



**UNITED WAY BLACKHAWK REGION, INC.**

FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION

December 31, 2014 and 2013

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statement of Activities - Year Ended December 31, 2014 .....	4
Statement of Activities - Year Ended December 31, 2013 .....	5
Statement of Functional Expenses - Year Ended December 31, 2014 .....	6
Statement of Functional Expenses - Year Ended December 31, 2013 .....	7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9
Schedule of Allocations by Impact Area .....	19



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
 United Way Blackhawk Region, Inc.  
 Janesville, Wisconsin

We have audited the accompanying financial statements of United Way Blackhawk Region, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 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 United Way Blackhawk Region, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations 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

<p><b>Janesville Office:</b>                  101 E. Milwaukee Street                  Suite 425                  Janesville, WI 53545                  P: (608) 756-4020</p>	<p><b>Baraboo Office:</b>                  123 Second Street                  P.O. Box 150                  Baraboo, WI 53913                  P: (608) 356-3966                  F: (608) 356-2966</p>	<p><b>Pewaukee Office:</b>                  W239 N3490 Pewaukee Road                  Suite 200                  Pewaukee, WI 53072                  P: (262) 522-7555                  F: (262) 522-7550</p>	<p><b>Madison Office:</b>                  2110 Luann Lane                  Madison, WI 53713                  P: (608) 274-4020                  F: (608) 274-0775</p>	<p><a href="http://www.wegnercpas.com">www.wegnercpas.com</a>  <a href="mailto:info@wegnercpas.com">info@wegnercpas.com</a>                  (888) 204-7665</p>
---	---	---	---	---

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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Janesville, Wisconsin  
April 24, 2015

