UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.

Milwaukee, Wisconsin

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2017 and 2016, 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.

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, 2017 and 2016, 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 operating expense ratio calculation 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 22, 2017

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,653,373	$ 5,354,691
Investments	16,503,246	11,960,274
Pledges receivable - net	15,197,894	16,398,563
Prepaid expenses and other	656,626	526,958
Total current assets	35,011,139	34,240,486
Pledges receivable, less current portion	379,573	519,201
Investments - Endowment fund	4,718,353	4,103,954
Investments - Other	400,000	-
457(b) plan participant assets	83,400	33,913
Beneficial Interest in Endowment held by others	204,518	193,240
Land, building, and equipment - net	1,061,744	1,240,244
Total assets	$ 41,858,727	$ 40,331,038
LIABILITIES AND NET ASSETS		
Current liabilities:		
Donor designations payable	$ 7,268,641	$ 4,251,215
Amounts payable under fiscal agent responsibilities	2,488,121	4,434,207
Other amounts payable	615,936	420,335
Accrued expenses and other current liabilities	235,371	469,075
457(b) plan participant liability	83,400	33,913
Total current liabilities	10,691,469	9,608,745
Net assets:		
Unrestricted:		
Undesignated	(583,952)	(1,729,113)
Investment in land, building, and equipment	1,061,744	1,240,244
Accumulated net growth in permanently restricted net assets	669,969	533,468
Board designated for allocations to agencies and partners	24,038,901	24,787,620
Board designated endowment fund	1,629,053	1,388,925
Waukesha Community Impact fund	1,205	41,206
Board designated for capital improvements	390,839	257,503
Total unrestricted	27,207,759	26,519,853
Temporarily restricted	2,739,992	3,005,158
Permanently restricted net assets	1,219,507	1,197,282
Total net assets	31,167,258	30,722,293
Total liabilities and net assets	$ 41,858,727	$ 40,331,038

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

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Campaign revenue:								
Gross campaign results	$ 54,518,801	$ 5,686,535	$ -	$ 60,205,336	$ 56,744,796	$ 2,151,879	$ -	$ 58,896,675
Less: Donor designated funds	(22,369,155)	(3,750,385)	-	(26,119,540)	(22,390,593)	(758,684)	-	(23,149,277)
Net campaign results	32,149,646	1,936,150	-	34,085,796	34,354,203	1,393,195	-	35,747,398
Less: Provision for uncollectible pledges	(1,031,378)	-	-	(1,031,378)	(972,283)	(60,160)	-	(1,032,443)
Net campaign revenue	31,118,268	1,936,150	-	33,054,418	33,381,920	1,333,035	-	34,714,955
Contributions received in prior period now released from restriction	1,446,559	(1,446,559)	-	-	1,262,238	(1,262,238)	-	-
Service fees - Campaign	529,627	-	-	529,627	515,241	-	-	515,241
Memorials and bequests	67,760	47,266	22,225	137,251	85,239	26,000	-	111,239
Sponsorship of United Way events and activities	723,006	-	-	723,006	747,255	-	-	747,255
Total campaign revenue	33,885,220	536,857	22,225	34,444,302	35,991,893	96,797	-	36,088,690
Non-campaign revenue:								
Dividends and interest income	252,658	11,007	-	263,665	192,369	14,736	-	207,105
Net realized and unrealized gains (losses) on investments	1,578,641	83,852	-	1,662,493	(158,681)	(15,493)	-	(174,174)
Transfer to unrestricted for disbursement of temporarily restricted funds	8,864	(8,864)	-	-	8,400	(8,400)	-	-
Transfer to restricted funds of unrestricted funds	-	-		-	(103,400)	103,400		-
Rental income	133,336	-	-	133,336	73,865	-	-	73,865
Grants	1,162,477	-	-	1,162,477	469,027	-	-	469,027
Other income	4,978	-	-	4,978	4,858	-	-	4,858
Release from restrictions	888,018	(888,018)	-	-	496,650	(496,650)	-	-
Total non-campaign revenue	4,028,972	(802,023)	-	3,226,949	983,088	(402,407)	-	580,681
Total public support and revenue	37,914,192	(265,166)	22,225	37,671,251	36,974,981	(305,610)	-	36,669,371
EXPENSES								
Program services:								
Gross program investments	49,492,417	3,750,385	-	53,242,802	51,320,917	758,684	-	52,079,601
Less: Donor designated funds	(22,369,155)	(3,750,385)	-	(26,119,540)	(22,390,593)	(758,684)	-	(23,149,277)
Net program investments	27,123,262	-	-	27,123,262	28,930,324	-	-	28,930,324
Community impact	1,982,122	-	-	1,982,122	2,108,247	-	-	2,108,247
Volunteer Engagement	682,203	-	-	682,203	622,185	-	-	622,185
Grants	857,655	-	-	857,655	550,110	-	-	550,110
Total program services	30,645,242	-	-	30,645,242	32,210,866	-	-	32,210,866
Supporting services:								
Fund raising	4,936,907	-	-	4,936,907	5,472,570	-	-	5,472,570
Management and general	1,644,137	-	-	1,644,137	1,819,798	-	-	1,819,798
Total supporting services	6,581,044	-	-	6,581,044	7,292,368	-	-	7,292,368
Total expenses	37,226,286	-	-	37,226,286	39,503,234	-	-	39,503,234
Change in net assets	687,906	(265,166)	22,225	444,965	(2,528,253)	(305,610)	-	(2,833,863)
Net assets at beginning of year	26,519,853	3,005,158	1,197,282	30,722,293	29,048,106	3,310,768	1,197,282	33,556,156
Net assets at end 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

