

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Totals for the Year Ended December 31, 2011)

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.

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Independent Auditor's Report

Board of Directors
United Neighborhood Centers of Milwaukee, Inc.

We have audited the accompanying balance sheet of United Neighborhood Centers of Milwaukee, Inc. as of December 31, 2012, and the related statements of activities and cash flows for the year then ended.

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.

Auditor's 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 auditor's 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 purposes 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 United Neighborhood Centers of Milwaukee, Inc. as of December 31, 2012, 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 United Neighborhood Centers of Milwaukee, Inc.'s 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ritz Holman LLP
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Board of Directors
United Neighborhood Centers of Milwaukee, Inc.

Other Matter(s)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Ritz Holman LLP", is written above the printed name.

RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 3, 2013

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
BALANCE SHEET
DECEMBER 31, 2012
(With Summarized Totals for December 31, 2011)

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 206,341	\$ 65,068
Accounts Receivable	58,752	18,980
Grants Receivable	160,209	100,975
Prepaid Expenses	4,750	9,131
Gift Cards	504	---
Current Pledges Receivable	635,278	364,428
Total Current Assets	\$ 1,065,834	\$ 558,582
LONG-TERM ASSETS		
Net Long-Term Pledges Receivable	\$ 271,723	\$ ---
Total Long-Term Assets	\$ 271,723	\$ ---
FIXED ASSETS		
Database	\$ 12,500	\$ 12,500
Less: Accumulated Depreciation	(8,750)	(6,250)
Net Fixed Assets	\$ 3,750	\$ 6,250
TOTAL ASSETS	\$ 1,341,307	\$ 564,832
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 18,754	\$ 32,431
Accrued Payroll	10,995	8,485
Funds Held on Behalf of Others	340	---
Total Current Liabilities	\$ 30,089	\$ 40,916
NET ASSETS		
Unrestricted	\$ 269,413	\$ 150,983
Temporarily Restricted		
UNCOM	926,429	372,933
CSNI	115,376	---
Total Temporarily Restricted Net Assets	\$ 1,041,805	\$ 372,933
Total Net Assets	\$ 1,311,218	\$ 523,916
TOTAL LIABILITIES AND NET ASSETS	\$ 1,341,307	\$ 564,832

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

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Totals for the Year Ended December 31, 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
REVENUE				
Foundation Grants	\$ 223,606	\$ 835,368	\$ 1,058,974	\$ 87,956
Clarke Square Neighborhood Initiative Grant	34,624	115,376	150,000	---
Violence Prevention Initiative	305,076	---	305,076	176,511
Milwaukee Area Workforce Investment Board	183,038	---	183,038	96,335
Program Fees	---	---	---	14,250
Database Fees	50,500	---	50,500	51,250
Membership Dues	40,000	---	40,000	40,500
Contributions	84	---	84	538
Clarke Square Neighborhood Initiative In-Kind	3,292	---	3,292	---
Fiscal Sponsorship Fees	5,135	---	5,135	---
Released From Restrictions	281,872	(281,872)	---	---
Total Revenue	<u>\$ 1,127,227</u>	<u>\$ 668,872</u>	<u>\$ 1,796,099</u>	<u>\$ 467,340</u>
EXPENSES				
Program Services	\$ 714,179	\$ ---	\$ 714,179	\$ 812,481
Clarke Square Neighborhood Initiative Expenses	37,915	---	37,915	---
Management and Support	223,736	---	223,736	69,471
Fund-Raising Expense	32,967	---	32,967	---
Total Expenses	<u>\$ 1,008,797</u>	<u>\$ ---</u>	<u>\$ 1,008,797</u>	<u>\$ 881,952</u>
CHANGE IN NET ASSETS	\$ 118,430	\$ 668,872	\$ 787,302	\$ (414,612)
Net Assets, Beginning of Year	<u>150,983</u>	<u>372,933</u>	<u>523,916</u>	<u>938,528</u>
NET ASSETS, END OF YEAR	<u>\$ 269,413</u>	<u>\$ 1,041,805</u>	<u>\$ 1,311,218</u>	<u>\$ 523,916</u>

