

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Summarized Totals for the Year Ended December 31, 2012)

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 financial statements of United Neighborhood Centers of Milwaukee, Inc. (a nonprofit organization) which comprise the balance sheet as of December 31, 2013, and the related statements of activities 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.

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, 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.

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Board of Directors
United Neighborhood Centers of Milwaukee, Inc.

Report on Summarized Comparative Information

We have previously audited United Neighborhood Centers of Milwaukee, Inc.'s 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2013. 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.

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.

Handwritten signature of Ritz Holman in black ink, followed by the initials "CPA".

RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 3, 2014

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
BALANCE SHEET
DECEMBER 31, 2013
(With Summarized Totals for December 31, 2012)

ASSETS	2013	2012
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 278,836	\$ 206,341
Accounts Receivable	19,650	58,752
Grants Receivable	136,624	160,209
Prepaid Expenses	3,640	4,750
Gift Cards	1,042	504
Current Pledges Receivable	220,681	635,278
Total Current Assets	\$ 660,473	\$ 1,065,834
LONG-TERM ASSETS		
Net Long-Term Pledges Receivable	\$ 90,377	\$ 271,723
Total Long-Term Assets	\$ 90,377	\$ 271,723
FIXED ASSETS		
Database and Website	\$ 14,228	\$ 12,500
Less: Accumulated Depreciation	(11,250)	(8,750)
Net Fixed Assets	\$ 2,978	\$ 3,750
TOTAL ASSETS	\$ 753,828	\$ 1,341,307
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 28,784	\$ 18,754
Accrued Payroll	14,843	10,995
Funds Held on Behalf of Others	340	340
Total Current Liabilities	\$ 43,967	\$ 30,089
NET ASSETS		
Unrestricted	\$ 327,819	\$ 269,413
Temporarily Restricted		
UNCOM	\$ 382,042	\$ 926,429
CSNI	---	115,376
Total Temporarily Restricted Net Assets	\$ 382,042	\$ 1,041,805
Total Net Assets	\$ 709,861	\$ 1,311,218
TOTAL LIABILITIES AND NET ASSETS	\$ 753,828	\$ 1,341,307

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, 2013
(With Summarized Totals for the Year Ended December 31, 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
REVENUE				
Foundation Grants	\$ 52,394	\$ ---	\$ 52,394	\$ 1,058,974
Clarke Square Neighborhood Initiative	28,770	---	28,770	150,000
Violence Prevention Initiative	204,165	---	204,165	305,076
Milwaukee Area Workforce Investment Board	142,790	---	142,790	183,038
Lifecourse Initiative for Healthy Families	12,383	---	12,383	---
Community Health Improvement for Milwaukee's Children	14,990	---	14,990	---
Protected Health Information - Advancing a Healthier Wisconsin Grant	203	---	203	---
Database Fees	7,500	---	7,500	50,500
Membership Dues	41,000	---	41,000	40,000
Contributions	173	---	173	84
Clarke Square Neighborhood Initiative In-Kind	6,600	---	6,600	3,292
Fiscal Sponsorship Fees	15,406	---	15,406	5,135
Released From Restrictions	659,763	(659,763)	---	---
Total Revenue	<u>\$ 1,186,137</u>	<u>\$ (659,763)</u>	<u>\$ 526,374</u>	<u>\$ 1,796,099</u>
EXPENSES				
Program Services	\$ 802,953	\$ ---	\$ 802,953	\$ 714,179
Clarke Square Neighborhood Initiative Expenses	150,746	---	150,746	37,915
Management and Support	130,033	---	130,033	223,736
Fund-Raising Expense	43,999	---	43,999	32,967
Total Expenses	<u>\$ 1,127,731</u>	<u>\$ ---</u>	<u>\$ 1,127,731</u>	<u>\$ 1,008,797</u>
CHANGE IN NET ASSETS	\$ 58,406	\$ (659,763)	\$ (601,357)	\$ 787,302
Net Assets, Beginning of Year	<u>269,413</u>	<u>1,041,805</u>	<u>1,311,218</u>	<u>523,916</u>
NET ASSETS, END OF YEAR	<u>\$ 327,819</u>	<u>\$ 382,042</u>	<u>\$ 709,861</u>	<u>\$ 1,311,218</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, 2013
(With Summarized Totals for the Year Ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (601,357)	\$ 787,302
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	2,500	2,500
(Increase) Decrease in Accounts Receivable	39,102	(39,772)
(Increase) Decrease in Grants Receivable	23,585	(59,234)
(Increase) Decrease in Pledges Receivable	595,943	(542,573)
Increase (Decrease) in Prepaid Expenses	1,110	4,381
Increase (Decrease) in Gift Cards	(538)	(504)
Increase (Decrease) in Accounts Payable	10,030	(13,677)
Increase (Decrease) in Accrued Payable	3,848	2,510
Increase (Decrease) in Funds Held on Behalf of Others	---	340
	<u>74,223</u>	<u>141,273</u>
Net Cash Provided by Operating Activities	\$ 74,223	\$ 141,273
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (1,728)	\$ ---
	<u>(1,728)</u>	<u>---</u>
Net Cash Used by Investing Activities	\$ (1,728)	\$ ---
Net Increase in Cash and Cash Equivalents	\$ 72,495	\$ 141,273
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>206,341</u>	<u>65,068</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 278,836</u>	<u>\$ 206,341</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, 2013

**UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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.

Community Health Improvement in Milwaukee's Children (CHIMC) partners with the Medical College of Wisconsin to expand childhood immunization education and programming in Milwaukee neighborhoods through community health improvement.

Lifecourse Initiative for Healthy Families (LIHF) funded by Wisconsin Partnership Program at the University of Wisconsin School of Public Health to promote healthy birth outcomes for new and expecting families.

Zilber Neighborhood Initiative currently works with various initiatives that encompass the capacity building priorities of leadership, collaboration, sustainability, innovation, and public policy.

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).

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE A - Summary of Significant Accounting Policies (continued)

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.

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.

At December 31, 2013, the Organization had \$272,877 of temporarily time-restricted net assets and \$109,165 of temporarily purpose-restricted net assets, which consisted of the following:

Zilber Neighborhood Initiative Grant - 2012	\$272,877
Zilber Family Foundation	30,492
Greater Milwaukee Foundation	60,000
Helen Bader Foundation	<u>18,673</u>
Total	<u>\$382,042</u>

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.

**UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE A - Summary of Significant Accounting Policies (continued)

Reclassifications

For comparability, certain 2012 amounts have been reclassified to conform with classifications adopted in 2013. 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 2012 in the accompanying financial statements is included to provide a basis for comparison with 2013 and presents summarized totals only.

NOTE C - Grants Receivable

Grants Receivable consists of the following at December 31, 2013:

<u>Source</u>	<u>Amount</u>
Milwaukee Area Workforce Investment Board	\$ 9,325
Medical College of Wisconsin University of Wisconsin School Of Medicine and Public Health	14,990
Miscellaneous	7,017
Building Neighborhood Capacity Program	203
Violence Prevention Initiative	51,240
	<u>53,849</u>
Total	<u>\$136,624</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, 2013.

Current Gross Pledges Receivable	\$220,681
Long-Term Gross Pledges Receivable	<u>91,250</u>
Total Pledges Receivable	\$311,931
Less: Present Value Discount	<u>(873)</u>
Total Net Pledges Receivable	<u>\$311,058</u>

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE D - Pledges Receivable (continued)

Pledges Receivable is expected to be collected as follows:

<u>In the Year Ending December 31,</u>	<u>Amount</u>
2014	\$220,681
2015	<u>91,250</u>
Total	<u>\$311,931</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 from November 1, 2012 through October 31, 2013 and \$1,720 from November 1, 2013 through October 31, 2014. Rent expense included in Occupancy was \$26,838 during the year ended December 31, 2013.