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

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets:	$ 444,965	$ (2,833,863)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	208,611	223,441
Net (gain) loss on investment securities	(1,662,493)	174,174
Provision for uncollectible pledges	(114,101)	(31,241)
Changes in operating assets and liabilities:		
Net pledges receivable	1,454,398	1,419,969
Prepaid expenses and other assets	(129,668)	(230,473)
Donor designations payable	3,017,426	401,517
Amounts payable under fiscal agent responsibilities	(1,946,086)	674,641
Other amounts payable	195,601	167,828
Accrued expenses and other liabilities	(184,217)	362,092
Net cash provided by operating activities	1,284,436	328,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of dividends from investment securities	(263,665)	(207,105)
Purchase of investment securities	(4,323,517)	-
Redemption of investment securities	631,539	282,045
Purchases of equipment	(30,111)	(121,669)
Net cash provided by investing activities	(3,985,754)	(46,729)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,701,318)	281,356
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,354,691	5,073,335
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,653,373	$ 5,354,691
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest during the year	$ 640	$ -

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

UNITED WAY OF GREATER MILWAUKEE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2017 and 2016

2017

	Program Services				Support Services		
	Community Impact	Volunteer Engagement	Grants	Total	Fund Raising	Management and General	Total
Gross program investments	$ 52,679,817	$ -	$ 562,985	$ 53,242,802	$ -	$ -	$ 53,242,802
Less: Donor designated funds	(26,119,540)	-	-	(26,119,540)	-	-	(26,119,540)
Net program investments	26,560,277	-	562,985	27,123,262	-	-	27,123,262
Salaries	1,225,871	355,879	443,357	2,025,107	2,480,871	1,047,874	5,553,852
Employee health and retirement benefits	180,044	55,102	134,708	369,854	411,954	182,799	964,607
Payroll taxes	89,698	26,145	32,513	148,356	179,206	67,968	395,530
Total personnel expenses	1,495,613	437,126	610,578	2,543,317	3,072,031	1,298,641	6,913,989
Professional fees and outside services	96,098	18,696	61,169	175,963	205,602	59,662	441,227
In-Kind Gifts-Advertising	-	-	-	-	517,057	-	517,057
Supplies	9,162	1,312	707	11,181	17,211	20,644	49,036
Telephone	9,076	4,243	1,364	14,683	21,586	6,540	42,809
Postage and shipping	1,154	1,200	14	2,368	14,553	14,920	31,841
Occupancy	67,868	11,086	-	78,954	94,816	39,280	213,050
Equipment/software Maintenance & Purchases	51,011	25,114	1,460	77,585	66,688	21,506	165,779
Printing, publications and media	31,143	90,183	150,415	271,741	312,423	7,185	591,349
Travel	7,151	7,453	2,293	16,897	26,662	1,446	45,005
