

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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

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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 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.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 25, 2015

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
BALANCE SHEET
DECEMBER 31, 2014
(With Summarized Totals for December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 169,083	\$ 278,836
Accounts Receivable	9,750	16,400
Grants Receivable	231,521	139,874
Prepaid Expenses	3,563	3,640
Gift Cards	877	1,042
Current Pledges Receivable	191,250	220,681
Total Current Assets	<u>\$ 606,044</u>	<u>\$ 660,473</u>
LONG-TERM ASSETS		
Net Long-Term Pledges Receivable	\$ ---	\$ 90,377
Total Long-Term Assets	<u>\$ ---</u>	<u>\$ 90,377</u>
FIXED ASSETS		
Database and Website	\$ 12,500	\$ 14,228
Less: Accumulated Depreciation	(12,500)	(11,250)
Net Fixed Assets	<u>\$ ---</u>	<u>\$ 2,978</u>
TOTAL ASSETS	<u><u>\$ 606,044</u></u>	<u><u>\$ 753,828</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,256	\$ 28,784
Accrued Payroll	21,913	14,843
Funds Held on Behalf of Others	---	340
Total Current Liabilities	<u>\$ 41,169</u>	<u>\$ 43,967</u>
NET ASSETS		
Unrestricted	\$ 290,373	\$ 327,819
Temporarily Restricted	274,502	382,042
Total Net Assets	<u>\$ 564,875</u>	<u>\$ 709,861</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 606,044</u></u>	<u><u>\$ 753,828</u></u>

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, 2014
(With Summarized Totals for the Year Ended December 31, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUE				
Foundation Grants	\$ 127,971	\$ 179,502	\$ 307,473	\$ 52,394
Clarke Square Neighborhood Initiative	94,880	---	94,880	28,770
Violence Prevention Initiative	191,024	---	191,024	204,165
Milwaukee Area Workforce Investment Board	85,571	---	85,571	142,790
Lifecourse Initiative for Healthy Families	31,537	---	31,537	12,383
Community Health Improvement for Milwaukee's Children	208,179	---	208,179	14,990
Protected Health Information -				
Advancing a Healthier Wisconsin Grant	5,605	---	5,605	203
Build Advancing a Healthier Wisconsin Grant	30,391	---	30,391	---
Community Development Block Grant	24,518	---	24,518	---
Database Fees	9,000	---	9,000	7,500
Program Service Fees	1,475	---	1,475	---
Membership Dues	41,000	---	41,000	41,000
Contributions	335	3,750	4,085	173
Investment Income	144	---	144	---
Clarke Square Neighborhood Initiative In-Kind	---	---	---	6,600
Fiscal Sponsorship Fees	15,750	---	15,750	15,406
Other Income	897	---	897	---
Released From Restrictions	290,792	(290,792)	---	---
Total Revenue	<u>\$ 1,159,069</u>	<u>\$ (107,540)</u>	<u>\$ 1,051,529</u>	<u>\$ 526,374</u>
EXPENSES				
Program Services	\$ 917,716	\$ ---	\$ 917,716	\$ 802,953
Clarke Square Neighborhood Initiative Expenses	94,882	---	94,882	150,746
Management and Support	149,760	---	149,760	130,033
Fund-Raising Expense	34,157	---	34,157	43,999
Total Expenses	<u>\$ 1,196,515</u>	<u>\$ ---</u>	<u>\$ 1,196,515</u>	<u>\$ 1,127,731</u>
CHANGE IN NET ASSETS	\$ (37,446)	\$ (107,540)	\$ (144,986)	\$ (601,357)
Net Assets, Beginning of Year	<u>327,819</u>	<u>382,042</u>	<u>709,861</u>	<u>1,311,218</u>
NET ASSETS, END OF YEAR	<u><u>\$ 290,373</u></u>	<u><u>\$ 274,502</u></u>	<u><u>\$ 564,875</u></u>	<u><u>\$ 709,861</u></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, 2014
(With Summarized Totals for the Year Ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (144,986)	\$ (601,357)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,250	2,500
Loss on Disposal of Fixed Assets	1,728	---
(Increase) Decrease in Accounts Receivable	6,650	42,352
(Increase) Decrease in Grants Receivable	(91,647)	20,335
(Increase) Decrease in Pledges Receivable	119,808	595,943
(Increase) Decrease in Prepaid Expenses	77	1,110
(Increase) Decrease in Gift Cards	165	(538)
Increase (Decrease) in Accounts Payable	(9,528)	10,030
Increase (Decrease) in Accrued Payable	7,070	3,848
Increase (Decrease) in Funds Held on Behalf of Others	(340)	---
Net Cash (Used) Provided by Operating Activities	<u>\$ (109,753)</u>	<u>\$ 74,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>\$ ---</u>	<u>\$ (1,728)</u>
Net Cash Used by Investing Activities	<u>\$ ---</u>	<u>\$ (1,728)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (109,753)	\$ 72,495
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>278,836</u>	<u>206,341</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 169,083</u></u>	<u><u>\$ 278,836</u></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, 2014

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 on 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.

UNCOM Youth Jobs Program, which is funded by Bader Philanthropies provides job training and readiness programming for youth participating in UNCOM agency programs.

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.

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 acted as a fiscal sponsor for the Clarke Square Neighborhood Initiative (CSNI), whose revenue and expenses are reported in the financial statements. The Organization was 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).

The fiscal sponsorship agreement with CSNI ended during 2014.

**UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014, the Organization had \$191,250 of temporarily time-restricted net assets and \$83,252 of temporarily purpose-restricted net assets, which consisted of the following:

Zilber Neighborhood Initiative Grant - 2012	\$ 91,250
Zilber Family Foundation	50,000
Greater Milwaukee Foundation	50,000
Next Door Foundation	8,350
Northwestern Mutual Foundation	50,000
Anonymous	3,750
Helen Bader Foundation	<u>21,152</u>
Total	<u>\$274,502</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, 2014**

NOTE A - Summary of Significant Accounting Policies (continued)

Reclassifications

For comparability, certain 2013 amounts have been reclassified to conform with classifications adopted in 2014. 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 2013 in the accompanying financial statements is included to provide a basis for comparison with 2014 and presents summarized totals only.

NOTE C - Grants Receivable

Grants Receivable consists of the following at December 31, 2014:

<u>Program</u>	<u>Amount</u>
MAWIB	\$ 33,071
CHIMC	59,581
LIHF	19,095
Building Neighborhood Capacity Program	40,043
VPI	37,940
Community Development Block Grant	24,518
Other	<u>17,273</u>
Total	<u>\$231,521</u>

NOTE D - Pledges Receivable

Pledges Receivable of \$191,250 at December 31, 2014 is comprised of foundation grants to be collected in the year ending December 31, 2015. All pledges are expected to be received within one year, therefore no allowance for doubtful accounts is necessary.

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE E - Operating Lease

The Organization rents office space in Milwaukee, Wisconsin. The lease term extends from November 1, 2014 through October 31, 2015. The lease requires monthly payments of \$1,772 from November 1, 2014 through October 31, 2015. Rent expense included in Occupancy was \$28,341 during the year ended December 31, 2014.

Future minimum rental payments under the lease are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2015	<u>\$17,717</u>
Total	<u>\$17,717</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, 2014, 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, 2014 through June 25, 2015, 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, 2014
(With Summarized Totals for the Year Ended December 31, 2013)

EXPENSES	UNCOM Program Services					Clarke Square Neighborhood Initiative	Management and Support	Fund-Raising Expenses	2014 Total	2013 Total
	NNS	MAWIB	VPI	CHIMC	Other					
Salaries	\$ 95,732	\$ 77,003	\$ 101,928	\$ 112,473	\$ 96,054	\$ 40,625	\$ 63,647	\$ 25,426	\$ 612,888	\$ 544,938
Employee Benefits	812	13,720	18,277	11,101	7,983	402	9,593	1,512	63,400	48,794
Payroll Taxes	8,489	6,665	9,159	8,420	10,362	3,576	6,152	2,284	55,107	46,372
Professional Fees	54,527	75	8,625	158	60,989	2,160	66,331	---	192,865	215,969
Telephone	---	1,000	270	---	1,167	1,862	13,130	---	17,429	21,128
Postage	---	---	---	---	28	---	497	---	525	357
Printing	---	103	---	---	2,570	46	162	---	2,881	3,544
Occupancy	---	---	---	---	---	7,700	20,641	---	28,341	26,838
Equipment Rental and Maintenance	---	---	---	---	---	---	3,190	---	3,190	2,214
Depreciation	---	---	---	---	---	169	1,250	---	1,419	2,500
Utilities	---	---	---	---	---	---	1,550	---	1,550	1,186
Auto and Travel	315	2,090	1,135	4,718	8,144	171	12,393	315	29,281	25,311
Meeting Expense	---	728	253	48	2,195	5,471	3,932	---	12,627	19,659
Insurance	---	---	---	---	---	---	1,329	---	1,329	1,118
Membership Dues	---	---	---	---	---	---	2,536	---	2,536	2,069
Training	495	---	---	1,250	3,346	3,700	125	---	8,916	18,278
Bank Service Fees	---	10	---	---	---	29	1,122	---	1,161	392
Web Hosting Fees	---	---	---	---	---	1,767	902	---	2,669	1,297
Research and Development	---	---	---	---	---	---	---	---	---	3,144
Outside Services	---	---	---	---	---	---	---	---	---	14
Supplies	---	653	---	---	301	66	2,132	---	3,152	4,411
Program Materials and Supplies	---	3,557	6,270	22,376	8,350	2,917	1,692	---	45,162	22,984
Marketing	195	---	---	---	---	---	4,661	---	4,856	1,615
Walk for Wellness	---	---	---	---	---	---	10,516	---	10,516	11,196
Other Equipment	---	3,125	---	117	211	---	2,183	---	5,636	7,349
Food	---	31	58	213	1,674	---	307	---	2,283	4,034
Grants to Others	---	---	---	---	---	8,471	---	---	8,471	---
Program Support and Contracts	---	---	44,449	8,441	6,164	---	---	---	59,054	77,026
Fiscal Sponsorship Fees	---	---	---	---	---	15,750	---	---	15,750	---
Donated Goods and Services	---	---	---	---	---	---	---	---	---	6,600
Bad Debt Expense	---	---	---	---	---	---	---	---	---	6,500
Miscellaneous	---	---	---	202	---	---	3,319	---	3,521	894
Indirect Costs Allocated	9,445	13,148	18,500	19,824	17,995	---	(83,532)	4,620	---	---
TOTAL EXPENSES	\$ 170,010	\$ 121,908	\$ 208,924	\$ 189,341	\$ 227,533	\$ 94,882	\$ 149,760	\$ 34,157	\$ 1,196,515	\$ 1,127,731