

GIVE. ADVOCATE. VOLUNTEER.
LIVE UNITED 

UNITED WAY BLACKHAWK REGION, INC.

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

December 31, 2016 and 2015

CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position.....	3
Statement of Activities - Year ended December 31, 2016.....	4
Statement of Activities - Year ended December 31, 2015.....	5
Statement of Functional Expenses - Year ended December 31, 2016.....	6
Statement of Functional Expenses - Year ended December 31, 2015.....	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Schedule of Allocations	19



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of United Way Blackhawk Region, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Blackhawk Region, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:
W229N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs, LLP

Wegner CPAs, LLP
Janesville, Wisconsin
June 19, 2017

UNITED WAY BLACKHAWK REGION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 1,893,107	\$ 1,840,855
Certificates of deposit	22,424	12,418
Unconditional promises to give - net	1,145,904	1,361,181
Prepaid expenses	4,405	9,337
Investments	1,357,770	1,286,840
Beneficial interest in assets held by CFSW	89,790	84,713
Beneficial interest in perpetual trust	557,142	549,683
Property and equipment - net	318,314	340,551
Certificates of deposit - limited use	10,200	8,344
Total assets	\$ 5,399,056	\$ 5,493,922
LIABILITIES		
Accounts payable	\$ 9,128	\$ 6,475
Accrued payroll and related liabilities	9,449	7,652
Due to designated agencies	135,938	119,611
Total liabilities	154,515	133,738
NET ASSETS		
Unrestricted	2,944,406	2,794,339
Temporarily restricted	1,454,506	1,727,675
Permanently restricted	845,629	838,170
Total net assets	5,244,541	5,360,184
Total liabilities and net assets	\$ 5,399,056	\$ 5,493,922

See accompanying notes.

UNITED WAY BLACKHAWK REGION, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OTHER REVENUE				
Gross campaign results for the prior year	\$ 626,990	\$ -	\$ -	\$ 626,990
Less donor designations	(7,312)	-	-	(7,312)
Change in provision for uncollectible	(7,505)	-	-	(7,505)
Net campaign revenue for the prior year	612,173	-	-	612,173
Gross campaign results for the current year	-	1,495,049	-	1,495,049
Less donor designations	-	(135,936)	-	(135,936)
Less provision for uncollectible	-	(74,752)	-	(74,752)
Net campaign revenue for the current year	-	1,284,361	-	1,284,361
Designations from other United Ways	136,939	-	-	136,939
Gifts in-kind	39,130	-	-	39,130
Grants, contracts and other contributions	38,263	-	-	38,263
Processing and designation fees	2,526	-	-	2,526
Investment return	79,869	23,406	7,459	110,734
Miscellaneous income	5,765	-	-	5,765
Rental income	16,965	-	-	16,965
Total support and other revenue	931,630	1,307,767	7,459	2,246,856
PROGRAM ALLOCATIONS AND EXPENSES				
Gross funds awarded/distributed	1,851,866	-	-	1,851,866
Less donor designations	(63,425)	-	-	(63,425)
Net funds awarded/distributed	1,788,441	-	-	1,788,441
Community program services				
Community impact	138,036	-	-	138,036
Supporting activities				
Management and general	185,875	-	-	185,875
Fundraising	250,147	-	-	250,147
Total supporting activities	436,022	-	-	436,022
Total program allocations and expenses	2,362,499	-	-	2,362,499
Net assets released from restrictions	1,580,936	(1,580,936)	-	-
Change in net assets	150,067	(273,169)	7,459	(115,643)
Net assets - beginning of year	2,794,339	1,727,675	838,170	5,360,184
Net assets - end of year	<u>\$2,944,406</u>	<u>\$1,454,506</u>	<u>\$ 845,629</u>	<u>\$5,244,541</u>

See accompanying notes.