Campaign/program events, meetings, and training	31,061	23,436	29,655	84,152	117,600	18,010	219,762
Membership dues	3,481	643	-	4,124	4,683	7,574	16,381
United eWay expenses	-	-	-	-	72,757	-	72,757
United Way of America dues	117,615	40,480	-	158,095	257,947	97,559	513,601
United Way of Wisconsin dues	13,770	4,739	-	18,509	30,199	11,422	60,130
Depreciation expense	47,772	16,442	-	64,214	104,771	39,626	208,611
Interest expense	147	50	-	197	321	122	640
Total non-personnel expenses	486,509	245,077	247,077	978,663	1,864,876	345,496	3,189,035
Total personnel and non-personnel expenses	1,982,122	682,203	857,655	3,521,980	4,936,907	1,644,137	10,103,024
Total functional expenses	$ 28,542,399	$ 682,203	$ 1,420,640	$ 30,645,242	$ 4,936,907	$ 1,644,137	$ 37,226,286

2016

	Program Services				Support Services		
	Community Impact	Volunteer Engagement	Grants	Total	Fund Raising	Management and General	Total
Gross program investments	$ 52,016,356	$ -	$ 63,245	$ 52,079,601	$ -	$ -	$ 52,079,601
Less: Donor designated funds	(23,149,277)	-	-	(23,149,277)	-	-	(23,149,277)
Net program investments	28,867,079	-	63,245	28,930,324	-	-	28,930,324
Salaries	1,198,919	343,900	346,944	1,889,763	2,384,804	1,007,538	5,282,105
Employee health and retirement benefits	350,298	97,878	85,839	534,015	757,045	388,095	1,679,155
Payroll taxes	85,659	25,708	24,426	135,793	173,976	67,454	377,223
Total personnel expenses	1,634,876	467,486	457,209	2,559,571	3,315,825	1,463,087	7,338,483
Professional fees and outside services	72,240	14,958	62,872	150,070	198,474	73,077	421,621
In-Kind Gifts-Advertising	-	-	-	-	667,830	-	667,830
Supplies	8,517	1,741	1,189	11,447	13,956	16,866	42,269
Telephone	10,589	3,416	1,771	15,776	21,586	7,399	44,761
Postage and shipping	1,461	357	12	1,830	16,534	14,616	32,980
Occupancy	58,557	9,673	-	68,230	83,932	32,966	185,128
Equipment/software Maintenance & Purchases	47,798	29,150	3,545	80,493	75,785	17,450	173,728
Printing, publications and media	41,372	18,020	725	60,117	423,347	10,539	494,003
Travel	7,345	6,532	2,291	16,168	27,266	1,875	45,309
Campaign/program events, meetings, and training	43,122	16,392	20,496	80,010	145,839	20,809	246,658
Membership dues	3,608	1,703	-	5,311	5,669	6,811	17,791
United eWay expenses	-	-	-	-	75,531	-	75,531
United Way of America dues	114,349	33,747	-	148,096	256,507	98,704	503,307
United Way of Wisconsin dues	13,648	4,028	-	17,676	30,614	11,780	60,070
Depreciation expense	50,765	14,982	-	65,747	113,875	43,819	223,441
Interest expense	-	-	-	-	-	-	-
Total non-personnel expenses	473,371	154,699	92,901	720,971	2,156,745	356,711	3,234,427
Total personnel and non-personnel expenses	2,108,247	622,185	550,110	3,280,542	5,472,570	1,819,798	10,572,910
Total functional expenses	$ 30,975,326	$ 622,185	$ 613,355	$ 32,210,866	$ 5,472,570	$ 1,819,798	$ 39,503,234

The accompanying notes are an integral part of these statements.

