

**OSHKOSH AREA UNITED WAY, INC.**  
Oshkosh, Wisconsin

**FINANCIAL STATEMENTS**  
December 31, 2013

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## 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, 2013, and the related statements of activities, changes in net assets, cash flows, and functional expenses 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, 2013, 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.

**Other Matter**

We have previously audited Oshkosh Area United Way, Inc.'s 2012 financial statements, and our report dated March 11, 2013, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, 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  
March 19, 2014

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2013

**ASSETS**

	<b>2013</b>	<b>(For Comparative Purposes Only) 2012</b>
	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 362,101	\$ 369,458
Contributions receivable, net	496,531	424,380
Accounts receivable	<u>10,932</u>	<u>15,878</u>
Total current assets	<u>869,564</u>	<u>809,716</u>
<b>INVESTMENTS</b>	<u>1,525,228</u>	<u>1,268,002</u>
<b>EQUIPMENT, NET</b>	<u>3,441</u>	<u>4,474</u>
<b>OTHER ASSETS</b>		
Beneficial interest in assets held by Community Foundation	164,795	146,075
Beneficial interest in trust	<u>93,395</u>	<u>91,433</u>
Total other assets	<u>258,190</u>	<u>237,508</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,656,423</u></u>	<u><u>\$ 2,319,700</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 111,454	\$ 106,563
Accrued liabilities	3,282	-
Funds held for others	1,587	4,000
Contributions payable to non-participating agencies	7,835	7,102
Contributions payable to other United Way organizations	<u>5,854</u>	<u>18,506</u>
Total current liabilities	<u>130,012</u>	<u>136,171</u>
<b>NET ASSETS</b>		
Unrestricted:		
General operating	<u>277,355</u>	<u>61,737</u>
Board-designated:		
Equipment	3,440	4,473
Long-term endowment	1,080,000	1,080,000
Program reserves	<u>95,000</u>	<u>65,000</u>
Total board-designated net assets	<u>1,178,440</u>	<u>1,149,473</u>
Total unrestricted net assets	1,455,795	1,211,210
Temporarily restricted	977,221	880,886
Permanently restricted	<u>93,395</u>	<u>91,433</u>
Total net assets	<u>2,526,411</u>	<u>2,183,529</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,656,423</u></u>	<u><u>\$ 2,319,700</u></u>

The accompanying notes are an integral part of the financial statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2013

	2013			(For Comparative Purposes Only) 2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, SUPPORT, AND OTHER GAINS</b>				
2013/2014 campaign revenue, net	\$ -	\$ 977,221	\$ -	\$ 977,221
2012/2013 campaign revenue, net	297,132	-	-	297,132
2011/2012 campaign revenue, net	6,328	-	-	6,328
2010/2011 campaign revenue, net	-	-	-	-
Bequests	4,379	-	-	4,379
In-kind contributions	16,857	-	-	16,857
Grants	-	-	-	-
Interest and dividends	35,301	-	-	35,301
Net realized and unrealized gain on investments	234,401	-	-	234,401
Change in value of beneficial interest in trust	-	-	1,962	1,962
Change in value of beneficial interest in assets held by Community Foundation	18,720	-	-	18,720
Imagination Library	5,185	-	-	5,185
Miscellaneous	1,205	-	-	1,205
Net assets released from restrictions	880,886	(880,886)	-	-
Total revenue, support, and other gains	<u>1,500,394</u>	<u>96,335</u>	<u>1,962</u>	<u>1,598,691</u>
<b>EXPENSES</b>				
Program expenses:				
Agency allocations	842,272	-	-	842,272
Community impact	148,918	-	-	148,918
Total program expenses	<u>991,190</u>	<u>-</u>	<u>-</u>	<u>991,190</u>
Management and general	58,524	-	-	58,524
Fundraising	206,095	-	-	206,095
Total expenses	<u>1,255,809</u>	<u>-</u>	<u>-</u>	<u>1,255,809</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 244,585</u>	<u>\$ 96,335</u>	<u>\$ 1,962</u>	<u>\$ 342,882</u>
				<u>\$ 164,953</u>

The accompanying notes are an integral part of the financial statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year Ended December 31, 2013

