

**UNITED WAY OF GREATER MILWAUKEE
& WAUKESHA COUNTY, INC.
Milwaukee, Wisconsin**

**FINANCIAL STATEMENTS
June 30, 2018 and 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Greater Milwaukee & Waukesha County, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of United Way of Greater Milwaukee & Waukesha County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' 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 auditors' 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.

Board of Directors
United Way of Greater Milwaukee & Waukesha County, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Milwaukee & Waukesha County, Inc., as of June 30, 2018 and 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
October 22, 2018

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,139,761	\$ 2,653,373
Investments	13,273,677	16,503,246
Pledges receivable - net	13,223,443	15,197,894
Prepaid expenses and other	708,445	656,626
Total current assets	<u>32,345,326</u>	<u>35,011,139</u>
 Pledges receivable, less current portion	 279,575	 379,573
 Investments - Endowment fund	 4,637,087	 4,718,353
Investments - Other	400,000	400,000
457(b) plan participant assets	131,984	83,400
Beneficial Interest in Endowment held by others	210,479	204,518
 Land, building, and equipment - net	 <u>1,929,056</u>	 <u>1,061,744</u>
 Total assets	 <u>\$ 39,933,507</u>	 <u>\$ 41,858,727</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Donor designations payable	\$ 3,906,177	\$ 7,268,641
Amounts payable under fiscal agent responsibilities	2,090,228	2,488,121
Other amounts payable	886,622	615,936
Accrued expenses and other current liabilities	253,048	235,371
457(b) plan participant liability	131,984	83,400
Total current liabilities	<u>7,268,059</u>	<u>10,691,469</u>
Net assets:		
Unrestricted:		
Undesignated	497,030	(583,952)
Investment in land, building, and equipment	1,929,056	1,061,744
Accumulated net growth in permanently restricted net assets	736,403	669,969
Board designated for allocations to agencies and partners	23,516,838	24,038,901
Board designated endowment fund	1,908,096	1,629,053
Waukesha Property Endowment	258,554	-
Waukesha Community Impact fund	-	1,205
Board designated for capital improvements	439,439	390,839
Total unrestricted	<u>29,285,416</u>	<u>27,207,759</u>
 Temporarily restricted	 2,156,275	 2,739,992
 Permanently restricted net assets	 <u>1,223,757</u>	 <u>1,219,507</u>
Total net assets	<u>32,665,448</u>	<u>31,167,258</u>
 Total liabilities and net assets	 <u>\$ 39,933,507</u>	 <u>\$ 41,858,727</u>

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

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Campaign revenue:								
Gross campaign results	\$ 51,012,976	\$ 2,655,380	\$ -	\$ 53,668,356	\$ 54,518,801	\$ 5,686,535	\$ -	\$ 60,205,336
Less: Donor designated funds	(18,335,696)	(465,665)	-	(18,801,361)	(22,369,155)	(3,750,385)	-	(26,119,540)
Net campaign results	32,677,280	2,189,715	-	34,866,995	32,149,646	1,936,150	-	34,085,796
Less: Provision for uncollectible pledges	(903,419)	(23,206)	-	(926,625)	(1,031,378)	-	-	(1,031,378)
Net campaign revenue	31,773,861	2,166,509	-	33,940,370	31,118,268	1,936,150	-	33,054,418
Contributions received in prior period now released from restriction	1,915,608	(1,915,608)	-	-	1,446,559	(1,446,559)	-	-
Service fees - Campaign	479,214	-	-	479,214	529,627	-	-	529,627
Memorials and bequests	195,988	-	4,250	200,238	67,760	47,266	22,225	137,251
Sponsorship of United Way events and activities	831,002	-	-	831,002	723,006	-	-	723,006
Total campaign revenue	35,195,673	250,901	4,250	35,450,824	33,885,220	536,857	22,225	34,444,302
Non-campaign revenue:								
Dividends and interest income	266,676	9,668	-	276,344	252,658	11,007	-	263,665
Net realized and unrealized gains (losses) on investments	791,153	51,395	-	842,548	1,578,641	83,852	-	1,662,493
Transfer to unrestricted for disbursement of temporarily restricted funds	-	-	-	-	8,864	(8,864)	-	-
Rental income	148,600	-	-	148,600	133,336	-	-	133,336
Grants	1,308,496	-	-	1,308,496	1,162,477	-	-	1,162,477
Other income	164,487	-	-	164,487	4,978	-	-	4,978
Release from restrictions	895,681	(895,681)	-	-	888,018	(888,018)	-	-
Total non-campaign revenue	3,575,093	(834,618)	-	2,740,475	4,028,972	(802,023)	-	3,226,949
Total public support and revenue	38,770,766	(583,717)	4,250	38,191,299	37,914,192	(265,166)	22,225	37,671,251
EXPENSES								
Program services:								
Gross program investments	44,521,602	465,665	-	44,987,267	49,492,417	3,750,385	-	53,242,802
Less: Donor designated funds	(18,335,696)	(465,665)	-	(18,801,361)	(22,369,155)	(3,750,385)	-	(26,119,540)
Net program investments	26,185,906	-	-	26,185,906	27,123,262	-	-	27,123,262
Community impact	1,968,690	-	-	1,968,690	1,982,122	-	-	1,982,122
Volunteer Engagement	876,429	-	-	876,429	682,203	-	-	682,203
Grants	925,934	-	-	925,934	857,655	-	-	857,655
Total program services	29,956,959	-	-	29,956,959	30,645,242	-	-	30,645,242
Supporting services:								
Fund raising	4,693,098	-	-	4,693,098	4,936,907	-	-	4,936,907
Management and general	2,043,052	-	-	2,043,052	1,644,137	-	-	1,644,137
Total supporting services	6,736,150	-	-	6,736,150	6,581,044	-	-	6,581,044
Total expenses	36,693,109	-	-	36,693,109	37,226,286	-	-	37,226,286
Change in net assets	2,077,657	(583,717)	4,250	1,498,190	687,906	(265,166)	22,225	444,965
Net assets at beginning of year	27,207,759	2,739,992	1,219,507	31,167,258	26,519,853	3,005,158	1,197,282	30,722,293
Net assets at end of year	\$ 29,285,416	\$ 2,156,275	\$ 1,223,757	\$ 32,665,448	\$ 27,207,759	\$ 2,739,992	\$ 1,219,507	\$ 31,167,258