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 2016 campaign will fund allocations to strategic initiatives and programs operated by member agencies for the fiscal year beginning July 1, 2017. The amount allocated to each member agency is determined 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, 2017. 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, 2017. For example, distribution of designated pledges for the autumn 2016 campaign actually begins during the fourth quarter of 2016 and continues into the 2017 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.

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.

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 was no impairment change for fiscal 2017 as it is not practicable to estimate the fair value of the investments since operations of the LLC are yet to commence.

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 instructions 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.

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, 2017 and 2016 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 with cost greater than $5,000, 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 exceeds 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor Designations Payable

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

Amounts Payable Under Fiscal Agent Responsibilities

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

In the first category, United Way handles only the distribution process as it receives amounts from three 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. In two cases, the corporate donor withholds the amounts from its employees and remits the funds to United Way. In the other instance, the corporate donor remits the aggregate pledge amount of its employees.

In the second 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2017 and 2016 were $295,714 and $529,399, respectively. The value of advertising has been reflected as fundraising services in the statements of activities. The total amounts recorded in 2017 and 2016 were $517,057 and $667,830, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2017 and 2016.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the current year's format. Such reclassifications had no effect on previously reported change in net assets or net asset amounts.

NOTE 2 - INVESTMENTS

Investments, stated at fair value, at June 30, 2017 and 2016, are summarized as follows:

	2017		2016	
	Fair Value	**Percent of Total**	**Fair Value**	**Percent of Total**
Operating:				
Certificates of Deposit	$ 3,075,117	18.6%	$ -	0.0%
Equity securities	7,489,328	45.4%	6,650,065	55.6%
Fixed income	4,530,668	27.5%	4,160,209	34.8%
Core real estate	1,408,133	8.5%	1,150,000	9.6%
Total	$ 16,503,246	100.0%	$ 11,960,274	100.0%
Endowment:				
Equity securities	$ 3,557,720	75.4%	$ 2,938,061	71.6%
Fixed income	1,160,633	24.6%	1,165,893	28.4%
Total	$ 4,718,353	100.0%	$ 4,103,954	100.0%
Total investments:				
Certificates of Deposit	$ 3,075,117	14.5%	$ -	0.0%
Equity securities	11,047,048	52.1%	9,588,126	59.7%
Fixed income	5,691,301	26.8%	5,326,102	33.2%
Core real estate	1,408,133	6.6%	1,150,000	7.2%
Total	$ 21,221,599	100.0%	$ 16,064,228	100.0%

The components of United Way's investment income for the fiscal years ended June 30, 2017 and 2016 are as follows:

	2017		2016	
	Dividend and Interest Income	**Realized and Unrealized Gains**	**Dividend and Interest Income**	**Realized and Unrealized (Losses)**
Operating	$ 208,009	$ 1,262,331	$ 141,905	$ (104,162)
Endowment	65,274	380,978	65,200	(70,012)
Total	$ 273,283	$ 1,643,309	$ 207,105	$ (174,174)

NOTE 2 - INVESTMENTS (continued)

During the years ended June 30, 2017 and 2016, investment fees totaling $29,573 and $53,122, 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, 2017 and 2016:

	2017	2016
Less than one-year	$ 16,939,964	$ 18,254,734
One to five years	410,000	570,000
Gross pledges receivable	17,349,964	18,824,734
Less:		
Unamortized discount	30,427	50,799
Allowance for uncollectible amounts	1,742,070	1,856,171
Pledges receivable - net	15,577,467	16,917,764
Less - Current portion	15,197,894	16,398,563
Pledges receivable, less current portion	$ 379,573	$ 519,201

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these long-term pledges are computed using rates between 2.13% and 6.00%.