UNITED WAY BLACKHAWK REGION, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND OTHER REVENUE				
Gross campaign results for the prior year	\$ 556,058	\$ -	\$ -	\$ 556,058
Less donor designations	(17,898)	-	-	(17,898)
Change in provision for uncollectible	(20,734)	-	-	(20,734)
Net campaign revenue for the prior year	517,426	-	-	517,426
Gross campaign results for the current year	-	1,769,975	-	1,769,975
Less donor designations	-	(99,973)	-	(99,973)
Less provision for uncollectible	-	(89,066)	-	(89,066)
Net campaign revenue for the current year	-	1,580,936	-	1,580,936
Designations from other United Ways	154,778	-	-	154,778
Gifts in-kind	74,908	-	-	74,908
Grants, contracts and other contributions	59,242	-	-	59,242
Processing and designation fees	2,577	-	-	2,577
Investment return	(21,045)	(9,743)	(9,483)	(40,271)
Miscellaneous income	909	-	-	909
Rental income	11,926	-	-	11,926
Total support and other revenue	800,721	1,571,193	(9,483)	2,362,431
PROGRAM ALLOCATIONS AND EXPENSES				
Gross funds awarded/distributed	1,986,000	-	-	1,986,000
Less donor designations	(68,048)	-	-	(68,048)
Net funds awarded/distributed	1,917,952	-	-	1,917,952
Community program services				
Community impact	157,709	-	-	157,709
Supporting activities				
Management and general	204,192	-	-	204,192
Fundraising	212,468	-	-	212,468
Total supporting activities	416,660	-	-	416,660
Total program allocations and expenses	2,492,321	-	-	2,492,321
Net assets released from restrictions	1,740,565	(1,740,565)	-	-
Change in net assets	48,965	(169,372)	(9,483)	(129,890)
Net assets - beginning of year	2,745,374	1,897,047	847,653	5,490,074
Net assets - end of year	<u>\$2,794,339</u>	<u>\$1,727,675</u>	<u>\$ 838,170</u>	<u>\$5,360,184</u>

See accompanying notes.

UNITED WAY BLACKHAWK REGION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	Community Impact	Supporting Activities		Total
		Management and General	Fundraising	
Salaries	\$ 69,739	\$ 90,079	\$ 130,760	\$ 290,578
Employee insurance	2,046	6,195	3,836	12,077
Payroll taxes	5,242	6,771	9,829	21,842
Employee retirement plan	3,732	4,820	6,997	15,549
Professional fees	-	37,927	5,172	43,099
Computer software support	3,400	4,597	6,589	14,586
Office supplies	220	284	414	918
Telephone	1,131	1,461	2,121	4,713
Postage	315	762	1,063	2,140
Occupancy	1,934	2,499	3,628	8,061
Janitorial services	1,385	1,789	2,598	5,772
Office equipment	1,556	1,895	2,814	6,265
Repairs and maintenance	1,778	2,297	3,334	7,409
Printing and publicity	24,569	993	28,104	53,666
Subscriptions	295	-	293	588
Local travel	261	828	1,404	2,493
Local meetings	4,431	1,249	12,398	18,078
Staff and volunteer development	1,182	1,073	992	3,247
Membership dues	7,233	10,422	13,575	31,230
Insurance	1,016	1,311	1,904	4,231
Miscellaneous	-	135	-	135
Functional expenses before depreciation	131,465	177,387	237,825	546,677
Depreciation	6,571	8,488	12,322	27,381
Total functional expenses	138,036	185,875	250,147	574,058
Grants and allocations	1,851,866	-	-	1,851,866
Less donor designations	(63,425)	-	-	(63,425)
Total program allocations and expenses	\$ 1,926,477	\$ 185,875	\$ 250,147	\$ 2,362,499

See accompanying notes.

UNITED WAY BLACKHAWK REGION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2015

	Community Impact	Supporting Activities		Total
		Management and General	Fundraising	
Salaries	\$ 55,014	\$ 98,901	\$ 106,076	259,991
Employee insurance	3,965	17,668	7,645	29,278
Payroll taxes	4,135	7,434	7,974	19,543
Employee retirement plan	3,232	5,810	6,232	15,274
Professional fees	-	20,001	4,365	24,366
Computer software support	2,686	5,205	5,251	13,142
Office supplies	384	1,148	734	2,266
Telephone	815	2,243	1,572	4,630
Postage	442	880	1,325	2,647
Occupancy	1,711	3,076	3,299	8,086
Janitorial services	1,221	2,196	2,355	5,772
Office equipment	1,369	2,461	2,729	6,559
Repairs and maintenance	1,615	2,904	3,115	7,634
Printing and publicity	56,836	6,999	29,441	93,276
Subscriptions	79	142	153	374
Awards and recognition	-	-	28	28
Local travel	672	818	1,406	2,896
Local meetings	10,295	255	4,814	15,364
Staff and volunteer development	1,740	1,303	971	4,014
Membership dues	5,983	11,525	12,351	29,859
Insurance	260	3,701	502	4,463
	36	141	68	245
Functional expenses before depreciation	152,490	194,811	202,406	549,707
Depreciation	5,219	9,381	10,062	24,662
Total functional expenses	157,709	204,192	212,468	574,369
Grants and allocations	1,986,000	-	-	1,986,000
Less donor designations	(68,048)	-	-	(68,048)
Total program allocations and expenses	<u>\$ 2,075,661</u>	<u>\$ 204,192</u>	<u>\$ 212,468</u>	<u>\$ 2,492,321</u>