	2013								2012
	Unrestricted				Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	(For Comparative Purposes Only) Total
	General Operating	Equipment	Long-Term Endowment	Program Reserves					
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 61,737	\$ 4,473	\$ 1,080,000	65,000	\$ 1,211,210	\$ 880,886	\$ 91,433	\$ 2,183,529	\$ 2,018,576
Change in net assets	49,170	(1,381)	217,270	(20,474)	244,585	96,335	1,962	342,882	164,953
Transfers	166,448	348	(217,270)	50,474	-	-	-	-	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 277,355</u>	<u>\$ 3,440</u>	<u>\$ 1,080,000</u>	<u>\$ 95,000</u>	<u>\$ 1,455,795</u>	<u>\$ 977,221</u>	<u>\$ 93,395</u>	<u>\$ 2,526,411</u>	<u>\$ 2,183,529</u>

The accompanying notes are an integral part of the financial statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2013

	<u>2013</u>	<u>(For Comparative Purposes Only) 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 342,882	\$ 164,953
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,381	4,137
Return on beneficial interest in assets held by Community Foundation	(18,720)	(14,006)
Change in value of beneficial interest in trust	(1,962)	(4,800)
Net realized and unrealized gain on investments	(234,401)	(99,889)
Uncollectible pledges	28,347	43,638
Effects of changes in operating assets and liabilities:		
Contributions receivable	(100,498)	(15,049)
Accounts receivable	4,946	(9,690)
Accounts payable	4,891	30,701
Accrued liabilities	3,282	-
Contributions payable to non-participating agencies	733	1,092
Contributions payable to other United Way organizations	(12,652)	2,007
Funds held for others	(2,413)	(2,000)
Net cash provided by operating activities	<u>15,816</u>	<u>101,094</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(230,790)	(1,085,058)
Proceeds from sale of investments	207,965	1,054,149
Purchase of equipment	(348)	(1,900)
Net cash used in investing activities	<u>(23,173)</u>	<u>(32,809)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(7,357)	68,285
<b>CASH, BEGINNING OF YEAR</b>	<u>369,458</u>	<u>301,174</u>
<b>CASH, END OF YEAR</b>	<u>\$ 362,101</u>	<u>\$ 369,459</u>

The accompanying notes are an integral part of the financial statements.



**OSHKOSH AREA UNITED WAY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2013

(For  
Comparative  
Purposes Only)  
**2012**

	<b>2013</b>					<b>Total</b>
	<b>Agency Allocations</b>	<b>Community Impact</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Annual allocations to agencies	\$ 802,108	\$ -	\$ -	\$ -	\$ 802,108	\$ 747,955
Reserve allocations disbursed	20,474	-	-	-	20,474	53,464
Salaries	10,586	65,678	23,525	62,950	162,739	151,691
Payroll tax	1,102	6,839	2,450	6,555	16,946	13,253
Employee benefits	2,450	16,759	6,619	15,741	41,569	34,221
Advertising	121	761	278	727	1,887	1,945
Dues - affiliations	907	5,730	2,092	5,471	14,200	14,567
Postage	208	1,315	480	1,256	3,259	4,167
Printing	379	2,392	873	2,284	5,928	7,751
Supplies	679	4,287	1,565	4,094	10,625	12,317
Subscriptions	12	77	28	74	191	140
Telephone	282	1,781	650	1,700	4,413	4,648
Investment management fees	-	-	13,131	-	13,131	7,312
Professional fees	835	5,272	1,925	24,084	32,116	36,652
Conferences	84	531	194	507	1,316	4,122
Travel	189	1,195	436	1,141	2,961	1,722
Insurance	399	2,520	920	2,406	6,245	5,724
Rent	1,090	6,881	2,512	6,570	17,053	16,144
Depreciation	88	557	203	533	1,381	4,137
Uncollectible pledges	-	-	-	28,347	28,347	43,638
Raffle prizes	-	-	-	20,555	20,555	-
Miscellaneous	279	1,760	643	1,680	4,362	1,183
Kick-off expenses	-	-	-	2,563	2,563	2,244
Community development	-	532	-	-	532	-
Imagination Library	-	24,051	-	-	24,051	29,260
In-kind expenses	-	-	-	16,857	16,857	16,627
<b>TOTAL</b>	<b>\$ 842,272</b>	<b>\$ 148,918</b>	<b>\$ 58,524</b>	<b>\$ 206,095</b>	<b>\$ 1,255,809</b>	<b>\$ 1,214,884</b>

The accompanying notes are an integral part of the financial statements.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**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, 2013**

**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*** - 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, 2013**

**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. The Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2010.

**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, 2012, from which the summarized information was derived.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

The contributions receivable balance included the following amounts at December 31, 2013:

2013/2014 campaign	\$ 516,235
2012/2013 campaign	<u>95,296</u>
Total contributions receivable	611,531
Less allowance for uncollectible contributions	<u>115,000</u>
<b>Net contributions receivable</b>	<b><u>\$ 496,531</u></b>

