

OSHKOSH AREA UNITED WAY, INC.
Oshkosh, Wisconsin

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2015

**OSHKOSH AREA UNITED WAY, INC.
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS TO AGENCIES	19

INDEPENDENT AUDITORS' REPORT

Board of Directors
Oshkosh Area United Way, Inc.
Oshkosh, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Oshkosh Area United Way, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, changes in net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Oshkosh Area United Way, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Oshkosh Area United Way, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations and disbursements to agencies 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

Oshkosh, Wisconsin
March 10, 2016

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	2015	(For Comparative Purposes Only) 2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 303,552	\$ 407,871
Contributions Receivable, Net	587,950	452,558
Grants Receivable	75,000	75,000
Other Assets	19,764	-
Accounts Receivable	3,943	1,199
Total Current Assets	990,209	936,628
INVESTMENTS	1,482,990	1,595,200
EQUIPMENT, NET	6,586	9,516
OTHER ASSETS		
Beneficial Interest in Assets Held by Community Foundation	159,864	165,652
Beneficial Interest in Trust	81,756	89,421
Total Other Assets	241,620	255,073
Total Assets	\$ 2,721,405	\$ 2,796,417
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 110,742	\$ 70,548
Accrued Liabilities	11,493	7,680
Funds Held for Others	15,165	12,015
Contributions Payable to Non-Participating Agencies	11,490	5,144
Contributions Payable to Other United Way Organizations	8,609	5,587
Total Current Liabilities	157,499	100,974
NET ASSETS		
Unrestricted:		
General Operating	107,351	229,419
Board-Designated:		
Equipment	6,586	9,516
Long-Term Endowment	1,080,000	1,080,000
Program Reserves	133,894	119,400
Total Board-Designated Net Assets	1,220,480	1,208,916
Total Unrestricted Net Assets	1,327,831	1,438,335
Temporarily Restricted	1,154,319	1,167,687
Permanently Restricted	81,756	89,421
Total Net Assets	2,563,906	2,695,443
Total Liabilities and Net Assets	\$ 2,721,405	\$ 2,796,417

See accompanying Notes to Financial Statements.

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	2015				(For Comparative Purposes Only) 2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE, SUPPORT, AND OTHER GAINS					
2015/2016 Campaign Revenue, Net	\$ -	\$ 1,031,576	\$ -	\$ 1,031,576	\$ -
2014/2015 Campaign Revenue, Net	238,011	-	-	238,011	971,089
2013/2014 Campaign Revenue, Net	(6,536)	-	-	(6,536)	242,631
2012/2013 Campaign Revenue, Net	-	-	-	-	3,573
Grants	-	-	-	-	157,500
Bequests	4,343	-	-	4,343	4,279
In-Kind Contributions	24,252	-	-	24,252	18,314
Interest and Dividends	37,005	-	-	37,005	35,146
Net Realized and Unrealized Gain (Loss) on Investments	(54,716)	-	-	(54,716)	49,033
Change in Value of Beneficial Interest in Trust	-	-	(7,665)	(7,665)	(3,974)
Change in Value of Beneficial Interest in Assets					
Held by Community Foundation	(5,788)	-	-	(5,788)	857
Imagination Library	10,550	-	-	10,550	7,559
Miscellaneous	7,007	-	-	7,007	1,977
Net Assets Released from Restrictions	1,044,944	(1,044,944)	-	-	-
Total Revenue, Support, and Other Gains	<u>1,299,072</u>	<u>(13,368)</u>	<u>(7,665)</u>	<u>1,278,039</u>	<u>1,487,984</u>
EXPENSES					
Program Expenses:					
Agency Allocations	911,841	-	-	911,841	857,740
Community Impact	254,237	-	-	254,237	177,848
Total Program Expenses	<u>1,166,078</u>	<u>-</u>	<u>-</u>	<u>1,166,078</u>	<u>1,035,588</u>
Management and General	79,108	-	-	79,108	80,777
Fundraising	164,390	-	-	164,390	202,587
Total Expenses	<u>1,409,576</u>	<u>-</u>	<u>-</u>	<u>1,409,576</u>	<u>1,318,952</u>
CHANGE IN NET ASSETS	<u>\$ (110,504)</u>	<u>\$ (13,368)</u>	<u>\$ (7,665)</u>	<u>\$ (131,537)</u>	<u>\$ 169,032</u>

See accompanying Notes to Financial Statements.

**OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015**

	2015							2014	
	Unrestricted				Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	(For Comparative Purposes Only) Total
	General Operating	Equipment	Long-Term Endowment	Program Reserves					
NET ASSETS - BEGINNING OF YEAR	\$ 229,419	\$ 9,516	\$ 1,080,000	\$ 119,400	\$ 1,438,335	\$ 1,167,687	\$ 89,421	\$ 2,695,443	\$ 2,526,411
Change in Net Assets	(55,527)	(2,930)	(21,541)	(30,506)	(110,504)	(13,368)	(7,665)	(131,537)	169,032
Transfers	(66,541)	-	21,541	45,000	-	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 107,351</u>	<u>\$ 6,586</u>	<u>\$ 1,080,000</u>	<u>\$ 133,894</u>	<u>\$ 1,327,831</u>	<u>\$ 1,154,319</u>	<u>\$ 81,756</u>	<u>\$ 2,563,906</u>	<u>\$ 2,695,443</u>

See accompanying Notes to Financial Statements.

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	2015					2014
	Agency Allocations	Community Impact	Management and General	Fundraising	Total	(For Comparative Purposes Only) Total
Annual Allocations to Agencies	\$ 879,187	\$ -	\$ -	\$ -	\$ 879,187	\$ 817,370
Reserve Allocations Disbursed	10,750	-	-	-	10,750	20,600
Salaries	10,123	77,251	31,087	70,684	189,145	172,817
Payroll Tax	1,112	8,309	2,758	7,699	19,878	17,795
Employee Benefits	4,789	36,879	12,318	6,544	60,530	53,562
Advertising	125	956	360	663	2,104	813
Dues - Affiliations	883	6,747	2,544	4,680	14,854	15,619
Postage	385	2,943	1,110	2,042	6,480	4,545
Printing	449	3,432	1,294	2,380	7,555	7,205
Supplies	579	6,008	1,667	3,066	11,320	18,481
Subscriptions	24	186	70	129	409	270
Telephone	313	2,390	901	1,658	5,262	4,183
Investment Management Fees	-	-	16,005	-	16,005	15,389
Professional Fees	1,099	8,396	3,166	5,824	18,485	46,355
Conferences	313	2,394	903	1,661	5,271	2,971
Travel	212	1,620	611	1,124	3,567	3,213
Insurance	128	976	368	677	2,149	1,952
Rent	1,129	8,624	3,251	5,982	18,986	18,053
Consulting - HUB	-	59,768	-	-	59,768	-
Depreciation	174	1,331	502	923	2,930	2,305
Uncollectible Pledges	-	-	-	33,439	33,439	32,228
Raffle Prizes	-	-	-	-	-	19,211
Miscellaneous	67	513	193	356	1,129	431
Kick-off Expenses	-	-	-	2,607	2,607	2,667
Community Development	-	622	-	-	622	911
Imagination Library	-	24,892	-	-	24,892	21,692
In-Kind Expenses	-	-	-	12,252	12,252	18,314
Total	\$ 911,841	\$ 254,237	\$ 79,108	\$ 164,390	\$ 1,409,576	\$ 1,318,952

See accompanying Notes to Financial Statements.

OSHKOSH AREA UNITED WAY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	2015	(For Comparative Purposes Only) 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (131,537)	\$ 169,032
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,930	2,305
Gift-in-Kind Property	(12,000)	-
Change in Beneficial Interest in Assets Held by Community Foundation	5,788	(857)
Change in Value of Beneficial Interest in Trust	7,665	3,974
Net Realized and Unrealized (Gain) Loss on Investments	54,716	(49,033)
Uncollectible Pledges	33,439	32,228
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(168,831)	11,745
Grants Receivable	-	(65,000)
Other Assets	(7,764)	-
Accounts Receivable	(2,744)	(267)
Accounts Payable	40,194	(40,906)
Accrued Liabilities	3,813	4,398
Contributions Payable to Non-Participating Agencies	6,346	(2,691)
Contributions Payable to Other United Way Organizations	3,022	(267)
Funds Held for Others	3,150	10,428
Net Cash Provided (Used) by Operating Activities	(161,813)	75,089
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(563,920)	(268,478)
Proceeds from Sale of Investments	621,414	247,539
Purchase of Equipment	-	(8,380)
Net Cash Provided (Used) by Investing Activities	57,494	(29,319)
NET INCREASE (DECREASE) IN CASH	(104,319)	45,770
Cash - Beginning of Year	407,871	362,101
CASH - END OF YEAR	\$ 303,552	\$ 407,871

See accompanying Notes to Financial Statements.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 1 NATURE OF OPERATIONS

Oshkosh Area United Way, Inc. (the Organization) is a nonprofit Wisconsin corporation engaged in raising and allocating funds to assist member agencies in meeting human service needs in order to improve the quality of life in the community. The primary source of revenue is from contributions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Description of Programs

The Organization operates the following programs:

Agency allocations - allocate funds to assist member agencies in meeting human service needs.