See accompanying notes.

UNITED WAY BLACKHAWK REGION, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (115,643)	\$ (129,890)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Allowance for uncollectible promises to give	57,154	(88,811)
Realized and unrealized losses (gains)	(55,371)	41,601
Investment return retained in assets held by CFSW	(5,077)	2,025
Investment return retained in perpetual trust	(7,459)	9,483
Depreciation	27,381	24,662
(Increase) decrease in assets		
Unconditional promises to give	158,123	286,847
Prepaid expenses	4,932	(2,274)
Certificates of deposit - limited use	(1,856)	-
Increase (decrease) in liabilities		
Accounts payable	2,653	1,818
Accrued payroll and related liabilities	1,797	(2,346)
Due to designated agencies	16,327	(20,768)
Net cash flows from operating activities	82,961	122,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,144)	(39,497)
Interest and dividends retained in investments	(15,559)	(12,073)
Purchase of certificate of deposit	(10,000)	-
Interest and dividends retained in certificate of deposit	(6)	(6)
Net cash flows from investing activities	(30,709)	(51,576)
Net change in cash	52,252	70,771
Cash - beginning of year	1,840,855	1,770,084
Cash - end of year	\$ 1,893,107	\$ 1,840,855

See accompanying notes.

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

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

Community Impact Strategies

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

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

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

Education – Helping children and youth achieve their potential

Income – Promoting financial stability and independence

Health – Improving people's health

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

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

Promises to Give

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method. The building is depreciated over its estimated useful life of forty years. Equipment is depreciated over their estimated useful lives of five to ten years. Major improvements and renewals over \$2,000 are capitalized while ordinary maintenance and repairs have been expensed.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Expense Allocations

Functional expenses, which are not directly attributable to one function, are allocated between community program services and supporting activities based on the number of employees involved, the amount of time spent and the percentage of their salary associated with that time. Management overhead percentage is computed based on dividing management and general and fundraising expenses divided by total revenue on the IRS Form 990, which does not include gifts in kind or unrealized gains/losses. For 2016 and 2015, the management overhead percentage of revenue is computed to be 20% and 18%.

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

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

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

Beneficial Interest in Assets Held by CFSW

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

Beneficial Interest in Perpetual Trust

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

Income Tax Status

United Way Blackhawk Region is a nonprofit public charity exempt under Internal Revenue Code Section 501(c)(3) and is therefore not subject to federal and state income or franchise taxes.

Date of Management's Review

Management has evaluated subsequent events through June 19, 2017, the date which the financial statements were available to be issued.

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - CERTIFICATES OF DEPOSIT

United Way Blackhawk Region has elected the reimbursement (self-insured) method to finance the cost of unemployment compensation benefits. Accordingly, United Way Blackhawk Region has placed in the custody of the Treasurer, Wisconsin Unemployment Compensation Division, two certificates of deposits in the amount of \$10,200 and \$8,344 at December 31, 2016 and 2015.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Fall 2016 Campaign	\$ 1,011,496	\$ -
Fall 2015 Campaign	323,202	1,258,038
Fall 2014 Campaign	-	238,384
Other	3,601	-
	<u>1,338,299</u>	<u>1,496,422</u>
Unconditional promises to give	1,338,299	1,496,422
Less allowance for uncollectible promises to give	(192,395)	(135,241)
	<u>\$ 1,145,904</u>	<u>\$ 1,361,181</u>
Unconditional promises to give - net	<u>\$ 1,145,904</u>	<u>\$ 1,361,181</u>