**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, 2013. Following is a description of the valuation methodologies used for assets measured at fair value:

**Mutual Funds**

Mutual funds are valued at the quoted net asset value (NAV) of shares held by the Organization at year end.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

**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.

**Beneficial Interests**

Oshkosh Area Community Foundation

Beneficial interest in assets held by the Oshkosh Area Community Foundation (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, 2013**

**NOTE 5 - 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, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 228,397	\$ -	\$ -	\$ 228,397
Common stocks:				
Equity related investment	87,423	-	-	87,423
Consumer discretionary	99,898	-	-	99,898
Consumer staples	91,036	-	-	91,036
Energy	93,379	-	-	93,379
Financials	126,637	-	-	126,637
Health care	105,415	-	-	105,415
Industrials	97,548	-	-	97,548
Information technology	151,699	-	-	151,699
Materials	24,210	-	-	24,210
Telecommunication	19,231	-	-	19,231
Total common stocks	<u>896,476</u>	<u>-</u>	<u>-</u>	<u>896,476</u>
Government obligations and bonds:				
Corporate bonds	-	126,046	-	126,046
Taxable bonds	-	115,276	-	115,276
Total government obligations and bonds	<u>-</u>	<u>241,322</u>	<u>-</u>	<u>241,322</u>
<b>Investments presented at fair value</b>	<u>1,124,873</u>	<u>241,322</u>	<u>-</u>	<u>1,366,195</u>
Money market and certificates of deposit				<u>159,033</u>
<b>Total Investments</b>				<u>1,525,228</u>
Beneficial interest in assets held by Community Foundation	-	-	164,795	164,795
Beneficial interest in trust	-	-	93,395	93,395
<b>Assets presented at fair value</b>	<u>\$ 1,124,873</u>	<u>\$ 241,322</u>	<u>\$ 258,190</u>	<u>\$ 1,624,385</u>

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**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, 2013.

	<u>Foundation</u>	<u>Trust</u>	<u>Total</u>
Balance, beginning of year	\$ 146,075	\$ 91,433	\$ 237,508
Change in value of beneficial interest	<u>18,720</u>	<u>1,962</u>	<u>20,682</u>
Balance, end of year	<u>\$ 164,795</u>	<u>\$ 93,395</u>	<u>\$ 258,190</u>

**NOTE 6 - BENEFICIAL INTEREST**

Return on the beneficial interest of the Foundation consisted of the following at December 31:

Contributions	\$ 725
Investment income	2,192
Realized gains	5,251
Unrealized gains	12,493
Investment fees	<u>\$ (1,941)</u>
<b>Net return on beneficial interest</b>	<u>\$ 18,720</u>

**NOTE 7 - EQUIPMENT**

Equipment consisted of the following at December 31, 2013:

Furniture	\$ 11,343
Computer equipment	<u>58,467</u>
Total - at cost	69,810
Less accumulated depreciation	<u>66,369</u>
<b>Net equipment</b>	<u>\$ 3,441</u>



**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 8 - NATURE AND AMOUNT OF TEMPORARY RESTRICTIONS**

Temporarily restricted net assets were available for the following purpose at December 31, 2013:

2013/2014 campaign - time and purpose restriction	\$ 927,211
Programs	<u>50,000</u>
<b>Total temporarily restricted net assets</b>	<b><u>\$ 977,211</u></b>

**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:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions

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**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 9 - ENDOWMENTS (CONTINUED)**

4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. 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, 2013.

**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 percent of the total portfolio market value. Fixed income securities should range from 20 to 40 percent of the total portfolio market value and cash reserves should be from 0 to 10 percent 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.

**OSHKOSH AREA UNITED WAY, INC.**  
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**December 31, 2013**

**NOTE 9 - ENDOWMENTS (CONTINUED)**

**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, 2013:

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

Changes in endowment net assets for the year ended December 31, 2013:

	<b>Board Designated</b>
Net assets, beginning of year	\$ 1,080,000
Investment return:	
Investment income	17,623
Net appreciation	199,647
Transfers	<u>(217,270)</u>
<b>Net assets, end of year</b>	<u><b>\$ 1,080,000</b></u>

**NOTE 10 - LEASE COMMITMENTS**

The Organization leases its office space from the Hooper Community Center, Inc. The term of the initial lease was January 1, 2005 through December 31, 2005, automatically renewing 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 December 31, 2016.

