

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

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. which comprise the balance sheet as of December 31, 2016, 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 27, 2017

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
BALANCE SHEET
DECEMBER 31, 2016
(With Summarized Totals for December 31, 2015)

| ASSETS | | 2016 | 2015 |
|---|----|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | \$ | 249,316 | \$ 212,905 |
| Accounts Receivable | | 27,620 | 8,000 |
| Grants Receivable | | 198,396 | 186,011 |
| Prepaid Expenses | | 6,277 | 3,705 |
| Gift Cards | | 378 | 378 |
| Security Deposit | | --- | 600 |
| Pledges Receivable | | 215,000 | 275,000 |
| Total Current Assets | \$ | 696,987 | \$ 686,599 |
| FIXED ASSETS | | | |
| Database and Website | \$ | 12,500 | \$ 12,500 |
| Less: Accumulated Depreciation | | (12,500) | (12,500) |
| Net Fixed Assets | \$ | --- | \$ --- |
| TOTAL ASSETS | | \$ 696,987 | \$ 686,599 |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | \$ | 23,163 | \$ 16,531 |
| Accrued Payroll | | 14,491 | 17,338 |
| Other Liabilities | | 48,843 | --- |
| Total Current Liabilities | \$ | 86,497 | \$ 33,869 |
| NET ASSETS | | | |
| Unrestricted | \$ | 388,899 | \$ 307,059 |
| Temporarily Restricted | | 221,591 | 345,671 |
| Total Net Assets | \$ | 610,490 | \$ 652,730 |
| TOTAL LIABILITIES AND NET ASSETS | | \$ 696,987 | \$ 686,599 |

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, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>2016 Total</u> | <u>2015 Total</u> |
|---|--------------------------|-----------------------------------|--------------------------|--------------------------|
| REVENUE | | | | |
| Corporate Contributions | \$ 66,727 | \$ 15,000 | \$ 81,727 | \$ --- |
| Foundation Grants | 40,377 | 200,000 | 240,377 | 516,262 |
| Violence Prevention Initiative | --- | --- | --- | 146,448 |
| Milwaukee Area Workforce Investment Board | 405,081 | --- | 405,081 | 212,052 |
| Lifecourse Initiative for Healthy Families | --- | --- | --- | 24,600 |
| Community Health Improvement for Milwaukee's Children | 23,066 | --- | 23,066 | 184,588 |
| Protected Health Information - Advancing a Healthier Wisconsin Grant | 824 | --- | 824 | 8,420 |
| Building Neighborhood Capacity Program | 32,667 | --- | 32,667 | 21,693 |
| Community Development Block Grant | --- | --- | --- | 54,832 |
| Database Fees | 9,000 | --- | 9,000 | 9,000 |
| Membership Dues | 41,000 | --- | 41,000 | 40,500 |
| Contributions | 7,949 | --- | 7,949 | --- |
| Investment Income | 108 | --- | 108 | 111 |
| Other Income | 4,726 | --- | 4,726 | --- |
| Net Assets Released from Restrictions | 339,080 | (339,080) | --- | --- |
| Total Revenue | <u>\$ 970,605</u> | <u>\$ (124,080)</u> | <u>\$ 846,525</u> | <u>\$ 1,218,506</u> |
| EXPENSES | | | | |
| Program Services | \$ 749,863 | \$ --- | \$ 749,863 | \$ 958,709 |
| Management and Support | 100,246 | --- | 100,246 | 133,294 |
| Fundraising Expense | 38,656 | --- | 38,656 | 38,648 |
| Total Expenses | <u>\$ 888,765</u> | <u>\$ ---</u> | <u>\$ 888,765</u> | <u>\$ 1,130,651</u> |
| CHANGE IN NET ASSETS | <u>\$ 81,840</u> | <u>\$ (124,080)</u> | <u>\$ (42,240)</u> | <u>\$ 87,855</u> |
| Net Assets, Beginning of Year | <u>307,059</u> | <u>345,671</u> | <u>652,730</u> | <u>564,875</u> |
| NET ASSETS, END OF YEAR | <u><u>\$ 388,899</u></u> | <u><u>\$ 221,591</u></u> | <u><u>\$ 610,490</u></u> | <u><u>\$ 652,730</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, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (42,240) | \$ 87,855 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities | | |
| (Increase) Decrease in Accounts Receivable | (19,620) | 1,750 |
| (Increase) Decrease in Grants Receivable | (12,385) | 45,510 |
| (Increase) Decrease in Pledges Receivable | 60,000 | (83,750) |
| (Increase) Decrease in Prepaid Expenses | (2,572) | (142) |
| (Increase) Decrease in Gift Cards | --- | 499 |
| (Increase) Decrease in Security Deposits | 600 | (600) |
| Increase (Decrease) in Accounts Payable | 6,632 | (2,725) |
| Increase (Decrease) in Accrued Payable | (2,847) | (4,575) |
| Increase (Decrease) in Funds Held on Behalf of Others | 48,843 | --- |
| | <u>\$ 36,411</u> | <u>\$ 43,822</u> |
| Net Increase in Cash and Cash Equivalents | \$ 36,411 | \$ 43,822 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>212,905</u> | <u>169,083</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 249,316</u> | <u>\$ 212,905</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, 2016

