



RSM US LLP

8020 Excelsior Drive
Suite 100
Madison, WI 53717

www.rsmus.com

June 8, 2017

United Way of Dane County, Inc.
and United Way of Dane County
Foundation, Inc.
2059 Atwood Avenue
Madison, WI 53704

Attention: Renee Moe, Chief Executive Officer
Rick C. Spiel, Executive Vice President and Chief Financial Officer

In accordance with your request, we are transmitting the accompanying PDF file, which contains an electronic final version of the financial statements of United Way of Dane County, Inc., and United Way of Dane County Foundation, Inc. which comprise the combined statements of financial position as of December 31, 2016, and the related combined statements of activities, functional expenses and cash flows for the year then ended and the related notes to the combined financial statements and supplementary information. We understand that your request for the electronic copy has been made as a matter of convenience. You understand that electronic transmissions are not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These combined financial statements and our reports on them are not to be modified in any manner. This final version supersedes all prior drafts. Any preliminary draft version of the financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

Professional standards and our Firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors, or "experts" in a document used in a public or private offering of equity or debt securities. Accordingly, as provided for and agreed to in the terms of our arrangement letter, United Way of Dane County, Inc., and United Way of Dane County Foundation, Inc. will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, United Way of Dane County, Inc., and United Way of Dane County Foundation, Inc. also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when United Way of Dane County, Inc., and United Way of Dane County Foundation, Inc. seeks such consent, we will be under no obligation to grant such consent or approval.

RSM US LLP

Linda Dolezalek
Senior Manager

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**United Way of Dane County, Inc.,
United Way of Dane County Foundation, Inc.
and Affiliates**

Combined Financial Report
12.31.2016

**United Way of Dane County, Inc.,
United Way of Dane County Foundation, Inc.
and Affiliates**

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
United Way of Dane County, Inc. and
United Way of Dane County Foundation, Inc.
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying combined financial statements of United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates (the Corporation), which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of United Way of Dane County Foundation, Inc. and Affiliates were not audited in accordance with *Government Auditing Standards*.

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 of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Corporation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017 on our consideration of United Way of Dane County, Inc. internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Dane County, Inc.'s internal control over financial reporting and compliance.

RSM US LLP

Madison, Wisconsin
June 8, 2017

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combined Statements of Financial Position
December 31, 2016 (with Comparative Totals for 2015)

	2016	2015
Assets		
Cash	\$ 207,410	\$ 199,685
Certificates of deposit and money markets	8,461,061	9,721,512
Investments	7,645,315	6,459,568
Contributions receivable:		
Current year campaign (net of allowance for uncollectible pledges of \$598,917 for 2016)	10,017,873	10,150,936
Prior year campaigns (net of allowance for uncollectible pledges of \$656,955 for 2016)	760,150	803,694
Future years	108,700	200,000
Accrued interest	27,028	31,829
Other receivables	1,641,991	1,868,194
Prepaid expenses	256,650	231,420
Certificates of deposit and money markets, whose use is limited	868,101	1,058,086
Investments, whose use is limited	222,766	-
Beneficial interest in annuity	14,913	17,266
Beneficial interest in assets held by others	879,544	865,696
Land, building, and equipment, net of accumulated depreciation	2,539,271	2,639,041
Total assets	\$ 33,650,773	\$ 34,246,927
Liabilities and net assets		
Liabilities:		
Accounts and payroll taxes payable	\$ 172,400	\$ 439,763
Distributions payable:		
Donor designations from current year campaign	4,350,302	4,197,696
Donor designations and allocations from prior year campaign	827,948	1,230,796
Gift annuity payable	13,422	15,540
Accrued salary and vacation	129,278	120,921
Deferred compensation	222,766	211,295
Total liabilities	5,716,116	6,216,011
Net assets:		
Unrestricted:		
Available for general activities	4,905,896	4,834,515
Board designated:		
Endowment fund	7,050,831	6,785,571
Building replacement	283,916	258,916
Special projects	280,073	90,910
Total unrestricted net assets	12,520,716	11,969,912
Temporarily restricted	14,974,381	15,621,444
Permanently restricted	439,560	439,560
Total net assets	27,934,657	28,030,916
Total liabilities and net assets	\$ 33,650,773	\$ 34,246,927