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2014 and 2013

	2014	2013
<b>ASSETS</b>		
Cash	\$ 1,770,084	\$ 1,602,928
Certificates of deposit	12,412	12,402
Unconditional promises to give - net	1,559,217	1,439,129
Prepaid expenses	7,063	7,184
Investments	1,316,368	1,238,932
Beneficial interest in assets held by CFSW	86,738	83,072
Beneficial interest in perpetual trust	559,166	549,751
Property and equipment - net	325,716	341,699
Certificates of deposit - limited use	8,344	8,344
<b>Total assets</b>	<b>\$ 5,645,108</b>	<b>\$ 5,283,441</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 4,657	\$ 11,333
Accrued payroll and related liabilities	9,998	21,939
Due to designated agencies	140,379	98,324
<b>Total liabilities</b>	<b>155,034</b>	<b>131,596</b>
<b>NET ASSETS</b>		
Unrestricted		
Designated	988,744	951,988
Undesignated	1,756,630	1,680,971
<b>Total unrestricted</b>	<b>2,745,374</b>	<b>2,632,959</b>
Temporarily restricted	1,897,047	1,703,225
Permanently restricted	847,653	815,661
<b>Total net assets</b>	<b>5,490,074</b>	<b>5,151,845</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,645,108</b>	<b>\$ 5,283,441</b>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND OTHER REVENUE</b>				
Gross campaign results for the prior year	\$ 879,395	\$ -	\$ -	\$ 879,395
Less donor designations	(64,275)	-	-	(64,275)
Change in provision for uncollectible	(60,052)	-	-	(60,052)
Net campaign revenue for the prior year	755,068	-	-	755,068
Gross campaign results for the current year	-	1,957,632	-	1,957,632
Less donor designations	-	(119,498)	-	(119,498)
Less provision for uncollectible	-	(97,569)	-	(97,569)
Net campaign revenue for the current year	-	1,740,565	-	1,740,565
Designations from other United Ways	122,283	-	-	122,283
Gifts in-kind	51,436	-	-	51,436
Grants, contracts and other contributions	38,617	-	22,577	61,194
Processing and designation fees	1,925	-	-	1,925
Investment return	65,242	18,104	9,415	92,761
Miscellaneous income	571	-	-	571
Rental income	18,273	-	-	18,273
Total support and other revenue	1,053,415	1,758,669	31,992	2,844,076
<b>PROGRAM ALLOCATIONS AND EXPENSES</b>				
Gross funds awarded/distributed	1,988,999	-	-	1,988,999
Less donor designations	(62,542)	-	-	(62,542)
Net funds awarded/distributed	1,926,457	-	-	1,926,457
Community program services				
Community impact	171,592	-	-	171,592
Supporting activities				
Management and general	211,989	-	-	211,989
Fundraising	195,809	-	-	195,809
Total supporting activities	407,798	-	-	407,798
Total program allocations and expenses	2,505,847	-	-	2,505,847
Net assets released from restrictions	1,564,847	(1,564,847)	-	-
<b>Change in net assets</b>	112,415	193,822	31,992	338,229
Net assets - beginning of year	2,632,959	1,703,225	815,661	5,151,845
<b>Net assets - end of year</b>	<u>\$2,745,374</u>	<u>\$1,897,047</u>	<u>\$ 847,653</u>	<u>\$5,490,074</u>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND OTHER REVENUE</b>				
Gross campaign results for the prior year	\$ 468,098	\$ -	\$ -	\$ 468,098
Less donor designations	(13,248)	-	-	(13,248)
Change in provision for uncollectible	(9,856)	-	-	(9,856)
Net campaign revenue for the prior year	444,994	-	-	444,994
Gross campaign results for the current year	-	1,731,184	-	1,731,184
Less donor designations	-	(80,131)	-	(80,131)
Less provision for uncollectible	-	(86,206)	-	(86,206)
Net campaign revenue for the current year	-	1,564,847	-	1,564,847
Designations from other United Ways	125,296	-	-	125,296
Gifts in-kind	15,710	-	-	15,710
Grants, contracts and other contributions	50,535	-	23,606	74,141
Processing and designation fees	1,638	-	-	1,638
Investment return	164,040	64,185	67,934	296,159
Miscellaneous income	465	-	-	465
Rental income	25,608	-	-	25,608
Total support and other revenue	828,286	1,629,032	91,540	2,548,858
<b>PROGRAM ALLOCATIONS AND EXPENSES</b>				
Gross funds awarded/distributed	1,862,929	-	-	1,862,929
Less donor designations	(52,408)	-	-	(52,408)
Net funds awarded/distributed	1,810,521	-	-	1,810,521
Community program services				
Community impact	126,651	-	-	126,651
Supporting activities				
Management and general	211,668	-	-	211,668
Fundraising	189,475	-	-	189,475
Total supporting activities	401,143	-	-	401,143
Total program allocations and expenses	2,338,315	-	-	2,338,315
Net assets released from restrictions	2,009,844	(2,009,844)	-	-
<b>Change in net assets</b>	499,815	(380,812)	91,540	210,543
Net assets - beginning of year	2,133,144	2,084,037	724,121	4,941,302
<b>Net assets - end of year</b>	<u>\$2,632,959</u>	<u>\$1,703,225</u>	<u>\$ 815,661</u>	<u>\$5,151,845</u>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2014

	Community Impact	Supporting Activities		Total
		Management and General	Fundraising	
Salaries	\$ 50,653	\$ 126,691	\$ 104,119	\$ 281,463
Employee insurance	7,897	10,745	8,834	27,476
Payroll taxes	3,900	9,749	8,016	21,665
Employee retirement plan	2,303	5,757	4,733	12,793
Professional fees	222	12,219	7,304	19,745
Computer software support	3,296	3,659	4,842	11,797
Office supplies	322	819	662	1,803
Telephone	1,140	2,850	2,342	6,332
Postage	523	1,385	1,432	3,340
Occupancy	5,720	2,182	1,794	9,696
Janitorial services	3,405	1,299	1,068	5,772
Office equipment	988	2,469	2,212	5,669
Repairs and maintenance	5,600	2,136	1,756	9,492
Printing and publicity	50,315	5,305	18,419	74,039
Subscriptions	67	168	138	373
Awards and recognition	6,202	755	273	7,230
Local travel	582	1,119	1,464	3,165
Local meetings	5,231	923	4,030	10,184
Staff and volunteer development	3,127	953	4,044	8,124
Membership dues	5,301	13,503	12,539	31,343
Insurance	727	1,818	1,495	4,040
Functional expenses before depreciation	157,521	206,504	191,516	555,541
Depreciation	14,071	5,485	4,293	23,849
Total functional expenses	171,592	211,989	195,809	579,390
Grants and allocations	1,988,999	-	-	1,988,999
Less donor designations	(62,542)	-	-	(62,542)
Total program allocations and expenses	<u>\$ 2,098,049</u>	<u>\$ 211,989</u>	<u>\$ 195,809</u>	<u>\$ 2,505,847</u>

See accompanying notes.