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

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets:	\$ 1,498,190	\$ 444,965
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	195,056	208,611
Net (gain) loss on investment securities	(894,441)	(1,662,493)
Provision for uncollectible pledges	(213,247)	(114,101)
Gain on sale of building	(148,949)	-
Changes in operating assets and liabilities:		
Net pledges receivable	2,287,696	1,454,398
Prepaid expenses and other assets	(51,819)	(129,668)
Donor designations payable	(3,362,464)	3,017,426
Amounts payable under fiscal agent responsibilities	(397,893)	(1,946,086)
Other amounts payable	270,686	195,601
Accrued expenses and other liabilities	<u>66,261</u>	<u>(184,217)</u>
Net cash provided (used) by operating activities	<u>(750,924)</u>	<u>1,284,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of dividends from investment securities	(276,344)	(263,665)
Purchase of investment securities	(300,995)	(4,323,517)
Redemption of investment securities	4,728,071	631,539
Proceeds from sale of building and retirement of equipment	257,995	-
Purchases of building improvements and equipment	<u>(1,171,415)</u>	<u>(30,111)</u>
Net cash provided (used) by investing activities	<u>3,237,312</u>	<u>(3,985,754)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,486,388	(2,701,318)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,653,373</u>	<u>5,354,691</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,139,761</u>	<u>\$ 2,653,373</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest during the year	<u>\$ 464</u>	<u>\$ 640</u>