See notes to combined financial statements.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combined Statements of Activities

Year Ended December 31, 2016 (with Comparative Totals for 2015)

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Public support and revenue:					
Total gross campaign results (fall of 2015/2016)	\$ 2,197,737	\$ -	\$ -	\$ 2,197,737	\$ 1,975,487
Total gross campaign results in prior year released from restriction	17,766,498	(17,766,498)	-	-	-
Total campaign results (fall of 2015/2016)	19,964,235	(17,766,498)	-	2,197,737	1,975,487
Less donor designated pledges to specific agencies	5,448,520	(4,695,876)	-	752,644	437,137
Total campaign revenue	14,515,715	(13,070,622)	-	1,445,093	1,538,350
Less allowance for unpaid pledges	395,725	(378,799)	-	16,926	(121,148)
Net campaign revenue (fall of 2015/2016)	14,119,990	(12,691,823)	-	1,428,167	1,659,498
Total gross campaign results (fall of 2016/2017)	-	17,226,888	-	17,226,888	17,806,666
Less donor designated pledges to specific agencies	-	4,786,033	-	4,786,033	4,695,876
Campaign revenue	-	12,440,855	-	12,440,855	13,110,790
Less allowance for unpaid pledges	-	414,639	-	414,639	378,799
Net campaign revenue (fall of 2016/2017)	-	12,026,216	-	12,026,216	12,731,991
Current year campaign contributions released from restrictions	105,244	(105,244)	-	-	-
Contributions received in current year for future years	-	29,450	-	29,450	237,201
Noncampaign contributions released from restriction	1,149,010	(1,149,010)	-	-	-
Noncampaign contributions	542,972	1,267,284	-	1,810,256	2,939,219
Grants	97,356	-	-	97,356	28,003
Federal grants	650,475	-	-	650,475	694,413
Total public support	16,665,047	(623,127)	-	16,041,920	18,290,325
Investment income (loss)	553,275	50,480	-	603,755	(90,265)
Change in beneficial interest in net assets held by others	12,759	1,090	-	13,849	(48,047)
Rental loss, net of expenses of \$92,013	(36,352)	(3,926)	-	(40,278)	(36,809)
Donor designation fees	384,799	-	-	384,799	373,219
Miscellaneous	101,204	-	-	101,204	86,593
Sponsored activities, net	(35,508)	47,978	-	12,470	(9,441)
Other net assets released from restrictions	119,558	(119,558)	-	-	-
Total public support and revenue	\$ 17,764,782	\$ (647,063)	\$ -	\$ 17,117,719	\$ 18,565,575

(Continued)

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combined Statements of Activities (Continued)

Year Ended December 31, 2016 (with Comparative Totals for 2015)

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Expenses					
Program services:					
Community Impact	\$ 14,366,699	\$ -	\$ -	\$ 14,366,699	\$ 15,296,630
Agency and Volunteer Development	4,614,015	-	-	4,614,015	4,673,785
Total funds awarded/distributed	18,980,714	-	-	18,980,714	19,970,415
Less donor designations	5,006,686	-	-	5,006,686	4,971,706
Total program expenses	13,974,028	-	-	13,974,028	14,998,709
Supporting services:					
Resource development (fundraising)	2,208,601	-	-	2,208,601	2,174,957
Management and general	1,031,349	-	-	1,031,349	1,018,373
Total supporting services	3,239,950	-	-	3,239,950	3,193,330
Total expenses	17,213,978	-	-	17,213,978	18,192,039
Change in net assets	550,804	(647,063)	-	(96,259)	373,536
Net assets, beginning	11,969,912	15,621,444	439,560	28,030,916	27,657,380
Net assets, ending	\$ 12,520,716	\$ 14,974,381	\$ 439,560	\$ 27,934,657	\$ 28,030,916