Community impact - assist in human service planning to improve the quality of life in the community.

Investments

Investments are presented in the accompanying financial statements at fair value using methodologies described in Note 5 - Investments and Fair Value Measurements. All investment income and realized and unrealized gains and losses are accounted for in the accompanying statement of activities.

Investment income is reported in the accompanying statement of activities as unrestricted, temporarily restricted, or permanently restricted revenue based upon donor-imposed restrictions or law.

Equipment

The Organization's policy is to capitalize any equipment addition over \$1,000. Equipment is stated at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of five to seven years.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants Receivable

Contributions and grants are recognized as income when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Additionally, all uncollected contributions over two years old are deemed uncollectible and written off.

Funds Held for Others

At times, the Organization can hold funds, which have been established by unrelated organizations, under an agency transaction. These funds are reflected as liabilities in the accompanying statement of financial position.

Net Assets

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted - Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Temporarily Restricted - Temporarily restricted net assets include contributed net assets for which donor-imposed time and/or purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted - Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Support

The Organization records various types of in-kind support including advertising, printing, and supplies. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by a like amount included in expenses.

Additionally, the Organization receives a significant amount of contributed time that does not meet the recognition criteria for contributed professional services. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based primarily on the time spent supporting the various activities.

Tax-Exempt Status

As a nonprofit organization, the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The tax-exempt status is based on the stated purpose of the operations and supporting evidence presented to the Internal Revenue Service with the application for tax-exempt status. Such status is subject to re-evaluation should there be any changes in operation, character, or purpose of the Organization.

The Organization files tax returns in the U.S. federal jurisdiction.

Subsequent Events

Management evaluated subsequent events through March 10, 2016, the date the accompanying financial statements were available to be issued.

NOTE 3 PRIOR YEAR SUMMARIZED INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 4 CONTRIBUTIONS RECEIVABLE

The contributions receivable balance included the following amounts at December 31, 2015:

2015/2016 Campaign	\$ 541,923
2014/2015 Campaign	146,027
Total Contributions Receivable	<u>687,950</u>
Less Allowance for Uncollectible Contributions	(100,000)
Net Contributions Receivable	<u><u>\$ 587,950</u></u>

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in inactive markets, such as dealer or broker markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer or broker-traded transactions, or are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There have been no changes in the methodologies used at December 31, 2015. Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds

Mutual funds are valued at the unadjusted quoted market price of the shares held by the Organization at year end.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Common Stock

The common stock is valued using unadjusted quoted market prices or alternative pricing sources and models utilizing market observable inputs.

Government Obligations and Bonds

These investments are valued by appraisals from third-party pricing services that categorize bonds with similar features and apply a general yield level for the entire category of securities. The approximate price of a specific bond can be calculated based on this derived yield level and assumptions that certain criteria are constant.

Beneficial Interests

Oshkosh Area Community Foundation

Beneficial interest in assets held by the Oshkosh Area Community Foundation (Foundation) represents amounts held at the Foundation. The Foundation invests the assets held in the fund. The income can be distributed. The principal may be distributed if approved in writing by two-thirds of the members of the Organization's governing body and a majority of the Board of Governors of the Foundation. If distributed, the principal is to be used according to the purposes set forth in the agreement. The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the fund. The Organization has used the fair value of its pro-rata share of the investment pool held by the Foundation to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Foundation; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

Trust

The Organization has been named as a beneficiary of a perpetual trust, whose assets are held by US Bank as trustee. The trust agreement allows for distribution of 10% of the annual investment income earned by the trust to the Organization. The Organization has used a defined percentage interest of the fair value of the trust assets to determine the fair value of the beneficial interest. The unobservable inputs to the valuation are the underlying assets at the Trust and their investment policy; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 166,141	\$ -	\$ -	\$ 166,141
Common Stock:				
Equity Related Investment	40,070	-	-	40,070
Consumer Discretionary	99,631	-	-	99,631
Consumer Staples	77,671	-	-	77,671
Energy	73,158	-	-	73,158
Financials	135,760	-	-	135,760
Health Care	127,308	-	-	127,308
Industrials	89,830	-	-	89,830
Information Technology	137,099	-	-	137,099
Materials	22,271	-	-	22,271
Index Related Investment	25,022	-	-	25,022
Total Common Stock	<u>827,820</u>	<u>-</u>	<u>-</u>	<u>827,820</u>
Government Obligations and Bonds:				
Corporate Bonds	-	176,082	-	176,082
Investment Presented at Fair Value	<u>\$ 993,961</u>	<u>\$ 176,082</u>	<u>\$ -</u>	<u>\$ 1,170,043</u>
Money Market and Certificates of Deposit				<u>312,947</u>
Total Investments				<u>\$ 1,482,990</u>
Beneficial Interest in Assets Held by Community Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,864</u>	<u>\$ 159,864</u>
Beneficial Interest in Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,756</u>	<u>\$ 81,756</u>

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended December 31, 2015.