**UNITED WAY BLACKHAWK REGION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2013

	Community Impact	Supporting Activities		Total
		Management and General	Fundraising	
Salaries	\$ 46,952	\$ 117,379	\$ 96,571	\$ 260,902
Employee insurance	9,874	7,678	6,313	23,865
Payroll taxes	3,443	8,608	7,078	19,129
Employee retirement plan	2,307	5,768	4,742	12,817
Professional fees	-	14,560	4,577	19,137
Computer software support	2,225	5,603	4,532	12,360
Office supplies	475	1,186	975	2,636
Telephone	1,195	2,988	2,457	6,640
Postage	563	1,326	1,864	3,753
Occupancy	7,539	6,795	5,532	19,866
Janitorial services	3,405	1,299	1,068	5,772
Office equipment	1,292	3,230	2,656	7,178
Repairs and maintenance	9,636	3,675	3,022	16,333
Printing and publicity	7,154	7,904	21,670	36,728
Subscriptions	-	168	168	336
Awards and recognition	1,520	-	1,520	3,040
Local travel	762	1,906	1,567	4,235
Local meetings	2,530	341	5,072	7,943
Staff and volunteer development	1,108	1,108	1,107	3,323
Membership dues	9,923	12,856	10,987	33,766
Insurance	788	1,967	1,619	4,374
Functional expenses before depreciation	112,691	206,345	185,097	504,133
Depreciation	13,960	5,323	4,378	23,661
Total functional expenses	126,651	211,668	189,475	527,794
Grants and allocations	1,862,929	-	-	1,862,929
Less donor designations	(52,408)	-	-	(52,408)
Total program allocations and expenses	<u>\$ 1,937,172</u>	<u>\$ 211,668</u>	<u>\$ 189,475</u>	<u>\$ 2,338,315</u>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 338,229	\$ 210,543
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(22,577)	(23,606)
Investment return retained in perpetual trust	(9,415)	(67,934)
Investment return retained in agency endowment	(3,666)	(10,248)
Depreciation	23,849	23,661
Allowance for uncollectible promises to give	16,915	16,897
Realized and unrealized gains	(39,372)	(182,778)
(Increase) decrease in assets		
Unconditional promises to give	(137,003)	336,684
Prepaid expenses	121	(380)
Increase (decrease) in liabilities		
Accounts payable	(6,676)	(7,703)
Accrued payroll and related liabilities	(11,941)	4,768
Due to designated agencies	42,055	(35,892)
<b>Net cash flows from operating activities</b>	<b>190,519</b>	<b>264,012</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(7,866)	-
Purchases of investments	(22,577)	(39,837)
Reinvested investment return	(15,487)	(11,724)
Reinvestment of interest in certificate of deposit	(10)	(231)
<b>Net cash flows from investing activities</b>	<b>(45,940)</b>	<b>(51,792)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for investment in permanent endowment	22,577	23,606
<b>Net change in cash</b>	<b>167,156</b>	<b>235,826</b>
Cash - beginning of year	1,602,928	1,367,102
<b>Cash - end of year</b>	<b>\$ 1,770,084</b>	<b>\$ 1,602,928</b>

See accompanying notes.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

---

---

The mission of United Way Blackhawk Region, Inc. is to improve lives by mobilizing the caring power of communities.

**Community Impact Strategies**

United Way Blackhawk Region is dedicated to advancing the common good by creating opportunities for a better life for all. United Way collaborates with community partners to identify community issues and develop strategies to create long-lasting change by addressing the underlying causes of these problems.