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

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2018 and 2017

	2018						2017							
	Program Services			Support Services			Program Services			Support Services				
	Community Impact	Volunteer Engagement	Grants	Total	Fund Raising	Management and General	Total	Community Impact	Volunteer Engagement	Grant	Total	Fund Raising	Management and General	Total
Gross program investments	\$ 44,383,825	\$ -	\$ 603,442	\$ 44,987,267	\$ -	\$ -	\$ 44,987,267	\$ 52,679,817	\$ -	\$ 562,985	\$ 53,242,802	\$ -	\$ -	\$ 53,242,802
Less: Donor designated funds	(18,801,361)	-	-	(18,801,361)	-	-	(18,801,361)	(26,119,540)	-	-	(26,119,540)	-	-	(26,119,540)
Net program investments	25,582,464	-	603,442	26,185,906	-	-	26,185,906	26,560,277	-	562,985	27,123,262	-	-	27,123,262
Salaries	1,197,366	434,998	486,771	2,119,135	2,486,856	1,234,635	5,840,626	1,225,871	355,879	443,357	2,025,107	2,480,871	1,047,874	5,553,852
Employee health and retirement benefits	264,760	96,489	140,991	502,240	559,085	311,070	1,372,395	180,044	55,102	134,708	369,854	411,954	182,799	964,607
Payroll taxes	88,540	31,727	33,744	154,011	186,425	81,604	422,040	89,698	26,145	32,513	148,356	179,206	67,968	395,530
Total personnel expenses	1,550,666	563,214	661,506	2,775,386	3,232,366	1,627,309	7,635,061	1,495,613	437,126	610,578	2,543,317	3,072,031	1,298,641	6,913,989
Professional fees and outside services	58,225	34,358	169,725	262,308	210,671	96,028	569,007	96,098	18,696	156,169	270,963	205,602	59,662	536,227
In-Kind Gifts-Advertising	21,780	-	-	21,780	183,278	-	205,058	-	-	-	-	517,057	-	517,057
Supplies	6,856	57,699	14,732	79,287	15,223	20,948	115,458	9,162	34,718	42,478	86,358	17,211	20,644	124,213
Telephone	6,193	4,895	1,308	12,396	18,840	6,102	37,338	9,076	4,243	1,364	14,683	21,586	6,540	42,809
Postage and shipping	1,129	1,482	5	2,616	17,789	13,650	34,055	1,154	1,200	14	2,368	14,553	14,920	31,841
Occupancy	45,542	16,928	-	62,470	91,878	51,156	205,504	67,868	11,086	-	78,954	94,816	39,280	213,050
Equipment/software Maintenance & Purchases	50,891	40,990	1,793	93,674	74,062	26,436	194,172	51,011	25,114	1,460	77,585	66,688	21,506	165,779
Printing, publications and media	41,891	37,747	31,078	110,716	270,337	4,138	385,191	31,143	56,777	13,644	101,564	312,423	7,185	421,172
Travel	5,430	5,792	1,692	12,914	23,291	1,785	37,990	7,151	7,453	2,293	16,897	26,662	1,446	45,005
Campaign/program events, meetings, and training	16,392	39,639	44,015	100,046	113,735	19,617	233,398	31,061	23,436	29,655	84,152	117,600	18,010	219,762
Membership dues	2,660	1,193	80	3,933	3,663	6,896	14,492	3,481	643	-	4,124	4,683	7,574	16,381
United eWay expenses	-	-	-	-	70,800	-	70,800	-	-	-	-	72,757	-	72,757
United Way of America dues	107,500	48,392	-	155,892	245,103	112,808	513,803	117,615	40,480	-	158,095	257,947	97,559	513,601
United Way of Wisconsin dues	12,628	5,685	-	18,313	28,792	13,251	60,356	13,770	4,739	-	18,509	30,199	11,422	60,130
Depreciation expense	40,810	18,371	-	59,181	93,049	42,826	195,056	47,772	16,442	-	64,214	104,771	39,626	208,611
Interest expense	97	44	-	141	221	102	464	147	50	-	197	321	122	640
Total non-personnel expenses	418,024	313,215	264,428	995,667	1,460,732	415,743	2,872,142	486,509	245,077	247,077	978,663	1,864,876	345,496	3,189,035
Total personnel and non-personnel expenses	1,968,690	876,429	925,934	3,771,053	4,693,098	2,043,052	10,507,203	1,982,122	682,203	857,655	3,521,980	4,936,907	1,644,137	10,103,024
Total functional expenses	\$ 27,551,154	\$ 876,429	\$ 1,529,376	\$ 29,956,959	\$ 4,693,098	\$ 2,043,052	\$ 36,693,109	\$ 28,542,399	\$ 682,203	\$ 1,420,640	\$ 30,645,242	\$ 4,936,907	\$ 1,644,137	\$ 37,226,286

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission Statement

United Way of Greater Milwaukee & Waukesha County, Inc. (United Way) changes lives and improves our community by mobilizing people and resources to drive strategic impact in Education, Income, and Health.

Nature of Activities

United Way is a local organization run and governed by those living and working within this community. United Way is a not-for-profit corporation who, by carrying out its mission, helps people build and sustain better lives through opportunities in Education, Income, and Health—the building blocks to a good life—by focusing on the root causes of our community’s most critical problems in order to break the cycle of poverty.

Annual campaigns are conducted in autumn to support programs in subsequent years. For example, pledges that are not designated to specific agencies for the autumn 2017 campaign will fund allocations to strategic initiatives and programs operated by member agencies for the fiscal year beginning July 1, 2018. Funding decisions are made by a committee consisting of staff, members of the board of directors and volunteers. These program allocations are recorded as expenses during the fiscal year beginning July 1, 2018. In addition to member agencies, donors may also designate their contributions (cash or pledges) to unaffiliated non-member agencies or certain umbrella organizations. Distribution of designated pledges to both member and non-member agencies begin prior to the start of the fiscal year beginning July 1, 2018. For example, distribution of designated pledges for the autumn 2017 campaign actually begins during the fourth quarter of 2017 and continues into the 2018 calendar year. Campaign contributions are used to support local health and human service programs of member and non-member agencies and to pay United Way operating expenses.

United Way distributes funds to both member and non-member agencies. Member agencies receive allocations for programs which they operate and must submit annual reports to United Way regarding the outcomes of these programs. United Way reviews the financial statements of member agencies on a quarterly basis as well as their annual audited financial reports and tax returns. In addition both member and non-member agencies receive donor designations and can use these dollars for whatever purpose they desire. Non-member agencies are not subject to financial or programmatic oversight by United Way.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States for the not-for-profit industry. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met, either by actions of United Way and/or the passage of time. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the principal be maintained in perpetuity by United Way. Generally, the donors of these assets permit United Way to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. United Way considers the value of the allowance for uncollectible pledges receivable to be a significant estimate subject to change. Actual results may differ from these estimates.