	Foundation	Trust	Total
Balance - Beginning of Year	\$ 165,652	\$ 89,421	\$ 255,073
Change in Value of Beneficial Interest	(5,788)	(7,665)	(13,453)
Balance - End of Year	<u>\$ 159,864</u>	<u>\$ 81,756</u>	<u>\$ 241,620</u>

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 6 BENEFICIAL INTEREST

Return on the beneficial interest of the Foundation consisted of the following at December 31, 2015:

Contributions	\$ 900
Investment Income	1,911
Realized Gains	4,682
Unrealized Losses	(11,166)
Investment Fees	(2,115)
Net Return on Beneficial Interest	<u><u>\$ (5,788)</u></u>

NOTE 7 EQUIPMENT

Equipment consisted of the following at December 31, 2015:

Furniture	\$ 11,343
Computer Equipment	<u>57,160</u>
Total - at Cost	68,503
Less Accumulated Depreciation	<u>(61,917)</u>
Net Equipment	<u><u>\$ 6,586</u></u>

NOTE 8 NATURE AND AMOUNT OF TEMPORARY RESTRICTIONS

Temporarily restricted net assets were available for the following purpose at December 31, 2015:

2015/2016 Campaign - Time and Purpose Restriction Programs	\$ 1,012,544
	<u>141,775</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 1,154,319</u></u>

NOTE 9 ENDOWMENTS

The Organization's endowment consists of funds designated by the board of directors that were established to provide funds on a long-term basis for non-recurring events and emergencies. As required by GAAP, 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.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 9 ENDOWMENTS (CONTINUED)

The board-designated endowment is managed by a committee of the board of directors and the endowment's portfolio manager is governed by an investment policy. The value of the corpus has been determined to be \$1,080,000 and the board would need to pass a two thirds majority motion to invade the corpus. Investment income is to be used for special projects, annual partner agency program allocations, the continued operations of the Organization and/or any other use that the board of directors deems appropriate.

Interpretation of Relevant Law

The board of directors has interpreted 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. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
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
7. The investment policies of the Organization

Funds with Deficiencies

From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations and from continued appropriation for certain programs that was deemed prudent by the board of directors. There were no deficiencies as of December 31, 2015.

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 9 ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Organization has adopted an investment policy for their board-designated endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to protect principal values in terms of current dollars and, over the longer term, to increase principal values enough to offset the impact of inflation. Endowment assets consist of designations by the board of directors as follows: current year's campaign, donations or bequests (planned gifts), current and cumulative investment income and capital appreciation. Under an investment policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce benchmark returns based on appropriate market investment indices for each type of investment. Investment performance by the portfolio manager shall be reviewed by the board of directors or assigned committee. Quarterly and monthly statements of account with benchmarks are to be received.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Equity exposure should be within the range of 60% to 75% of the total portfolio market value. Fixed income securities should range from 20% to 40% of the total portfolio market value and cash reserves should be from 0 to 10% of the total portfolio market value. It is the intent of the board of directors that the portfolio manager incorporates the principles of diversification, quality, marketability, and growth within the context of a long-term program. Equities are to be diversified by industry sector, size, and country. The manager shall emphasize quality in security selection and shall, to the extent practical, avoid risk through diversification in a portfolio of large, medium, and small capitalization stocks. The manager will emphasize long-term investing with relatively low turnover and avoid market timing.

Spending Policy

The Organization's intent is to protect the endowment's purchasing power. Therefore, the Organization appropriates up to a 15% distribution each year, determined by using the total portfolio market value on a three-year rolling average with the ending date being December 31 of the prior year. When deemed necessary to meet current needs, the board of directors can change the distribution limit for that year.

Endowment net assets consisted of the following as of December 31, 2015:

	<u>Board Designated</u>
Endowment Funds	<u>\$ 1,080,000</u>

**OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

NOTE 9 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended December 31, 2015:

	Board Designated
Net Assets - Beginning of Year	\$ 1,080,000
Investment Return:	
Investment Income	15,503
Net Decrease	(37,044)
Transfers	21,541
Net Assets - End of Year	\$ 1,080,000

NOTE 10 LEASE COMMITMENTS

The Organization leases its office space from the Hooper Community Center, Inc. The current lease expires December 31, 2015, and automatically renews for consecutive one-year terms, unless terminated by either party at least ninety days prior to the end of the current lease term. Annual lease payments are based on square footage. Annual adjustments are communicated to the Organization by September 15 for the following year's lease term.