Advancing the common good is less about helping one person at a time and more about changing systems to help all of us. We are all connected and interdependent. We all win when a child succeeds in school, when families are financially stable, when people are healthy. Everyone deserves opportunities to have a good life: a quality education that leads to a stable job, enough income to support a family through retirement, and good health.

United Way's impact areas are Education, Income and Health – the building blocks for a good life:

Education – Helping children and youth achieve their potential  
Income – Promoting financial stability and independence  
Health – Improving people's health

**United Way Community Services Building** provides space at a reduced rate for four local non-profit groups and a meeting room that can seat approximately 40 people.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

United Way Blackhawk Region is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. A level of unrestricted net assets is maintained to provide ongoing funding to meet future allocation and operating commitments and for extraordinary purposes as may be authorized by the Board of Directors. Its purpose is to provide financial resources in the event of a natural disaster which threatens the welfare of a substantial portion of the community, an economic emergency which causes great hardship to the existence of critical human care services within the community, or other circumstances considered by the Board of Directors to be an extreme threat to the well-being of the community.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Temporarily restricted net assets are comprised of contributions raised from the annual campaign and special grants. Annual campaign funds are restricted for allocation to agencies and operating expenses while the special grant funds are restricted for the donor's stipulated purpose.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by United Way Blackhawk Region in perpetuity.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

---

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Donated Services**

Donated services are valued at the services' fair value at the date of service if the services would have been purchased if they had not been donated. Donated services not included in the financial statements because they do not meet the financial statement recognition criteria includes significant amounts of time donated by a substantial number of volunteers for the United Way Blackhawk Region's program services and fund raising campaigns.

**Promises to Give**

United Way Blackhawk Region's promises to give consist of amounts due from businesses and individuals. The provision for uncollectible promises is computed based on historical collectability of promises and current economic conditions in the community and approved by the board of directors and adjusted by management estimates. The uncollectible provision is based on the gross campaign. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. Donor designated promises are assessed both a fundraising and processing fee based on a three year historical average in accordance with United Way Worldwide membership standards as outlined in their publication titled United Way Worldwide Implementation Requirements of Membership Standard M (Cost Deduction for Designated Funds).

**Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method. The building is depreciated over its estimated useful life of forty years. Equipment is depreciated over their estimated useful lives of five to ten years. Major improvements and renewals over \$1,000 are capitalized while ordinary maintenance and repairs have been expensed.

**Estimates**

The preparation of financial statements 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 revenue and expenses and including functional allocations during the reporting period. Actual results could differ from those estimates.

**Expense Allocations**

Functional expenses, which are not directly attributable to one function, are allocated between community program services and supporting activities based on the number of employees involved, the amount of time spent and the percentage of their salary associated with that time. Management overhead percentage is computed based on dividing management and general and fundraising expenses divided by total revenue on the IRS Form 990, which does not include gifts in kind or unrealized gains/losses. For 2014 and 2013, the management overhead percentage of revenue is computed to be 14% and 16%.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

---

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions received, including unconditional promises to give, are recorded as revenue in the period the promise is received at their fair values. Conditional promises to give, whether received or made, are recognized when they become unconditional, that is, when the conditions are substantially met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

**Beneficial Interest in Assets Held by CFSW**

United Way Blackhawk Region has transferred assets to the Community Foundation of Southern Wisconsin, Inc. (CFSW) and has specified that the assets and related earnings be used to benefit various programs of United Way Blackhawk Region. Because United Way Blackhawk Region and CFSW are not interrelated and United Way Blackhawk Region is the ultimate beneficiary of the transferred assets and related earnings the transfers are considered to be reciprocal and not contributions to CFSW. Accordingly, related earnings are presented with investment return in the accompanying statement of activities.