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Significant Accounting Policies

Organization

The Organization is a family of nine 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.

Transform Milwaukee Jobs - Foster Care, which is funded by the Milwaukee Area Workforce Investment Board (MAWIB), is a transitional jobs program to assist low-income adults leaving foster care in Milwaukee County into stable unsubsidized employment.

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

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.

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

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, 2016**

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.

At December 31, 2016, the Organization had \$200,000 of temporarily time-restricted net assets, \$6,591 of temporarily purpose-restricted net assets, and \$15,000 of both temporarily time- and purpose-restricted net assets, which consisted of the following:

| | |
|------------------------|------------------|
| Zilber Operating Grant | \$200,000 |
| Marquette University | 15,000 |
| Helen Bader Foundation | <u>6,591</u> |
| Total | <u>\$221,591</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.

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 statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE C - Concentration of Credit Risk

The Organization maintains cash balances at financial institutions located in Milwaukee, Wisconsin. Balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, the Organization's uninsured cash balances totaled \$2,477.

NOTE D - Grants Receivable

Grants receivable consists of the following at December 31, 2016:

| <u>Program</u> | <u>Amount</u> |
|----------------|------------------|
| MAWIB | \$162,180 |
| CHIMC | 23,869 |
| Other | <u>12,347</u> |
| Total | <u>\$198,396</u> |

NOTE E - Pledges Receivable

Pledges receivable of \$215,000 at December 31, 2016, is comprised of foundation grants to be collected in the year ending December 31, 2017. All pledges are expected to be received within one year; therefore no allowance for doubtful accounts is necessary.

NOTE F - Operating Lease

The Organization rents office space at two locations in Milwaukee, Wisconsin. One lease requires monthly payments of \$1,772 with a month-to-month term. The second lease requires monthly payments of \$600 with a term from July 1, 2015 through September 30, 2016. Rent expense included in Occupancy was \$26,661 during the year ended December 31, 2016.

NOTE G - 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, 2016, 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. The Organization is currently not under any audit by any federal or state authority.

UNITED NEIGHBORHOOD CENTERS OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE H - Employee Retirement Plan

The Organization has an Internal Revenue Code Section 401(k) plan. The plan is funded by voluntary employee contributions under salary reduction agreements. No contributions were made to the plan by the Organization as of December 31, 2016.