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

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 787,302	\$ (414,612)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	2,500	2,500
(Increase) Decrease in Accounts Receivable	(39,772)	(12,480)
(Increase) Decrease in Grants Receivable	(59,234)	(74,652)
(Increase) Decrease in Pledges Receivable	(542,573)	342,585
Increase (Decrease) in Prepaid Expenses	4,381	3,999
Increase (Decrease) in Gift Cards	(504)	---
Increase (Decrease) in Accounts Payable	(13,677)	29,789
Increase (Decrease) in Accrued Payable	2,510	1,442
Increase (Decrease) in Deferred Revenue	---	(2,500)
Increase (Decrease) in Funds Held on Behalf of Others	340	---
	<u>141,273</u>	<u>(123,929)</u>
Net Cash Provided (Used) by Operating Activities	\$	\$
	141,273	(123,929)
Net Increase (Decrease) in Cash and Cash Equivalents	\$	\$
	141,273	(123,929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>65,068</u>	<u>188,997</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 206,341</u>	<u>\$ 65,068</u>

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

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - Summary of Significant Accounting Policies

Organization

The Organization is a family of eight neighborhood centers united by a commitment to develop city-wide programming that advances community strengths and growth.

Program Services

Milwaukee Neighborhood News Service (NNS) is a multimedia website that provides objective, professional reporting issues affecting local communities.

Year Round Innovative Youth Program, which is funded by the Milwaukee Area Workforce Investment Board (MAWIB), provides support and service to out of school youth ages 16 to 20 in working to accomplish their educational and occupational goals.

Violence Prevention Initiative (VPI) partners with the Medical College of Wisconsin and the Healthier Wisconsin Partnership Program in an effort to decrease rates of violence in identified areas of Milwaukee and strengthen community capacity to prevent future violence.

Milwaukee Childhood Obesity Prevention Project (MCOPP) is an inclusive, local coalition with the goal of reducing childhood obesity in Milwaukee through environmental and policy changes that promote healthy eating and active living.

Fiscal Sponsorship

The Organization is acting as a fiscal sponsor for the Clarke Square Neighborhood Initiative (CSNI), whose revenue and expenses are reported in the financial statements. The Organization is responsible for providing administrative support services for CSNI.

CSNI has a Council of governing members who make the operating decisions, plan and carry out activities, and manage grants and other revenue received for the purposes of the Initiative. CSNI's Council is responsible for ensuring that any and all grant funds awarded for the CSNI are expended only for charitable, religious, scientific, literary or educational purposes and conform to the purpose and terms stated in the grant agreement(s), and ensuring that all terms and conditions of grant funds awarded for the CSNI are met in accordance with the grant agreement(s).

Accounting Method

The financial statements of United Neighborhood Centers of Milwaukee, Inc. have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and Cash Equivalents include all highly liquid debt instruments with an original maturity of less than three months.

Fixed Assets

Fixed Assets are recorded at cost and are depreciated over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes expenses greater than \$2,000.

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

The Organization had \$480,473 of temporarily time-restricted net assets and \$561,332 of temporarily purpose-restricted net assets for a total of \$1,041,805 temporarily restricted net assets at December 31, 2012.

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Reclassifications

For comparability, certain 2011 amounts have been reclassified to conform with classifications adopted in 2012. The reclassifications have no effect on reported amounts of net assets or change in net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - Comparative Financial Information

The financial information shown for 2011 in the accompanying financial statements is included to provide a basis for comparison with 2012 and presents summarized totals only.

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE C - Grants Receivable

Grants Receivable consists of the following at December 31, 2012:

<u>Source</u>	<u>Amount</u>
Milwaukee Area Workforce Investment Board	\$ 59,541
Violence Prevention Initiative	<u>100,668</u>
Total	<u>\$160,209</u>

NOTE D - Pledges Receivable

Pledges Receivable is comprised of foundation grants to be collected in the years ending December 31, 2013 through December 31, 2015. The pledges have been discounted by .24%, which is the applicable federal rate at December 31, 2012.