**Beneficial Interest in Perpetual Trust**

The beneficial interest in perpetual trust is a resource held and administered, at the direction of the donor, by an outside trustee for the benefit of United Way Blackhawk Region whereby 25% of the income of the trust is distributed to United Way Blackhawk Region annually. The beneficial interest in perpetual trust is carried at the value of the investments in the trust. Distributions from the trust are to be used for general support for United Way Blackhawk Region and recorded as unrestricted support in the statement of activities. Adjustments to the value of the investments in the trust are recorded as permanently restricted investment return in the statement of activities. Under the terms of the perpetual trust, United Way Blackhawk Region has the irrevocable right to receive 25% of the income earned on the trust assets in perpetuity, but never receives the assets held in trust. 25% of each investment's value held in the trust are reported as assets in the statement of financial position.

**Income Tax Status**

United Way Blackhawk Region is a nonprofit public charity exempt under Internal Revenue Code Section 501(c)(3) and is therefore not subject to federal and state income or franchise taxes. United Way Blackhawk Region's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, United Way Blackhawk Region is no longer subject to such examinations for tax years before 2011.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management's Review**

Management has evaluated subsequent events through April 24, 2015, the date which the financial statements were available to be issued.

NOTE 2 - CERTIFICATES OF DEPOSIT

United Way Blackhawk Region has elected the reimbursement (self-insured) method to finance the cost of unemployment compensation benefits. Accordingly, United Way Blackhawk Region has placed in the custody of the Treasurer, Wisconsin Unemployment Compensation Division, two certificates of deposits in the amount of \$8,344 at December 31, 2014 and 2013.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31, 2014 and 2013:

	2014	2013
Fall 2014 Campaign	\$ 1,465,190	\$ -
Fall 2013 Campaign	311,576	1,231,720
Fall 2012 Campaign	-	397,707
Other	6,503	16,839
Unconditional promises to give	1,783,269	1,646,266
Less allowance for uncollectible promises to give	(224,052)	(207,137)
Unconditional promises to give - net	\$ 1,559,217	\$ 1,439,129

NOTE 4 - INVESTMENTS

Investments consisted of the following at December 31, 2014 and 2013:

	2014	2013
Money market funds	\$ 40,906	\$ 60,398
Mutual funds	1,275,462	1,178,534
Investments	\$ 1,316,368	\$ 1,238,932

Investment return consisted of the following for 2014 and 2013:

	2014	2013
Dividends and interest	\$ 52,916	\$ 46,133
Realized and unrealized gains	39,372	182,778
Investment fees	(12,608)	(10,934)
Agency endowment return	3,666	10,248
Perpetual trust return	9,415	67,934
Investment return	\$ 92,761	\$ 296,159

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

---

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2014 and 2013:

	2014	2013
Land	\$ 71,700	\$ 71,700
Building	649,249	649,249
Computer equipment	43,255	55,665
Furniture, fixtures and other equipment	23,116	51,130
Property and equipment	787,320	827,744
Less accumulated depreciation	(461,604)	(486,045)
Property and equipment - net	\$ 325,716	\$ 341,699

**NOTE 6 - RETIREMENT PLAN**

United Way Blackhawk Region has a Simplified Employee Pension Plan (SEP), which covers substantially all employees. United Way Blackhawk Region contributed an amount equal to 6% of the participant's compensation. A total of \$12,793 and \$12,817 was contributed to this plan during 2014 and 2013.

**NOTE 7 - DESCRIPTION OF LEASING ARRANGEMENTS**

In September 1989, the United Way Blackhawk Region began leasing office space in the building on a month to month basis to various nonprofit organizations. As of December 31, 2014 and 2013, the United Way Blackhawk Region held lease agreements with four other nonprofit organizations. Each agreement requires monthly payments. Lease income for the United Way Blackhawk Region was \$18,273 and \$25,608 for 2014 and 2013.

**NOTE 8 - CONCENTRATION OF CREDIT RISK**

United Way Blackhawk Region maintains cash balances at three financial institutions located in southern Wisconsin. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. United Way Blackhawk Region had uninsured cash balances of approximately \$1,045,000 and \$850,000 at December 31, 2014 and 2013.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