Cash and Cash Equivalents

United Way considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash or cash equivalents. Cash and cash equivalents are invested primarily in interest-bearing accounts.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of investments are recorded on a trade date basis. Net appreciation (depreciation) in fair value of investments includes both realized and unrealized investment gains and losses. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Other

United Way Worldwide (UWW) and several Local United Way's (LUW) from around the country created a limited liability company, United Way Digital Holdings, LLC (the "LLC"). The purpose of which is to design, develop and operate a digital philanthropic employee engagement platform. The minimum investment for each LUW was \$400,000 which comprises a 50% interest in the LLC. UWW owns the remaining 50%. Once the digital platform is developed and deployed the LLC will sell subscriptions to other United Ways around the world for to use the platform in their respective United Way's annual campaigns.

The investment in the LLC is accounted for using the cost method of accounting and is not valued at fair value. As such United Way impairs investments when it is determined that there has been an "other than temporary" decline in the estimated fair value as compared to the carrying value of the LLC. There were no impairment changes for fiscal 2018 and 2017 as it is not practicable to estimate the fair value of the investments since operations of the LLC commenced on July 1, 2018.

Beneficial Interest in Endowment Held by Others

Beneficial interest in endowment held by others consisted of Forever Funds of United Way held by the Waukesha County Community Foundation (WCCF). The carrying amounts reported in the statement of financial position for financial instruments approximate their fair values. Under accounting standards, when a resource provider (the Organization) transfers assets to another agency but specifies itself as the beneficiary, the economic benefit remains with the organization. Accordingly, the assets and net assets are included in these financial statements. The Organization receives periodic distributions on these investments upon WCCF board approval.

Pledges Receivable

Unconditional promises to give cash and other assets, less a provision for uncollectible amounts, are recorded as pledges receivable and gross campaign revenue in the year the pledges are made. Allowances are established for pledged amounts estimated to be uncollectible. Collections on prior year campaign pledges previously written off are treated as unrestricted revenue in the year of collection.

Donor-designated pledge receivables, less reductions for estimated uncollectible pledges when applicable, are included in pledges receivable in the statements of financial position.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for Uncollectible Pledges

The provision for uncollectible pledges consists of the following three components:

- Estimated loss on pledges receivable
 - An estimated loss on pledges received during the fiscal years ended June 30, 2018 and 2017 is recognized during the year in which the pledge has been received. The rate used to calculate the estimated uncollectible amount is based upon a historical analysis of actual pledge losses during past campaigns.
- Provision on donor designated pledges
 - Donor designated pledges are excluded from gross campaign revenue. The pledge loss provision associated with these donor designated pledges is excluded as well.
- Recoveries on previously written off pledges
 - Recoveries are typically realized on previously written off pledges from prior campaigns. These amounts are credited against this account.

Land, Building, and Equipment

All property is recorded at cost except for donated property, which is recorded at fair value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	5 to 33 years
Furniture, fixtures, and equipment	3 to 10 years
Automobiles	5 years
Computer hardware and software	3 to 5 years

Impairment of Long-Lived Assets

United Way reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Donor Designations Payable

Donor designations payable represent amounts due to qualified donor-designated agencies under United Way's "Community Donor Choice" and "Tocqueville Society" programs or other donor-designated programs administered by United Way for local, state, and federal government employees.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts Payable Under Fiscal Agent Responsibilities

United Way's fiscal agent responsibilities fall into two categories.

In the first category, United Way handles both the collection and distribution function of local corporations which have a nationwide presence. These corporations have asked United Way to process all of the pledges from each of its locations. Only those pledges from the local office, however, are counted as campaign revenue. United Way handles the collection responsibilities for all of the corporation's locations and distributes the pledges to other United Way entities, if the pledge is undesignated, or to other charitable organizations in the event that the pledges are designated.

In the second category, United Way handles only the distribution process as it receives amounts from two major corporate donors with locations around the country. On a quarterly basis, United Way distributes these funds to hundreds of United Way entities across the United States. United Way has no collection responsibilities with respect to these amounts.

Assets and liabilities associated with these fiscal agent transactions are included in the statements of financial position.

Contributions

Annual fall campaign results are reduced by pledges designated to a specific organization and by a provision for uncollectible pledges. Pledges received in the current fiscal year for the prior autumn's campaign are considered unrestricted revenue. Pledges received in the current fiscal year for the upcoming autumn's campaign are reflected as temporarily restricted revenue. Pledges received in the current fiscal year for prior year campaigns are recorded as unrestricted revenue. Collections on pledges for prior year campaigns are released from restriction in the year collected.