**OSHKOSH AREA UNITED WAY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 10 - LEASE COMMITMENTS (CONTINUED)**

Future minimum lease payments for all leases are as follows:

Years ending December 31:

2014	23,360
2015	3,391
2016	<u>3,391</u>
<b>Total</b>	<b><u>\$ 30,142</u></b>

Lease expense for the year ended December 31, 2013 was \$21,023 and is included in occupancy and telephone expense on the statement of functional expenses.

**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 2013, the Organization made a contribution of 10% of eligible wages totaling \$17,464.

**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 certificate of deposit for approximately \$2,000 in favor of the Wisconsin unemployment reserve fund.

**NOTE 13 - SPECIAL EVENTS**

The Organization may hold special events to raise funds for the current year's campaign or other programs. The Organization held various special events that raised \$12,395, net of \$6,059 in direct expenses. These net earnings are included on the accompanying statement of activities as part of the miscellaneous revenues.

**OSHKOSH AREA UNITED WAY, INC.**  
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**NOTE 14 - RELATED PARTY**

The Hooper Community Foundation is considered a related party. The Organization received management fees of \$15,000 from Hooper Community Foundation and also paid them rents totaling \$14,010 during 2013.

**NOTE 15 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through March 19, 2014, the date the accompanying financial statements were available to be issued. Events or transactions occurring after December 31, 2013, but prior to March 19, 2014, that provided additional evidence about conditions that existed at December 31, 2013, have been recognized in the accompanying financial statements for the year ended December 31, 2013. Events or transactions that provided evidence about conditions that did not exist at December 31, 2013 but arose before the accompanying financial statements were available to be issued have not been recognized in the accompanying financial statements for the year ended December 31, 2013.

**SUPPLEMENTARY INFORMATION**

**OSHKOSH AREA UNITED WAY, INC.**  
**SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS TO AGENCIES**  
Year Ended December 31, 2013

	<b>2012/2013 Campaign Allocation</b>	<b>2013 Disbursements</b>	<b>(For Comparative Purposes Only) 2012 Disbursements</b>
<b>ALLOCATIONS TO UNITED WAY AGENCIES</b>			
American Red Cross	\$ 57,083	\$ 57,083	\$ 102,000
The Arc	-	-	11,250
Big Brothers/Big Sisters	60,000	60,000	56,000
Boys & Girls Club of Oshkosh	90,000	90,000	90,000
Bridges (from Red Cross Allocation)	44,917	44,917	-
Catholic Charities	15,930	15,930	15,614
Cerebral Palsy of Mideast Wisconsin	113,500	113,500	101,177
Christine Ann Domestic Abuse Services	58,000	58,000	58,810
Day-by-Day Warming Shelter	6,000	6,000	-
Family Service of NE Wisconsin	38,840	38,840	22,140
FISC	33,000	33,000	26,089
Girl Scouts of the Fox River Area, Inc.	20,000	20,000	20,000
Health Fund	42,009	41,995	38,395
2-1-1 Information and Referral	20,000	20,000	18,000
Legal Action of WI	22,000	22,000	21,000
Lutheran Social Services	11,530	11,530	9,144
Money Conference	1,500	1,500	-
Oshkosh Community Y.M.C.A.	55,500	55,500	55,500
Oshkosh Consortium Fund	10,000	10,000	10,000
Oshkosh Area Community Food Pantry	10,000	10,000	5,000
Oshkosh Family, Inc.	15,500	15,500	14,500
Reach Counseling Services	46,090	46,090	42,836
VITA	1,500	224	-
Winnebago Literacy Council	30,500	30,499	30,500
Total allocations to United Way agencies	<u>803,399</u>	<u>802,108</u>	<u>747,955</u>
Oshkosh Area United Way allocation	190,000	190,000	181,000
Imagination Library	21,000	21,000	20,000
Total internal allocations	<u>211,000</u>	<u>211,000</u>	<u>201,000</u>
<b>TOTAL ALLOCATIONS</b>	<u>\$ 1,014,399</u>	<u>\$ 1,013,108</u>	<u>\$ 948,955</u>
 <b>BOARD-DESIGNATED PROGRAM RESERVES</b>			
Disaster Assistance Reserve	\$ 40,000	\$ 16,230	\$ 37,800
LIFE Report	5,000	-	-
Outcomes Project	10,000	4,244	5,664
Program Development Reserve	10,000	-	10,000
<b>TOTAL BOARD-DESIGNATED PROGRAM RESERVES</b>	<u>\$ 65,000</u>	<u>\$ 20,474</u>	<u>\$ 53,464</u>