In addition, the Organization leases certain pieces of office equipment under leases ending at various dates through December 31, 2019.

Future minimum lease payments for all leases are as follows:

Years Ending December 31:	Amount
2016	\$ 24,376
2017	4,640
2018	4,640
2019	3,867
Total	\$ 37,523

Lease expense for the year ended December 31, 2015 was \$22,872 and is included in rent and telephone expense on the statement of functional expenses.

NOTE 11 RETIREMENT PLAN

The Organization has a Simplified Employee Pension Plan (the plan). The plan covers substantially all employees. Employees are 100% vested in the Organization's contributions.

In 2015, the Organization made a contribution of 10% of eligible wages, totaling \$19,221.

OSHKOSH AREA UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 12 UNEMPLOYMENT COMPENSATION DEPOSIT

The Organization is self-funded for state unemployment compensation purposes. In accordance with state laws and regulations, the Organization holds a certificate of deposit for approximately \$2,000 in favor of the Wisconsin unemployment reserve fund.

NOTE 13 SPECIAL EVENTS

The Organization may hold special events to raise funds for the current year's campaign or other programs. The Organization held various special events that raised \$16,521, net of \$5,661 in direct expenses. These net earnings are included on the accompanying statement of activities as part of the miscellaneous revenues.

NOTE 14 RELATED PARTY

The Hooper Community Foundation is considered a related party. The Organization received management fees of \$15,000, which were recorded as offsets to various operational expense accounts, from Hooper Community Foundation and also paid them rents totaling \$16,345 during 2015.

OSHKOSH AREA UNITED WAY, INC.
SCHEDULE OF ALLOCATIONS AND DISBURSEMENTS TO AGENCIES
YEAR ENDED DECEMBER 31, 2015

	2014/2015 Campaign Allocation	2015 Disbursements	(For Comparative Purposes Only) 2014 Disbursements
ALLOCATIONS TO UNITED WAY AGENCIES			
American Red Cross	\$ 45,000	\$ 45,000	\$ 47,000
Big Brothers/Big Sisters	60,000	60,000	60,000
Boys & Girls Club of Oshkosh	90,000	90,000	90,000
Bridges (from Red Cross Allocation)	85,000	85,000	80,000
Catholic Charities	-	-	1,500
Cerebral Palsy of Mideast Wisconsin	119,850	119,850	115,500
Christine Ann Domestic Abuse Services	60,500	60,500	58,000
Day-by-Day Warming Shelter	10,000	10,000	6,000
Family Service of NE Wisconsin	41,000	41,000	39,540
FISC	33,990	33,990	33,000
Girl Scouts of the Fox River Area, Inc.	20,000	20,000	20,000
Health Fund	42,428	41,119	39,240
2-1-1 Information and Referral	22,000	22,000	20,000
Legal Action of WI	25,000	25,000	21,000
Lutheran Social Services	9,500	9,500	9,500
Unknown (Medical Loan Equipment)	2,000	2,000	1,500
Oshkosh Community Y.M.C.A.	55,500	55,500	55,500
Oshkosh Consortium Fund	10,000	10,000	10,000
Oshkosh Area Community Food Pantry	15,000	15,000	12,000
Oshkosh Family, Inc.	15,500	15,500	15,500
Reach Counseling Services	49,004	49,004	46,090
VITA	3,500	3,500	1,500
Winnebago Literacy Council	35,000	34,992	35,000
Total Allocations to United Way Agencies	<u>849,772</u>	<u>848,455</u>	<u>817,370</u>
Oshkosh Area United Way Allocation	237,000	237,000	215,000
Imagination Library	22,000	22,000	21,000
Total Internal Allocations	<u>259,000</u>	<u>259,000</u>	<u>236,000</u>
Total Allocations	<u>\$ 1,108,772</u>	<u>\$ 1,107,455</u>	<u>\$ 1,053,370</u>
 BOARD-DESIGNATED PROGRAM RESERVES			
LIFE Report	5,000	-	-
Outcomes Project	5,000	1,187	600
Women Poverty & Economic	25,000	8,569	-
Weight of the Fox Valley	10,000	10,000	10,000
Program Development Reserve	-	10,750	10,000
Total Board-Designated Program Reserves	<u>\$ 45,000</u>	<u>\$ 30,506</u>	<u>\$ 20,600</u>