NOTE 4 - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consisted of the following as of June 30, 2017 and 2016:

	2017	2016
Land	$ 100,235	$ 100,235
Building and improvements	3,135,204	3,135,204
Furniture, fixtures and equipment	981,581	1,010,347
Other capital assets	45,906	45,906
Construction in progress	20,105	-
	4,283,031	4,291,692
Less: accumulated depreciation	(3,221,287)	(3,051,448)
Total	$ 1,061,744	$ 1,240,244

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 2018. Interest is accrued on the unpaid principal balance at LIBOR plus 175 basis points (2.97% and 2.22% at June 30, 2017 and 2016, respectively). As of June 30, 2017 and 2016, 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.

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, 2017 and 2016 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 or unfunded commitments. Redemption frequency and redemption notice periods for the three funds are 1) daily with a 30 calendar day notice, 2) monthly with a 5 calendar day notice, and 3) quarterly with a 30 calendar day notice. 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 and 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.

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2017 is as follows:

2017	Level 1	Level 2	Level 3	Total
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 partnership	-	2,394,620	1,408,133	3,802,753
Total assets at fair value	$ 14,343,729	$ 5,469,737	$ 1,408,133	$ 21,221,599

Information regarding assets measured at fair value on a recurring basis as of June 30, 2016 is as follows:

2016	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ -	$ -	$ -
Mutual funds				
Money market	247,032	-	-	247,032
Small cap value	794,386	-	-	794,386
All cap core	4,771,353	-	-	4,771,353
International	1,585,164	-	-	1,585,164
Fixed income	4,205,333	-	-	4,205,333
Senior secured loans	1,120,769	-	-	1,120,769
Limited partnership	-	2,190,191	1,150,000	3,340,191
Total assets at fair value	$ 12,724,037	$ 2,190,191	$ 1,150,000	$ 16,064,228

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, 2017:

	Limited Partnership
Balance, beginning of year	$ 1,150,000
Purchases	-
Dividend and Interest Income	-
Realized and Unrealized Gains	258,133
Balance, end of year	$ 1,408,133

NOTE 7 - PENSION AND THRIFT 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 $136,593 and $135,816 in 2017 and 2016, 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 $323,164 and $268,386 in 2017 and 2016, respectively.

Defined Benefit Pension Plan

United Way has a noncontributory defined benefit pension plan covering all employees who are not members of the collective bargaining unit. During the past 15 years, the plan has been amended on two occasions, the end result of which was to modify the plan from a traditional defined benefit pension plan, on which benefits are based on average earnings and years of service, to a noncontributory cash balance pension plan.

Effective March 31, 2015 the plan was frozen relative to adding new participants. As of June 30, 2016 the plan was also frozen with respect to benefit accruals for all active participants of the plan. As of June 30, 2017 the plan was terminated in accordance with regulations promulgated by the Pension Benefit Guarantee Corporation (PBGC), the Internal Revenue Code (IRC) and the Employee Retirement Income Security Act of 1974 (ERISA). Effective July 1, 2016 the non-union participants of this defined benefit pension plan began to receive a separate United Way contribution made to the 403(b) Thrift Plan.

NOTE 7 - PENSION AND THRIFT PLANS (continued)

The following information regarding the plan's assets and benefit obligations account for United Way's intention to terminate the plan. This affects the actuarial assumptions for the discount rate and rate of compensation increase.