Revenue Recognition

Campaigns are conducted annually to raise money in order to impact the community in a positive manner by helping people build and sustain better lives through opportunities in Education, Income, and Health—the building blocks to a good life. Campaign contributions and income from special events and fund-raising are recognized in the year pledged. Pledges receivable and related revenue are recorded when the pledge is received, and allowances are provided for amounts estimated to be uncollectible. The allowances are based on past history, adjusted for current conditions, as considered appropriate by management.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

No amounts have been reflected in the financial statements for contributed services that do not require specialized expertise. United Way pays for most services requiring specific expertise. However, many individuals volunteer substantial amounts of time toward United Way sponsored community activities, campaign solicitations, and various committee assignments, which do not require specialized expertise or would not typically be purchased if not provided by donation.

Various organizations have provided various services at no charge, the value of which has been reflected as gross campaign revenue in the statements of activities. The value of program services has been reflected as gross program investments in the statements of activities. The total amounts recorded in 2018 and 2017 were \$242,559 and \$295,714, respectively. The value of advertising has been reflected as fundraising services in the statements of activities. The total amounts recorded in 2018 and 2017 were \$205,058 and \$517,057, respectively.

Many organizations reimburse United Way for various expenses incurred through sponsorships. The reimbursements and expenses have been reflected in total campaign revenue and operating expenses in the statements of activities.

Designation Cost Recovery Fees

Requirement M of United Way Worldwide limits the cost recovery fee on donor designated pledges to no more than the sum of a three-year moving average of its fundraising cost percentage (Fundraising Expense divided by Total Campaign Revenue on Form 990) and its processing cost percentage (Management & General Expenses divided by Total Revenue on Form 990), United Way of Greater Milwaukee & Waukesha County is in compliance with Requirement M.

Fundraising Expenses

All salary, overhead, and miscellaneous costs are recorded as operating expenses in the period incurred.

Functional Allocation of Expenses

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Expenses were allocated among the program and support categories on the basis of time spent on the program and support functions. The allocation to these categories was made in accordance with standards established by United Way Worldwide.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

United Way has been determined to be a charitable organization as defined under section 501(c)(3) of the Internal Revenue Code (IRC) and, as such, is exempt from federal income taxes. United Way is also exempt from state income taxes.

Management analyzed the requirements for accounting for uncertain tax positions. The Organization determined that it was not required to record a liability related to uncertain tax positions at June 30, 2018 and 2017.

Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format.

NOTE 2 - INVESTMENTS

Investments, stated at fair value, at June 30, 2018 and 2017, are summarized as follows:

	2018		2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Operating:				
Certificates of Deposit	\$ -	0.0%	\$ 3,075,117	18.6%
Equity securities	5,804,372	43.7%	5,700,314	34.5%
Fixed income	4,263,630	32.1%	4,530,667	27.5%
Limited partnerships	3,205,675	24.2%	3,197,148	19.4%
Total	<u>\$ 13,273,677</u>	<u>100.0%</u>	<u>\$ 16,503,246</u>	<u>100.0%</u>
Endowment:				
Equity securities	\$ 2,746,617	59.2%	\$ 2,952,115	62.6%
Fixed income	1,242,247	26.8%	1,160,633	24.6%
Limited partnerships	648,223	14.0%	605,605	12.8%
Total	<u>\$ 4,637,087</u>	<u>86.0%</u>	<u>\$ 4,718,353</u>	<u>100.0%</u>
Total investments:				
Certificates of Deposit	\$ -	0.0%	\$ 3,075,117	14.5%
Equity securities	8,550,989	47.7%	8,652,429	40.8%
Fixed income	5,505,877	30.7%	5,691,300	26.8%
Limited partnerships	3,853,898	21.5%	3,802,753	17.9%
Total	<u>\$ 17,910,764</u>	<u>100.0%</u>	<u>\$ 21,221,599</u>	<u>100.0%</u>

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 – INVESTMENTS (continued)

The components of United Way’s investment income for the fiscal years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Dividend and Interest Income</u>	<u>Realized and Unrealized Gains</u>	<u>Dividend and Interest Income</u>	<u>Realized and Unrealized (Losses)</u>
Operating	\$ 203,465	\$ 599,003	\$ 208,009	\$ 1,262,331
Endowment	<u>73,485</u>	<u>221,446</u>	<u>65,274</u>	<u>380,978</u>
Total	<u>\$ 276,949</u>	<u>\$ 820,449</u>	<u>\$ 273,283</u>	<u>\$ 1,643,309</u>

During the years ended June 30, 2018 and 2017, investment fees totaling \$42,825 and \$29,573, respectively, were netted against investment income from those investments.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 3 - PLEDGES RECEIVABLE

Net pledges receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Less than one-year	\$ 14,752,266	\$ 16,939,964
One to five years	<u>300,000</u>	<u>410,000</u>
Gross pledges receivable	15,052,266	17,349,964
Less:		
Unamortized discount	20,425	30,427
Allowance for uncollectible amounts	<u>1,528,823</u>	<u>1,742,070</u>
Pledges receivable - net	13,503,018	15,577,467
Less - Current portion	<u>13,223,443</u>	<u>15,197,894</u>
Pledges receivable, less current portion	<u>\$ 279,575</u>	<u>\$ 379,573</u>