**NOTE 9 - FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2014 and 2013:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,275,462	\$ 1,275,462	\$ -	\$ -
Money market funds	40,906	40,906	-	-
Beneficial interest in assets held by CFSW	<u>86,738</u>	<u>-</u>	<u>-</u>	<u>86,738</u>
Total - 2014	<u>\$ 1,403,106</u>	<u>\$ 1,316,368</u>	<u>\$ -</u>	<u>\$ 86,738</u>
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,178,534	\$ 1,178,534	\$ -	\$ -
Money market funds	60,398	60,398	-	-
Beneficial interest in assets held by CFSW	<u>83,072</u>	<u>-</u>	<u>-</u>	<u>83,072</u>
Total - 2013	<u>\$ 1,322,004</u>	<u>\$ 1,238,932</u>	<u>\$ -</u>	<u>\$ 83,072</u>

Fair values for mutual funds and money market funds are determined by reference to quoted market prices and other relevant information generated by market transactions. United Way Blackhawk Region's beneficial interest in assets held by Community Foundation of Southern Wisconsin, Inc. (CFSW) represents an agreement between United Way Blackhawk Region and CFSW in which United Way Blackhawk Region transfers assets to CFSW in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to United Way Blackhawk Region by CFSW. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.



**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

The following table presents additional information about funds measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by CFSW	
	2014	2013
Beginning balance	\$ 83,072	\$ 72,824
Change in value of beneficial interest included in change in net assets	3,666	10,248
Ending balance	\$ 86,738	\$ 83,072

The change in value of beneficial interest included in change in net assets is reported as agency endowment return and is included with investment return on the statement of activities.

NOTE 10 – UNRESTRICTED NET ASSETS

The board of directors of United Way Blackhawk Region has chosen to place the following limitations on unrestricted net assets:

	2014	2013
Designated for endowment	\$ 871,400	\$ 834,644
Designated for reserve fund	84,000	84,000
Designated for future community impact projects	25,000	25,000
Designated for unemployment compensation benefits	8,344	8,344
Undesignated	1,756,630	1,680,971
Unrestricted net assets	\$ 2,745,374	\$ 2,632,959

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

A fundraising campaign is conducted in the fall of each year to provide funds for allocations to the member agencies and operations of United Way Blackhawk Region for the following calendar year. Therefore, the cash contributions and pledges of contributions received to December 31, as a result of the campaign in the fall, are temporarily restricted to cover the operations for the following year. Annually, assets are released from donor restrictions by allocations to participating agencies satisfying the restricted purposes specified by donors. If the restriction is accomplished in the same year as the gift is received, it is reported as unrestricted support. The temporarily restricted net assets related to the campaign totaled \$1,740,565 and \$1,564,847 at December 31, 2014 and 2013. In addition, the earnings on the permanently restricted endowment totaling \$156,482 and \$138,378 are also temporarily restricted at December 31, 2014 and 2013.

**UNITED WAY BLACKHAWK REGION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
Years ended December 31, 2014 and 2013

---

NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following at December 31, 2014 and 2013:

	2014	2013
Beneficial interest in perpetual trust	\$ 559,166	\$ 549,751
Permanently restricted endowment	288,487	265,910
Permanently restricted net assets	\$ 847,653	\$ 815,661

NOTE 13 - ENDOWMENTS

United Way Blackhawk Region’s endowment consists of 2 funds and includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. 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.

*Interpretation of Relevant Law*

The state of Wisconsin enacted UPMIFA effective July 20, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization had determined that its permanently restricted net assets meet the definition of endowment funds under UPMIFA. The Organization has interpreted Wisconsin’s enacted version of 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. In accordance with Wisconsin’s enacted version of UPMIFA, the Organization expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (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, and (7) the Organization’s investment policies.

*Return Objectives and Risk Parameters*

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

*Spending Policy*

The spending policy provides for the Board Designated Endowment the ability to withdraw funds from the principal with a super majority of 2/3 of the Board vote. To date, all earnings of the endowment have been reinvested and no distributions have been made from the endowment.