Net annual periodic pension cost of the defined benefit pension plan is presented in the following table:

	2017	2016
Service cost	$ -	$ 150,744
Interest cost	42,332	96,180
Expected return on assets	(18,266)	(149,342)
Amortization of prior service cost	(101,952)	(3,398)
Amortization of Net loss	670,155	1,493
Settlement	(171,934)	-
	$ 420,335	$ 95,677

Changes in the benefit obligations and Plan assets are presented in the following table:

	2017	2016
Plan assets at fair value:		
Beginning balance	$ 2,282,140	$ 2,344,187
Actual return on assets	16,634	(19,152)
Employer contributions	38,500	250,000
Benefits paid	(2,336,119)	(292,316)
Administrative expenses	(1,155)	(579)
Ending balance	-	2,282,140
Projected benefit obligation:		
Beginning balance	2,589,941	2,267,288
Service cost	-	150,744
Interest cost	42,332	96,180
Actuarial Loss/(Gain)	(3,052)	368,045
Benefits paid	(63,538)	(292,316)
Settlement	(2,565,683)	-
Ending balance	-	2,589,941
Funded status - Plan assets in excess (deficit) of projected benefit obligation	$ -	$ (307,801)

NOTE 7 - PENSION AND THRIFT PLANS (continued)

The United Way did not recognize an asset or liability in the statements of financial position as of June 30, 2017 and recognized a liability of $307,801 to the funded status of the plan as of June 30, 2016.

The plan projected benefit obligation was $0 and $2,589,941 at June 30, 2017 and 2016, respectively.

Weighted average assumptions used as of June 30, 2017 and 2016, the measurement dates, in developing the projected benefit obligation are as follows:

	2017	2016
Discount rate	N/A	2.01%
Expected long term return on plan assets	N/A	6.50%
Rate of compensation increase	N/A	N/A

To develop the expected long-term rate of return on asset assumptions, United Way considered the historical returns, future expectations for returns in each asset class, targeted asset allocation percentages within the pension portfolio and the termination of the plan. This resulted in the selection of 6.5% for the long-term rate of return on asset assumption as of June 30, 2016.

The following table summarizes the composition of pension plan assets at June 30:

	2017		2016	
	Level 1 Amount	Percent of Total	Level 1 Amount	Percent of Total
Asset category:				
Short-term investments	$ -	0.0%	$ 2,282,140	100.0%

Defined Benefit Pension investments were managed by Mutual of America in accordance with the Pension Plan Document and the State of Investment Objectives and Policy Guidelines as established and maintained by the Investment Committee (the Committee) of the Board of Directors. The investment policy guidelines establish asset allocation, quality targets, and performance expectations, as well as regular reporting requirements. The Committee had established a target asset allocation of 30% equity securities and 70% debt fixed income securities, diversifying each class with multiple managers and differing styles of management. However, based on the decision to terminate, the plan was 100% invested in cash and cash equivalents at June 30, 2016.

NOTE 7 - PENSION AND THRIFT PLANS (continued)

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.

Information regarding assets measured at fair value on a recurring basis as of June 30, 2017 is as follows:

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

Information regarding assets measured at fair value on a recurring basis as of June 30, 2016 is as follows:

	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 23,914	$ -	$ -	$ 23,914
Guaranteed Interest Rate Contract	-		9,999	9,999
	$ 23,914	$ -	$ 9,999	$ 33,913

The following table represents a reconciliation for Level 3 investments measured at fair value for the year ended June 30, 2017:

	Level 3 Investments
Balance, beginning of year	$ 9,999
Employee contributions	8,000
Employer contributions	10,000
Investment returns	165
Balance, end of year	$ 28,164

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, 2017 and 2016:

	2017	2016
2016 campaign revenue	$ -	$ 909,188
2017 campaign revenue	751,558	73,824
2018 campaign revenue	10,000	10,000
Restricted as to time	918,101	714,585
Donor directed fund	1,060,333	1,297,561
Total	$ 2,739,992	$ 3,005,158

NOTE 9 - NET PROGRAM INVESTMENTS

United Way's mission is to improve lives by mobilizing community recourses. 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, 2017 and 2016:

	2017	2016
United Way investment strategies:		
Income	$ 4,330,016	$ 4,466,649
Health	12,638,511	14,560,886
Education	9,296,036	9,373,938
Sub-recipients	562,985	63,245
Gift-in-Kind	295,714	465,606
Net program investments	$ 27,123,262	$ 28,930,324

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.