NOTE 4 - INVESTMENTS

Investments consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 58,613	\$ 40,982
Mutual funds	1,299,157	1,245,858
	<u>\$ 1,357,770</u>	<u>\$ 1,286,840</u>
Investments	<u>\$ 1,357,770</u>	<u>\$ 1,286,840</u>

Investment return consisted of the following for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 55,689	\$ 25,712
Realized and unrealized gains (losses)	55,371	(41,601)
Investment fees	(12,862)	(12,874)
Agency endowment return	5,077	(2,025)
Perpetual trust return	7,459	(9,483)
	<u>\$ 110,734</u>	<u>\$ (40,271)</u>
Investment return	<u>\$ 110,734</u>	<u>\$ (40,271)</u>

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016 and 2015:

	2016	2015
Land	\$ 71,700	\$ 71,700
Building	687,392	682,248
Computer equipment	38,670	38,670
Furniture, fixtures and other equipment	22,852	22,852
Property and equipment	820,614	815,470
Less accumulated depreciation	(502,300)	(474,919)
Property and equipment - net	\$ 318,314	\$ 340,551

NOTE 6 - RETIREMENT PLAN

United Way Blackhawk Region has a 403(b) Thrift Plan, established January 1, 2009, covering eligible employees. Employees are eligible the first day of the month coinciding with or immediately following date of hire. To receive employer base contributions, an employee must complete at least two years of service or meet certain other requirements. A total of \$15,549 and \$15,274 was contributed to this plan during 2016 and 2015.

NOTE 7 - DESCRIPTION OF LEASING ARRANGEMENTS

In September 1989, the United Way Blackhawk Region began leasing office space in the building on a month to month basis to various nonprofit organizations. As of December 31, 2016 and 2015, the United Way Blackhawk Region held lease agreements with four other nonprofit organizations. Each agreement requires monthly payments. Lease income for the United Way Blackhawk Region was \$16,965 and \$11,926 for 2016 and 2015.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

United Way Blackhawk Region maintains cash balances and certificates of deposit at three financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. United Way Blackhawk Region had uninsured balances of approximately \$1,176,000 and \$1,050,000 at December 31, 2016 and 2015. Management does not believe this exposes the organization to any unusual credit risks.

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 9 - FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,299,157	\$ 1,299,157	\$ -	\$ -
Money market funds	58,613	58,613	-	-
Beneficial interest in assets held by CFSW	89,790	-	-	89,790
Total - 2016	\$ 1,447,560	\$ 1,357,770	\$ -	\$ 89,790
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,245,858	\$ 1,245,858	\$ -	\$ -
Money market funds	40,982	40,982	-	-
Beneficial interest in assets held by CFSW	84,713	-	-	84,713
Total - 2015	\$ 1,371,553	\$ 1,286,840	\$ -	\$ 84,713

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

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 9 - FAIR VALUE MEASUREMENTS (continued)

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

	Beneficial Interest in Assets Held by CFSW	
	2016	2015
Beginning balance	\$ 84,713	\$ 86,738
Change in value of beneficial interest included in change in net assets	5,077	(2,025)
Ending balance	\$ 89,790	\$ 84,713

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

NOTE 10 - UNRESTRICTED NET ASSETS

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

	2016	2015
Designated for endowment	\$ 899,139	\$ 851,615
Designated for reserve fund	83,998	84,000
Designated for future community impact projects	25,000	25,000
Designated for unemployment compensation benefits	10,200	8,344
Designated for roof repair	30,000	15,000
Undesignated	1,896,069	1,810,380
Unrestricted net assets	\$ 2,944,406	\$ 2,794,339

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

A fundraising campaign is conducted in the fall of each year to provide funds for allocations to the member agencies and operations of United Way Blackhawk Region for the following calendar year. Therefore, the cash contributions and pledges of contributions received to December 31, as a result of the campaign in the fall, are temporarily restricted to cover the operations for the following year. Annually, assets are released from donor restrictions by allocations to participating agencies satisfying the restricted purposes specified by donors. If the restriction is accomplished in the same year as the gift is received, it is reported as unrestricted support. The temporarily restricted net assets related to the campaign totaled \$1,284,361 and \$1,580,936 at December 31, 2016 and 2015. In addition, the earnings on the permanently restricted endowment totaling \$170,144 and \$146,738 are also temporarily restricted at December 31, 2016 and 2015.

