonds	-	150,911	-	150,911
Investment Presented at Fair Value	<u>\$ 1,059,356</u>	<u>\$ 150,911</u>	<u>\$ -</u>	1,210,267
Money Market and Certificates of Deposit				<u>338,882</u>
Total Investments				<u>\$ 1,549,149</u>
Beneficial Interest in Assets Held by Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,371</u>	<u>\$ 166,371</u>
Beneficial Interest in Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,756</u>	<u>\$ 81,756</u>

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2016.

	<u>Foundation</u>	<u>Trust</u>	<u>Total</u>
Balance - Beginning of Year	\$ 159,864	\$ 81,756	\$ 241,620
Change in Value of Beneficial Interest	6,507	-	6,507
Balance - End of Year	<u>\$ 166,371</u>	<u>\$ 81,756</u>	<u>\$ 248,127</u>

NOTE 6 EQUIPMENT

Equipment consisted of the following at December 31, 2016:

Furniture	\$ 11,343
Computer Equipment	57,160
Total - at Cost	<u>68,503</u>
Less: Accumulated Depreciation	(64,042)
Net Equipment	<u>\$ 4,461</u>

NOTE 7 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% (3.50% at December 31, 2016), with a final principal and unpaid interest due February 24, 2017. The balance outstanding on the line at December 31, 2016 was \$120,000.

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% (3.50% at December 31, 2016), with a final principal and unpaid interest due March 1, 2019. The balance outstanding on the second line at December 31, 2016 was \$50,000.

NOTE 8 NATURE AND AMOUNT OF TEMPORARY RESTRICTIONS

Temporarily restricted net assets were available for the following purpose at December 31, 2016:

2016/2017 Campaign - Time and Purpose Restriction Programs	\$ 1,048,888
	77,006
Total Temporarily Restricted Net Assets	<u>\$ 1,125,894</u>

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 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 non-recurring 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 \$1,080,000 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.

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, 2016.

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 ENDOWMENTS (CONTINUED)

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.

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, 2016:

	<u>Board Designated</u>
Endowment Funds	<u>\$ 1,080,000</u>

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9 ENDOWMENTS (CONTINUED)

Spending Policy (Continued)

Changes in endowment net assets for the year ended December 31, 2016:

	<u>Board Designated</u>
Net Assets - Beginning of Year	\$ 1,080,000
Investment Return:	
Investment Income	16,233
Net Increase	47,356
Transfers	(63,589)
Net Assets - End of Year	<u>\$ 1,080,000</u>

NOTE 10 LEASE COMMITMENTS

The Organization leases its office space from the Hooper Community Center, Inc. The current lease expired December 31, 2016, and automatically renews for consecutive one-year terms, unless terminated by either party at least ninety 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>
2017	\$ 25,155
2018	8,810
2019	8,037
2020	4,170
2021	2,433
Total	<u>\$ 48,605</u>

Lease expense for the year ended December 31, 2016 was \$23,520 and is included in rent and telephone expense on the statement of functional expenses.

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 11 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 2016, the Organization made a contribution of 10% of eligible wages, totaling \$18,898.

NOTE 12 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 13 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 2016.

OSHKOSH AREA UNITED WAY, INC.
SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS TO AGENCIES
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	2015/2016 Campaign Allocation	2016 Disbursements	(For Comparative Purposes Only) 2015 Disbursements
ALLOCATIONS TO UNITED WAY AGENCIES			
ADVOCAP/Bridges	\$ 85,000	\$ 85,000	\$ 85,000
American Red Cross	40,000	40,000	45,000
Big Brothers/Big Sisters	60,000	60,000	60,000
Bonus 10	5,000	5,000	-
Boys & Girls Club of Oshkosh	90,000	90,000	90,000
Catholic Charities	5,000	5,000	-
Cerebral Palsy of Mideast Wisconsin	108,335	108,335	119,850
Christine Ann Domestic Abuse Services	60,000	60,000	60,500
Day-by-Day Warming Shelter	10,000	10,000	10,000
Family Service of NE Wisconsin	49,500	49,500	41,000
FISC	33,990	33,990	33,990
Friendship Place	10,000	10,000	-
Girl Scouts of the Fox River Area, Inc.	20,000	20,000	20,000
Health Fund	42,700	41,728	41,119
2-1-1 Information and Referral	25,000	25,000	22,000
Legal Action of WI	25,000	25,000	25,000
Lutheran Social Services	9,500	9,500	9,500
Medical Loan Equipment	-	-	2,000
Oshkosh Community Y.M.C.A.	55,500	55,500	55,500
Oshkosh Consortium Fund	-	-	10,000
Oshkosh Area Community Food Pantry	15,000	15,000	15,000
Advocap/Meals on Wheels Formerly Oshkosh Family, Inc.	15,500	15,500	15,500
Reach Counseling Services	51,000	51,000	49,004
VITA/ Money Management	3,500	3,500	3,500
Winnebago Literacy Council	35,000	35,000	34,992
Total Allocations to United Way Agencies	<u>854,525</u>	<u>853,553</u>	<u>848,455</u>
Oshkosh Area United Way Allocation	244,110	244,110	237,000
Imagination Library	23,000	23,000	22,000
Total Internal Allocations	<u>267,110</u>	<u>267,110</u>	<u>259,000</u>
Total Allocations	<u>\$ 1,121,635</u>	<u>\$ 1,120,663</u>	<u>\$ 1,107,455</u>
BOARD-DESIGNATED PROGRAM RESERVES			
LIFE Report	\$ 5,000	\$ -	\$ -
Outcomes Project	-	6,563	1,187
Women Poverty & Economic	25,000	3,476	8,569
Weight of the Fox Valley	25,000	15,000	10,000
Program Development Reserve	25,000	56,999	10,750
Total Board-Designated Program Reserves	<u>\$ 80,000</u>	<u>\$ 82,038</u>	<u>\$ 30,506</u>