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 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.

NOTE 12 - ENDOWMENTS (continued)

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.

Endowment net assets consisted of the following at June 30, 2017 and 2016:

	2017			2016		
	Board Designated	Donor Designated	Total	Board Designated	Donor Designated	Total
Unrestricted	$ 1,629,053	$ 669,969	$ 2,299,022	$ 1,388,925	$ 533,468	$ 1,922,393
Temporarily restricted	-	1,463,743	1,463,743	-	1,176,371	1,176,371
Permanently restricted	-	1,219,507	1,219,507	-	1,197,282	1,197,282
Total	$ 1,629,053	$ 3,353,219	$ 4,982,272	$ 1,388,925	$ 2,907,121	$ 4,296,046

NOTE 12 - ENDOWMENTS (continued)

Changes in endowment net assets were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at June 30, 2015	$ 1,928,224	$ 1,471,219	$ 1,197,282	$4,596,725
Activity in fiscal year June 30, 2016				
Addition to endowments	85,239	26,000	-	111,239
Investment return:				
Interest and dividends	45,346	14,736	-	60,082
Net appreciation	(51,574)	(15,493)	-	(67,067)
Endowment expenditures/distributions	(84,842)	(320,091)	-	(404,933)
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 (depreciation) / 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

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 2017 United Way expended $590,291 on the program, of which $380,742 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.

NOTE 13 – GRANTS AND PROGRAMS (continued)

This program is funded by a grant from the Milwaukee Pubic Schools, contributions from local area businesses and by an allocation from United Way. During fiscal 2017 United Way expended $488,163 on the program, of which $141,136 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 2017 United Way expended $206,791 on the program.

NOTE 14 - SUBSEQUENT EVENTS

Management evaluated subsequent events through December 22, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to December 22, 2017, that provide additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017 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, 2017.

SUPPLEMENTARY INFORMATION

UNITED WAY OF GREATER MILWAUKEE & WAUKESHA COUNTY, INC.
OPERATING EXPENSE RATIO CALCULATION
Years Ended June 30, 2017 and 2016

	2017	2016
REVENUE		
Total revenue as reported on Statement of Activities	$37,671,251	$36,669,371
Adjustments to total revenue:		
Add: Donor designated funds	26,119,540	23,149,277
Less: Recoveries of uncollectible pledges from prior campaigns	(614,798)	(510,437)
Plus: Unrealized loss on investments	(1,439,975)	349,953
Less: Advertising gifts in-kind	(517,057)	(667,830)
Less: Miscellaneous gifts in-kind	-	-
Add: Investment trustee fees	29,573	53,122
Adjusted total revenue as reported on Part I, line 12 of IRS Form 990 (See Note A)	$61,248,534	$59,043,456
EXPENSES		
Management and general	$ 1,644,137	$ 1,819,798
Fundraising	4,936,907	5,472,570
Adjustments to total expenses		
Less: Advertising gifts in-kind	(517,057)	(667,830)
Less: Miscellaneous gifts in-kind	-	-
Add: Investment trustee fees	29,573	53,122
Total expenses as reported on Part IX, line 25, columns C & D of IRS Form 990	$ 6,093,560	$ 6,677,660
OPERATING EXPENSE RATIO (See Note A)	**9.9%**	**11.3%**

Note A

The operating expense ratio reflected above has been calculated in conformity to standards adopted by the United Way Worldwide. United Way of Greater Milwaukee & Waukesha County, Inc. receives sponsorship revenue to subsidize expenses associated with such activities as the campaign kickoff event, victory celebration, and week of caring initiative. In addition, a portion of the accumulated growth in endowments underwrites certain expenses, such as direct mail costs. If these revenue and expense components are netted against one another, the operating expense ratio for the fiscal years ended June 30, 2017 and 2016 would have been 8.8% and 10.1%, respectively.