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

NOTE 13 – ENDOWMENTS (continued)

Endowment net asset composition by type of fund was as follows at December 31, 2014 and 2013:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 156,482	\$ 288,487	\$ 444,969
Board-designated	871,399	-	-	871,399
<b>Total</b>	<b>\$ 871,399</b>	<b>\$ 156,482</b>	<b>\$ 288,487</b>	<b>\$ 1,316,368</b>
2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 138,378	\$ 265,910	\$ 404,288
Board-designated	834,644	-	-	834,644
<b>Total</b>	<b>\$ 834,644</b>	<b>\$ 138,378</b>	<b>\$ 265,910</b>	<b>\$ 1,238,932</b>

Changes in endowment net assets for 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	\$ 834,644	\$ 138,378	\$ 265,910	\$ 1,238,932
Investment return				
Investment income	18,823	9,272	-	28,095
Net appreciation (realized and unrealized)	26,379	12,993	-	39,372
Appropriation of endowment assets for expenditure (fees)	(8,447)	(4,161)	-	(12,608)
<b>Total investment return</b>	<b>36,755</b>	<b>18,104</b>	<b>-</b>	<b>54,859</b>
Contributions	-	-	22,577	22,577
<b>Endowment net assets December 31, 2014</b>	<b>\$ 871,399</b>	<b>\$ 156,482</b>	<b>\$ 288,487</b>	<b>\$ 1,316,368</b>

**UNITED WAY BLACKHAWK REGION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

---

NOTE 13 – ENDOWMENTS (continued)

Changes in endowment net assets for 2013 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2012	\$ 688,096	\$ 74,193	\$ 242,304	\$ 1,004,593
Investment return				
Investment income	15,182	7,477	-	22,659
Net appreciation (realized and unrealized)	122,462	60,316	-	182,778
Appropriation of endowment assets for expenditure (fees)	<u>(7,326)</u>	<u>(3,608)</u>	<u>-</u>	<u>(10,934)</u>
Total investment return	130,318	64,185	-	194,503
Contributions	<u>16,230</u>	<u>-</u>	<u>23,606</u>	<u>39,836</u>
Endowment net assets December 31, 2013	<u>\$ 834,644</u>	<u>\$ 138,378</u>	<u>\$ 265,910</u>	<u>\$ 1,238,932</u>

**UNITED WAY BLACKHAWK REGION, INC.**  
**SCHEDULE OF ALLOCATIONS**  
 Year ended December 31, 2014

---

**2014 Investment in Education total: \$626,079**

<b>Big Brothers Big Sisters</b>	Lunch Buddies Mentoring Program
<b>Boy Scouts</b>	Boy Scouts
	Cub Scouts
<b>Boys &amp; Girls Club of Janesville</b>	Youth Development and Guidance Program
<b>Catholic Charities</b>	FACE - Kids
<b>Children's Service Society</b>	Exchange Family Resource Center - Evansville
	Families and Community Together
<b>City of Evansville</b>	Evansville Youth Center
<b>Community Action, Inc.</b>	Community Kids Program
<b>Community Coordinated Child Care (4-C)</b>	Professional Development
	Resource and Referral
<b>Family Services of S.W.A.N.I.</b>	CASA of Rock County
<b>Girl Scouts - Badgerland Council</b>	Leadership Experience
<b>Janesville Community Day Care Center</b>	Infant Center Tuition Assistance
	Ruger Site Tuition Assistance
<b>Lutheran Social Services</b>	Positive Parenting
	Runaway and Youth Services (RAYS)
<b>Merrill Community Center</b>	Youth Program
<b>Rock Communities Youth Network</b>	Rock Communities Youth Network
<b>RSVP</b>	Intergenerational Program
<b>Salvation Army - Janesville</b>	Youth Development/Community Center
<b>Stateline Boys &amp; Girls Club</b>	Citizenship and Leadership
	Cultural Enrichment
	Outdoor Program
	Personal Education
	Social Recreation
<b>Stateline Family YMCA</b>	Beloit Childcare, After School Care And Day Camp
	Scholarships
	Roscoe Childcare, After School Care And Day Camp
	Scholarships
<b>YMCA of Northern Rock County</b>	Preschool and Day Camp Scholarships - Janesville Location
	Preschool and Day Camp Scholarships - Milton Location
<b>YWCA of Rock County</b>	Child Care Program