Current Gross Pledges Receivable	\$635,278
Long-Term Gross Pledges Receivable	<u>273,750</u>
Total Pledges Receivable	\$909,028
Less: Present Value Discount	<u>(2,027)</u>
Total Net Pledges Receivable	<u>\$907,001</u>

Pledges Receivable is expected to be collected as follows:

<u>In the Year Ending December 31,</u>	<u>Amount</u>
2013	\$635,278
2014	182,500
2015	<u>91,250</u>
Total	<u>\$909,028</u>

NOTE E - Operating Lease

The Organization rents office space in Milwaukee, Wisconsin. The lease term extends from November 1, 2012 through October 31, 2014. The lease requires monthly payments of \$1,670. Rent expense included in Occupancy was \$19,452 during the year ended December 31, 2012. Future minimum rental payments under the lease are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2013	\$20,140
2014	<u>17,201</u>
Total	<u>\$37,341</u>

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE F - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2012, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE G - Subsequent Event

The Organization has evaluated events and transactions occurring after December 31, 2012 through June 3, 2013, the date the financial statements were available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Summarized Totals for the Year Ended December 31, 2011)

EXPENSES	UNCOM Program Services				Clarke Square Neighborhood Initiative	Management and Support	Fund-Raising Expenses	2012 Total	2011 Total
	NNS	MAWIB	VPI	MCOPP					
Salaries	\$ 41,084	\$ 111,925	\$ 95,981	\$ 46,784	\$ 16,500	\$ 95,432	\$ 23,594	\$ 431,300	\$ 460,944
Employee Benefits	482	15,212	18,433	1,330	---	6,925	613	42,995	55,947
Payroll Taxes	3,558	9,747	8,362	4,070	1,784	8,754	1,945	38,220	41,256
Professional Fees	83,661	3,572	38,022	22,869	3,094	45,257	6,500	202,975	149,707
Telephone	---	1,945	455	600	358	12,240	---	15,598	16,631
Postage	---	---	---	---	---	336	---	336	264
Printing	---	8	6	---	---	459	---	473	1,054
Occupancy	---	4,085	---	---	---	15,367	---	19,452	19,116
Equipment Rental and Maintenance	---	---	---	---	---	1,835	---	1,835	1,861
Depreciation	---	---	---	---	---	2,500	---	2,500	2,500
Utilities	---	---	---	---	---	1,581	---	1,581	1,523
Auto and Travel	805	5,376	284	2,947	130	12,291	315	22,148	19,711
Meeting Expense	12	204	5,340	4,316	666	7,556	---	18,094	1,314
Insurance	---	---	---	---	---	1,074	---	1,074	348
Membership Dues	---	75	---	415	---	1,662	---	2,152	1,980
Training	---	2,065	---	---	650	315	---	3,030	6,132
Bank Service Fees	---	---	---	---	8	353	---	361	289
Web Hosting Fees	---	---	---	---	---	650	---	650	1,176
Database Development	---	---	---	---	---	---	---	---	13,000
Outside Services	---	---	---	---	---	---	---	---	5,600
Supplies	---	2,319	3	237	105	2,601	---	5,265	4,440
Program Materials and Supplies	---	9,591	9,561	---	---	76	---	19,228	6,167
Marketing	---	---	---	---	---	75	---	75	125
Walk for Wellness	---	---	---	---	---	11,012	---	11,012	8,640
Other Equipment	---	1,200	---	---	6,193	1,175	---	8,568	2,079
Food	---	419	1,444	294	---	397	---	2,554	3,979
Program Support and Contracts	---	15,295	128,897	2,474	---	72	---	146,738	53,589
Fiscal Sponsorship Fees	---	---	---	---	5,135	---	---	5,135	---
Donated Goods and Services	---	---	---	---	3,292	---	---	3,292	---
Indirect Costs Allocated	---	---	---	8,415	---	(8,415)	---	---	---
Miscellaneous	---	---	---	---	---	2,156	---	2,156	2,580
TOTAL EXPENSES	\$ 129,602	\$ 183,038	\$ 306,788	\$ 94,751	\$ 37,915	\$ 223,736	\$ 32,967	\$ 1,008,797	\$ 881,952