NOTE I - Subsequent Event

The Organization has evaluated events and transactions occurring after December 31, 2016, through June 27, 2017, 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, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

| EXPENSES | UNCOM Program Services | | | | | Management and Support | Fundraising Expenses | 2016 Total | 2015 Total |
|----------------------------------|------------------------|-------------------|---------------|------------------|-------------------|------------------------|----------------------|-------------------|---------------------|
| | NNS | MAWIB | VPI | CHIMC | Other | | | | |
| Salaries | \$ 83,743 | \$ 183,565 | \$ --- | \$ 8,502 | \$ 36,578 | \$ 117,063 | \$ --- | \$ 429,451 | \$ 595,439 |
| Employee Benefits | --- | 35,832 | --- | 1,442 | 5,104 | 14,196 | --- | 56,574 | 73,521 |
| Payroll Taxes | 7,735 | 16,830 | --- | 963 | 3,453 | 15,300 | --- | 44,281 | 54,048 |
| Professional Fees | 3,494 | 2,294 | --- | 5,688 | 8,282 | 80,643 | --- | 100,401 | 174,384 |
| Telephone | --- | 1,800 | --- | 33 | 1,745 | 12,557 | --- | 16,135 | 16,309 |
| Postage | --- | --- | --- | --- | 303 | 425 | --- | 728 | 890 |
| Printing | --- | --- | --- | 670 | 1,000 | 923 | --- | 2,593 | 3,773 |
| Occupancy | --- | --- | --- | --- | 5,400 | 21,261 | --- | 26,661 | 25,045 |
| Equipment Rental and Maintenance | --- | 21 | --- | --- | --- | 3,225 | --- | 3,246 | 4,247 |
| Utilities | --- | --- | --- | --- | 989 | 1,616 | --- | 2,605 | 1,966 |
| Auto and Travel | 347 | 9,594 | --- | 339 | 18 | 11,819 | 315 | 22,432 | 24,630 |
| Meeting Expense | --- | 155 | --- | --- | 10,226 | 11,690 | --- | 22,071 | 8,523 |
| Insurance | --- | --- | --- | --- | --- | 3,737 | --- | 3,737 | 3,222 |
| Membership Dues | --- | --- | --- | --- | --- | 986 | --- | 986 | 2,033 |
| Training | --- | 4,318 | --- | --- | --- | 3,899 | --- | 8,217 | 16,062 |
| Bank Service Fees | 369 | --- | --- | --- | 10 | 699 | --- | 1,078 | 938 |
| Web Hosting Fees | 50 | --- | --- | --- | --- | 1,031 | --- | 1,081 | 2,567 |
| Supplies | --- | 995 | --- | --- | 100 | 8,290 | --- | 9,385 | 2,953 |
| Program Materials and Supplies | --- | 32,067 | --- | 2,999 | 3,245 | 3,514 | --- | 41,825 | 39,064 |
| Marketing | 305 | --- | --- | --- | --- | 333 | --- | 638 | 5,008 |
| Walk for Wellness | --- | --- | --- | --- | --- | 10,189 | --- | 10,189 | --- |
| Other Equipment | --- | 2,472 | --- | --- | 3,472 | (2,971) | --- | 2,973 | 7,186 |
| Food | --- | 1,686 | --- | --- | 849 | 174 | --- | 2,709 | 556 |
| Grants to Others | --- | --- | --- | --- | 49,443 | --- | --- | 49,443 | --- |
| Program Support and Contracts | --- | 28,000 | --- | --- | 150 | --- | --- | 28,150 | 66,073 |
| Miscellaneous | --- | --- | --- | --- | 179 | 997 | --- | 1,176 | 2,214 |
| Indirect Costs Allocated | 43,474 | 117,209 | --- | 4,115 | 18,211 | (221,350) | 38,341 | --- | --- |
| Total Expenses | \$ 139,517 | \$ 436,838 | \$ --- | \$ 24,751 | \$ 148,757 | \$ 100,246 | \$ 38,656 | \$ 888,765 | \$ 1,130,651 |