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following at December 31, 2016 and 2015:

	2016	2015
Beneficial interest in perpetual trust	\$ 557,142	\$ 549,683
Permanently restricted endowment	288,487	288,487
Permanently restricted net assets	\$ 845,629	\$ 838,170

NOTE 13 - ENDOWMENTS

United Way Blackhawk Region's endowment consists of 2 funds and includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The state of Wisconsin enacted UPMIFA effective July 20, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization had determined that its permanently restricted net assets meet the definition of endowment funds under UPMIFA. The Organization has interpreted Wisconsin's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with Wisconsin's enacted version of UPMIFA, the Organization expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

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

Spending Policy

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

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 13 - ENDOWMENTS (continued)

Endowment net asset composition by type of fund was as follows at December 31, 2016 and 2015:

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 170,144	\$ 288,487	\$ 458,631
Board-designated	899,139	-	-	899,139
Total	\$ 899,139	\$ 170,144	\$ 288,487	\$ 1,357,770

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 146,738	\$ 288,487	\$ 435,225
Board-designated	851,615	-	-	851,615
Total	\$ 851,615	\$ 146,738	\$ 288,487	\$ 1,286,840

Changes in endowment net assets for 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2015	\$ 851,615	\$ 146,738	\$ 288,487	\$ 1,286,840
Investment return				
Investment income	19,044	9,377	-	28,421
Net appreciation (realized and unrealized)	37,098	18,273	-	55,371
Appropriation of endowment assets for expenditure (fees)	(8,618)	(4,244)	-	(12,862)
Investment return	47,524	23,406	-	70,930
Endowment net assets December 31, 2016	\$ 899,139	\$ 170,144	\$ 288,487	\$ 1,357,770

UNITED WAY BLACKHAWK REGION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 13 - ENDOWMENTS (continued)

Changes in endowment net assets for 2015 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2014	\$ 871,400	\$ 156,481	\$ 288,487	\$ 1,316,368
Investment return				
Investment income	16,714	8,233	-	24,947
Net depreciation (realized and unrealized)	(27,873)	(13,728)	-	(41,601)
Appropriation of endowment assets for expenditure (fees)	(8,626)	(4,248)	-	(12,874)
Investment return	(19,785)	(9,743)	-	(29,528)
Endowment net assets December 31, 2015	<u>\$ 851,615</u>	<u>\$ 146,738</u>	<u>\$ 288,487</u>	<u>\$ 1,286,840</u>

NOTE 14 – PAYMENTS TO AFFILIATED ORGANIZATIONS

United Way Blackhawk Region serves the citizens of Rock County, Wisconsin and northern Winnebago County, Illinois, and is independently governed by a local board of community leaders and volunteers. United Way Blackhawk Region is dedicated to creating positive change and is a member organization of United Way Worldwide and United Way Wisconsin. United Way Blackhawk Region paid annual membership fees to United Way Worldwide of \$26,162 and \$24,531 in 2016 and 2015. United Way Blackhawk Region paid annual membership fees to United Way Wisconsin of \$3,972 and \$3,745 in 2016 and 2015.

UNITED WAY BLACKHAWK REGION, INC.
SCHEDULE OF ALLOCATIONS
 Year ended December 31, 2016

2016 Investment in Education total: \$633,787

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

UNITED WAY BLACKHAWK REGION, INC.
SCHEDULE OF ALLOCATIONS
Year ended December 31, 2016

2016 Investment in Income total: \$685,291

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

UNITED WAY BLACKHAWK REGION, INC.
SCHEDULE OF ALLOCATIONS
 Year ended December 31, 2016

2016 Investment in Health total: \$491,888

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

UNITED WAY BLACKHAWK REGION, INC.
SCHEDULE OF ALLOCATIONS
Year ended December 31, 2016

YWCA of Rock County

Alternatives to Violence
CARE House

Total allocations (including \$40,900 of additional other allocations)	\$ 1,851,866
Less donor designations	<u>(63,425)</u>
Net funds awarded/ distributed	<u>\$ 1,788,441</u>