Unconditional promise to give that is expected to be collected in future years is recorded at the present value of estimated future cash flows. The discount on a long-term pledge is computed using a rate of 2.13%.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 4 - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 100,235	\$ 100,235
Building and improvements	2,561,066	3,135,204
Furniture, fixtures and equipment	972,183	981,581
Other capital assets	76,016	45,906
Construction in progress	<u>1,147,343</u>	<u>20,105</u>
	4,856,843	4,283,031
Less: accumulated depreciation	<u>(2,927,787)</u>	<u>(3,221,287)</u>
Total	<u>\$ 1,929,056</u>	<u>\$ 1,061,744</u>

NOTE 5 - LINE OF CREDIT

United Way has an unsecured line of credit with a bank wherein the lender will provide amounts up to \$4,000,000. The line of credit agreement matures in January 2019. Interest is accrued on the unpaid principal balance at LIBOR plus 175 basis points (3.25% and 2.97% at June 30, 2018 and 2017, respectively). As of June 30, 2018 and 2017, United Way had no balance outstanding under the line of credit.

NOTE 6 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the United Way has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at June 30, 2018 and 2017 for assets measured at fair value.

Limited Partnerships: Valued at an amount equal to the ownership interest in partners' capital, which approximates fair value. The three funds do not have a finite life, unfunded commitments or restrictions on redemptions. The investment strategy of the limited partnerships are to 1) outperform the Morgan Stanley Capital International Index of Europe, Australia and the Far East Index over multiple year periods, or 2) to maintain significantly less volatility than the global equity market while delivering market-like returns over a full market cycle or 3) deliver stable total returns in excess of the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE).

Certificates of Deposit: Valued based on fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by United Way are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by United Way are deemed to be actively traded.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

Investments are measured at fair value on a recurring basis. As of June 30, 2018, the values are as follows:

2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ -	\$ -	\$ -
Mutual funds				
Money market	358,352	-	-	358,352
Small cap value	885,329	-	-	885,329
All cap core	4,934,061	-	-	4,934,061
International	2,373,246	-	-	2,373,246
Fixed income	4,265,473	-	-	4,265,473
Senior secured loans	1,240,404	-	-	1,240,404
Limited partnerships	<u>-</u>	<u>2,374,754</u>	<u>1,479,144</u>	<u>3,853,898</u>
Total assets at fair value	<u>\$ 14,056,866</u>	<u>\$ 2,374,754</u>	<u>\$ 1,479,144</u>	<u>\$ 17,910,764</u>

Investments are measured at fair value on a recurring basis. As of June 30, 2017, the values are as follows:

2017	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 3,075,117	\$ -	\$ -	\$ 3,075,117
Mutual funds				
Money market	720,990	-	-	720,990
Small cap value	902,262	-	-	902,262
All cap core	4,611,143	-	-	4,611,143
International	2,418,033	-	-	2,418,033
Fixed income	4,462,859	-	-	4,462,859
Senior secured loans	1,228,441	-	-	1,228,441
Limited partnerships	<u>-</u>	<u>2,394,620</u>	<u>1,408,133</u>	<u>3,802,753</u>
Total assets at fair value	<u>\$ 17,418,846</u>	<u>\$ 2,394,620</u>	<u>\$ 1,408,133</u>	<u>\$ 21,221,599</u>

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

The following table sets forth a summary of changes in the fair value of the United Way's Level 3 assets for the year ended June 30, 2018:

	Limited Partnership
Balance, beginning of year	\$ 1,408,133
Purchases	-
Dividend and Interest Income	-
Realized and Unrealized Gains	71,011
Balance, end of year	\$ 1,479,144

NOTE 7 - THRIFT AND DEFERRED COMPENSATION PLANS

403(b) Thrift Plan

The plan covers substantially all union and nonunion employees. Employees are allowed to contribute to the plan up to certain limitations along with a company match based on years of service. The thrift plan matching contributions charged to expense were \$160,975 and \$136,593 in 2018 and 2017, respectively.

A separate United Way contribution is made to a pension plan for members of the union with at least one year of service. In addition, nonunion employees hired after March 31, 2015 also participate in this plan. United Way contributes a percentage of a participant's regular annual salary to this pension plan. Employees direct the contributions to specific funds. Vesting requirements are on a five-year sliding scale. The union and non-union pension plan contributions charged to expense were \$347,986 and \$323,164 in 2018 and 2017, respectively.

Deferred Compensation Plan – 457(b)

During 2016, United Way implemented a 457(b) plan for certain highly compensated senior employees. The plan is funded by employer and employee contributions. Eligible employees may elect to contribute up to the maximum dollar amount under section 457(e)(15) of the Internal Revenue Code. The assets of the plan are the legal assets of United Way until they are distributed to participants, and therefore the plan assets and corresponding liability are reported in the statement of financial position.