Future minimum rental payments under the lease are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2014	<u>\$17,201</u>
Total	<u>\$17,201</u>

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, 2013, 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 - Donated Rent

The Organization received in-kind donations, with an equivalent amount of expenses of \$6,600 for the year ended December 31, 2013. The contribution was rent for the fiscal sponsorship provided to the Organization at no charge.

NOTE H - Subsequent Event

The Organization has evaluated events and transactions occurring after December 31, 2013 through June 3, 2014, 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, 2013
(With Summarized Totals for the Year Ended December 31, 2012)

EXPENSES	UNCOM Program Services				Clarke Square Neighborhood Initiative	Management and Support	Fund-Raising Expenses	2013 Total	2012 Total
	NNS	MAWIB	VPI	Other					
Salaries	\$ 91,428	\$ 75,020	\$ 105,529	\$ 127,963	\$ 67,220	\$ 53,063	\$ 24,715	\$ 544,938	\$ 431,300
Employee Benefits	720	14,920	19,915	8,530	843	3,043	823	48,794	42,995
Payroll Taxes	6,586	6,519	9,069	10,862	5,541	5,670	2,125	46,372	38,220
Professional Fees	85,101	---	9,150	27,492	25,868	58,358	10,000	215,969	202,975
Telephone	---	1,919	451	999	2,452	15,307	---	21,128	15,598
Postage	---	---	---	10	---	347	---	357	336
Printing	---	---	---	---	3,277	267	---	3,544	473
Occupancy	---	---	---	---	6,600	20,238	---	26,838	19,452
Equipment Rental and Maintenance	---	---	---	---	---	2,214	---	2,214	1,835
Depreciation	---	---	---	---	---	2,500	---	2,500	2,500
Utilities	---	---	---	---	---	1,186	---	1,186	1,581
Auto and Travel	---	4,579	2,445	5,122	2,504	9,418	1,243	25,311	22,148
Meeting Expense	---	---	1,252	5,939	9,098	3,253	117	19,659	18,094
Insurance	---	---	---	---	---	1,118	---	1,118	1,074
Membership Dues	---	25	---	441	---	1,603	---	2,069	2,152
Training	890	1,269	760	2,789	12,845	(275)	---	18,278	3,030
Bank Service Fees	---	---	---	26	76	290	---	392	361
Web Hosting Fees	288	---	---	---	100	909	---	1,297	650
Research and Development	---	---	---	---	3,144	---	---	3,144	---
Outside Services	---	---	---	14	---	---	---	14	---
Supplies	---	2,072	---	1,241	196	902	---	4,411	5,265
Program Materials and Supplies	---	9,761	1,697	4,786	2,358	4,382	---	22,984	19,228
Marketing	195	---	---	---	---	1,420	---	1,615	75
Walk for Wellness	---	---	---	---	---	11,196	---	11,196	11,012
Other Equipment	---	2,330	1,476	---	---	3,543	---	7,349	8,568
Food	---	833	237	517	2,024	423	---	4,034	2,554
Program Support and Contracts	---	16,601	52,339	8,014	---	72	---	77,026	146,738
Fiscal Sponsorship Fees	---	---	---	---	---	---	---	---	5,135
Donated Goods and Services	---	---	---	---	6,600	---	---	6,600	3,292
Bad Debt Expense	---	---	---	---	---	6,500	---	6,500	---
Indirect Costs Allocated	9,196	16,288	21,348	25,106	---	(76,914)	4,976	---	---
Miscellaneous	---	---	---	894	---	---	---	894	2,156
TOTAL EXPENSES	\$ 194,404	\$ 152,136	\$ 225,668	\$ 230,745	\$ 150,746	\$ 130,033	\$ 43,999	\$ 1,127,731	\$ 1,008,797