**UNITED WAY BLACKHAWK REGION, INC.**  
SCHEDULE OF ALLOCATIONS  
Year ended December 31, 2014

---

**2014 Investment in Income total: \$770,960**

<b>American Red Cross</b>	Disaster Services
	Service to the Armed Forces
<b>Beloit Meals on Wheels</b>	Home Delivered Meals
<b>Community Action, Inc.</b>	AWARE
	Beloit Fresh Start Program
	Fatherhood Initiative
	Skills Enhancement
	Teen Parent Connections
	Transitional Living Program
<b>ECHO</b>	ECHO Way Home
<b>Edgerton Community Outreach</b>	Breakfast Program
	Client Services
	Food Pantry
<b>Energy Services</b>	Crisis Case Management
<b>Family Services of S.W.A.N.I.</b>	Consumer Credit Counseling
<b>Hands of Faith</b>	Emergency Shelter for Homeless Families
<b>KANDU</b>	Waiting List Project
<b>Merrill Community Center</b>	Senior Program
<b>RSVP</b>	Community Referrals
	In Home Groups
	Seniors Volunteering for Seniors
<b>Salvation Army - Beloit</b>	Corps Community Center
	Feeding Program
	Food Pantry
<b>Salvation Army - Janesville</b>	Family Social Services Assistance Program
	Pathways Transitional Housing Program
<b>Senior Services of Rock County</b>	Benefit Specialist Program
<b>Stateline Literacy Council</b>	Adult Basic Education
	English as a Second Language (ESL)
<b>The Literacy Connection</b>	Adult Literacy Education
<b>Voluntary Action Center</b>	Grant Center
	Volunteer Center
<b>YWCA of Rock County</b>	Immigrant Outreach Services
	Transitions for Women

**UNITED WAY BLACKHAWK REGION, INC.**  
SCHEDULE OF ALLOCATIONS  
Year ended December 31, 2014

---

**2014 Investment in Health total: \$552,960**

<b>Agrace Hospice</b>	Grief and Bereavement Services
<b>AIDS Network</b>	Case Management
<b>Beloit Regional Hospice</b>	Transitions
<b>Catholic Charities</b>	Child and Family Services
	Family Counseling
	Recreation for Adults with Disabilities
<b>Epilepsy Foundation</b>	Community Education
	Supportive Care
<b>Family Respite Care Services</b>	Combined Night of Respite/Sib's Camp
<b>Family Services of S.W.A.N.I.</b>	Beloit Domestic Violence Survivor Center
	Home Companion Registry
	Individual and Family Counseling
	Sexual Assault Recovery Program
	Youth2Youth
<b>Health Net</b>	Dental Care
	Primary Medical Care
	Vision Care
<b>Independent Disability Services</b>	Respite at Risk
<b>Lutheran Social Services</b>	Adult Day Janesville & Beloit
	Counseling Programs for Beloit & Janesville Clinics
	Enrichment Center
<b>Nutrition &amp; Health</b>	Prenatal Care & Nutrition Education
<b>SMILES</b>	Equine Assisted Therapy
<b>Stateline Boys &amp; Girls Club</b>	Physical Education
<b>Stateline Family YMCA</b>	Beloit Youth Membership Scholarships
	Beloit Youth Program Scholarships
	Roscoe Youth Membership Scholarships
	Roscoe Youth Program Scholarships
<b>Wisconsin Badger Camp</b>	Campership Program
<b>YMCA of Northern Rock County</b>	Aquatic Program Scholarships - Janesville Location
	Youth Membership Scholarships - Janesville Location
	Youth Membership Scholarships - Milton Location
	Youth Program Scholarships - Janesville Location
	Youth Program Scholarships - Milton Location

**UNITED WAY BLACKHAWK REGION, INC.**  
SCHEDULE OF ALLOCATIONS  
Year ended December 31, 2014

---

---

**YWCA of Rock County**

Alternatives to Violence

CARE House

<b>Total allocations (including \$25,000 allocated to United Way Dane County for 2-1-1)</b>	<b>\$1,974,999</b>
<b>Less donor designations</b>	<u><b>(62,542)</b></u>
<b>Net funds awarded/ distributed</b>	<u><b>\$1,912,457</b></u>