Investments are measured at fair value on a recurring basis. As of June 30, 2018, the values are as follows:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 93,529	\$ -	\$ -	\$ 93,529
Guaranteed Interest Rate Contract	-	-	38,455	38,455
	\$ 93,529	\$ -	\$ 38,455	\$ 131,984

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 7 - THRIFT AND DEFERRED COMPENSATION PLANS (continued)

Investments are measured at fair value on a recurring basis. As of June 30, 2017, the values are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 55,236	\$ -	\$ -	\$ 55,236
Guaranteed Interest Rate Contract	-		28,164	28,164
	<u>\$ 55,236</u>	<u>\$ -</u>	<u>\$ 28,164</u>	<u>\$ 83,400</u>

The following table represents a reconciliation for Level 3 investments measured at fair value for the year ended June 30, 2018:

	<u>Level 3</u> <u>Investments</u>
Balance, beginning of year	\$ 28,164
Employee contributions	-
Employer contributions	10,000
Investment returns	291
Balance, end of year	<u>\$ 38,455</u>

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include revenue from upcoming United Way campaigns that is unavailable for distribution until the close of the annual campaign. In addition, temporarily restricted net assets include contributions from donors which have timing restrictions on the use of both the original gift and increases in the fair value of the gift.

Below is a breakdown of temporarily restricted net assets, as shown on the statements of financial position, as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
2017 campaign revenue	\$ -	\$ 751,558
2018 campaign revenue	672,172	10,000
Restricted as to time	271,598	918,101
Donor directed fund	<u>1,212,505</u>	<u>1,060,333</u>
Total	<u>\$2,156,275</u>	<u>\$2,739,992</u>

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 9 - NET PROGRAM INVESTMENTS

United Way's mission is to improve lives by mobilizing community resources. United Way brings together people and resources from all across the community from government, business, faith groups, not-for-profits and individuals, to accomplish more than any one organization or person can alone. Undesignated pledges received were distributed to member and nonmember agencies across the following programs for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
United Way investment strategies:		
Income	\$ 4,232,170	\$ 4,330,016
Health	12,427,220	12,638,511
Education	8,680,251	9,296,036
Sub-recipients	603,442	562,985
Gifts-in-Kind	<u>242,823</u>	<u>295,714</u>
Net program investments	<u>\$ 26,185,906</u>	<u>\$ 27,123,262</u>

NOTE 10 - CONCENTRATIONS

The United Way maintains cash at an area financial institution, which, at times, may exceed FDIC limits. The United Way has not experienced any losses with these accounts. Management believes the United Way is not exposed to any significant risk on cash.

NOTE 11 - RELATED PARTIES

Certain members of the United Way's Board of Directors serve on Boards of Directors of various member agencies or service companies with which the United Way does business. United Way has a conflict of interest policy. In accordance with the policy, United Way's Board of Directors certify annually in a written disclosure all known potential conflicts of interest.

NOTE 12 - ENDOWMENTS

United Way's endowments consist of various funds established to benefit United Way for a variety of purposes. United Way's endowments include both donor-restricted endowments and funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

United Way believes the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, is the relevant state law governing their endowment funds. United Way has interpreted UPMIFA as allowing the appropriation for expenditure for the purposes for which an endowment is established as the net appreciation, realized and unrealized, in the fair value of an endowment fund over the historic dollar value of the fund as is prudent under ordinary business care considering the facts and circumstances prevailing at the time the action is taken.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 12 - ENDOWMENTS (continued)

United Way has adopted investment and spending policies for certain endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the fair value of the endowment assets. Under United Way's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and United Way's objectives.

To achieve its investment goals, United Way targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. United Way's asset allocations include a blend of equity and debt securities and cash equivalents.

Interest, dividends and net appreciation in fair value of endowment funds on donor-restricted endowment funds are classified as temporarily restricted net assets if the earnings are restricted by the donor for a specific purpose or as board-designated unrestricted net assets if the earnings are not donor restricted.

Donor-Restricted Endowment

United Way has received several gifts in which the donors have stipulated that the gift amount be invested and maintained permanently to generate annual income for fulfilling the United Way mission, to servicing neglected children, or to help finance projects which identify community problems. The donor-restricted endowment investments are maintained by United Way in a trust account with the board-designated endowment investments. United Way is responsible for investment decisions. For endowment funds with no spending instructions, United Way determines the income available for distribution using the total return method. Distributions are made annually equal to 4% of the average market value of the related endowment investments over a three-year period.

Board-Designated Endowment

The Board of Directors has set aside certain memorials and bequests for endowment purposes. As these amounts are not restricted by the donor, but are segregated only by Board policy, the amounts have been classified as unrestricted net assets. The Board's intent is that the amount of unrestricted net assets that are classified as an endowment will always be equal to the market value of the funds invested in the endowment investment trust. The Board may designate additional amounts from time to time to be added to the endowment trust. The annual distribution policy the Board has set will allow distributions made available to operations equal to 4% of the average market value of the board-designated endowment investments over a three-year period.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 12 - ENDOWMENTS (continued)

Endowment net assets consisted of the following at June 30, 2018 and 2017:

	2018			2017		
	Board Designated	Donor Designated	Total	Board Designated	Donor Designated	Total
Unrestricted	\$2,166,650	\$ 736,403	\$2,903,053	\$ 1,629,053	\$ 669,969	\$2,299,022
Temporarily restricted	-	846,128	846,128	-	1,463,743	1,463,743
Permanently restricted	-	1,223,757	1,223,757	-	1,219,507	1,219,507
Total	<u>\$2,166,650</u>	<u>\$2,806,288</u>	<u>\$4,972,938</u>	<u>\$ 1,629,053</u>	<u>\$3,353,219</u>	<u>\$4,982,272</u>

Changes in endowment net assets were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at June 30, 2016	\$ 1,922,393	\$ 1,176,371	\$ 1,197,282	\$4,296,046
Activity in fiscal year June 30, 2017				
Addition to endowments	67,760	547,266	22,225	637,251
Investment return:				
Interest and dividends	56,802	11,007	-	67,809
Net appreciation	319,474	83,852	-	403,326
Endowment expenditures/distributions	(67,407)	(354,753)	-	(422,160)
Endowment net assets at June 30, 2017	2,299,022	1,463,743	1,219,507	4,982,272
Activity in fiscal year June 30, 2018				
Addition to endowments	422,983	656,300	4,250	1,083,533
Investment return:				
Interest and dividends	61,734	9,668	-	71,402
Net appreciation	187,207	51,395	-	238,602
Endowment expenditures/distributions	(67,893)	(1,334,978)	-	(1,402,871)
Endowment net assets at June 30, 2018	<u>\$ 2,903,053</u>	<u>\$ 846,128</u>	<u>\$ 1,223,757</u>	<u>\$4,972,938</u>

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 13 – GRANTS AND PROGRAMS

Teen Pregnancy Prevention Program

Boys and Girls Clubs of Greater Milwaukee and United Way have partnered to have a significant impact on reducing rates of teen pregnancy and existing disparities in six targeted zip codes that have a birth rate of 65 births per 1,000, or higher, for 15-19 year olds. Our partnership will reach an estimated 13,000 youth ages 11-19 using evidence-based sexual health curricula. Additional youth will be reached through public awareness, youth gatherings, resource fairs and social media.

This program is funded by a grant from the Boys and Girls Clubs of Greater Milwaukee. During fiscal 2018 and 2017 United Way expended \$403,989 and \$590,291, respectively, on the program, of which \$365,908 and \$380,742, respectively, was expended by United Way's sub-recipients under the grant.

Milwaukee Community Schools Partnership

The Milwaukee Community Schools Partnership (MCSP) is a collective strategy to transform schools into a place where students, families, staff, and the surrounding community can work together to ensure every student is successful.

Community Schools is a proven model to increase a school's capacity to better engage and align partnerships centered on the self-identified, real-time priorities of schools and communities. Our strategy places the focus on the whole child by providing academic supports, social & emotional learning, health & wellness, family & community engagement, and a safe and supportive climate.

This program is funded by a grant from the Milwaukee Public Schools, contributions from local area businesses and by an allocation from United Way. During fiscal 2018 and 2017 United Way expended \$605,239 and \$488,163, respectively, on the program, of which \$213,817 and \$141,136, respectively, was expended by United Way's sub-recipients under the program.

Lifecourse Initiative for Healthy Families

The Milwaukee Lifecourse Initiative for Healthy Families (LIHF) is a local collaborative focused on improving birth outcomes among African-American families in Milwaukee. United Way has convened leaders from the affected communities, business, nonprofit, faith community, and public sectors to address the issue. Milwaukee LIHF's primary focus is to prevent the leading cause of infant deaths: Complications of prematurity.

This program is funded by a grant from the Wisconsin Partnership Program of the University of Wisconsin. During fiscal 2018 and 2017 United Way expended \$288,910 and \$206,791, respectively, on the program.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 14 – DONOR DESIGNATIONS PAYABLE

During fiscal year 2017, a donor made a contribution of approximately \$3 million towards the fall 2017 campaign. In accordance with the donor stipulations the respective donor designation payments occurred in fiscal 2018. The funds were invested in a Certificate of Deposit (CD) until the designations were ready to be paid and included in the “Investments” line on the Statement of Financial Position as of June 30, 2017, also see Note 2. A corresponding liability was created and included in “Donor designations payable” on the Statement of Financial Position.

NOTE 15 - SUBSEQUENT EVENTS

Management evaluated subsequent events through October 22, 2018 the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2018, but prior to October 22, 2018 that provide additional evidence about conditions that existed at June 30, 2018, have been recognized in the financial statements for the year ended June 30, 2018. Events or transactions that provided evidence about conditions that did not exist at June 30, 2018, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2018.

This information is an integral part of the accompanying financial statements.