See notes to combined financial statements.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combined Statements of Functional Expenses
Year Ended December 31, 2016 (with Comparative Totals for 2015)

	Program Services			Supporting Services			2016	2015
	Community Impact	Agency and Volunteer Development	Total	Management and General	Resource Development	Total	Total Expenses	Total Expenses
Salaries	\$ 1,407,300	\$ 434,926	\$ 1,842,226	\$ 570,249	\$ 1,121,440	\$ 1,691,689	\$ 3,533,915	\$ 3,418,268
Payroll taxes	91,061	34,418	125,479	40,230	88,060	128,290	253,769	249,897
Employee benefits	241,893	100,631	342,524	145,220	282,068	427,288	769,812	676,967
Total salaries and related expenses	1,740,254	569,975	2,310,229	755,699	1,491,568	2,247,267	4,557,496	4,345,132
Professional fees	19,586	53,825	73,411	58,560	26,892	85,452	158,863	172,300
Data processing	69,034	31,751	100,785	33,572	81,651	115,223	216,008	219,356
Supplies	10,290	2,093	12,383	1,164	1,767	2,931	15,314	25,189
Telephone and networks	9,801	6,691	16,492	7,033	10,211	17,244	33,736	32,215
Postage and shipping	1,550	2,481	4,031	5,324	20,835	26,159	30,190	29,552
Occupancy	28,520	31,644	60,164	37,056	58,987	96,043	156,207	152,706
Printing	44,924	52,918	97,842	16,197	198,886	215,083	312,925	318,810
Travel and meeting expense	31,379	25,333	56,712	14,570	21,209	35,779	92,491	107,758
Staff development	10,892	8,239	19,131	21,890	9,841	31,731	50,862	59,206
Insurance	2,802	1,260	4,062	1,697	4,664	6,361	10,423	7,273
Miscellaneous	28,068	9,067	37,135	10,500	117,145	127,645	164,780	181,824
Payments to affiliated organizations	72,354	30,068	102,422	40,834	84,532	125,366	227,788	180,829
Membership dues	9,253	3,845	13,098	5,222	10,811	16,033	29,131	26,885
Total operations before depreciation	2,078,707	829,190	2,907,897	1,009,318	2,138,999	3,148,317	6,056,214	5,859,035
Depreciation	41,095	22,500	63,595	22,031	69,602	91,633	155,228	152,614
Total operations	2,119,802	851,690	2,971,492	1,031,349	2,208,601	3,239,950	6,211,442	6,011,649
Allocations/awards	12,246,897	3,762,325	16,009,222	-	-	-	16,009,222	17,152,096
Total operations and allocations/awards	14,366,699	4,614,015	18,980,714	1,031,349	2,208,601	3,239,950	22,220,664	23,163,745
Less donor designations	(3,676,660)	(1,330,026)	(5,006,686)	-	-	-	(5,006,686)	(4,971,706)
Total expenses	\$ 10,690,039	\$ 3,283,989	\$ 13,974,028	\$ 1,031,349	\$ 2,208,601	\$ 3,239,950	\$ 17,213,978	\$ 18,192,039

See notes to combined financial statements.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combined Statements of Cash Flows

Year Ended December 31, 2016 (with Comparative Totals for 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (96,259)	\$ 373,536
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	175,108	172,494
(Gain) loss on investments	(374,622)	254,633
Change in value of beneficial interest in assets held by others	(11,495)	53,258
Increase (decrease) from changes in:		
Contributions receivable and distributions payable	17,665	952,768
Accrued interest	4,801	(4,341)
Other receivables	226,203	(1,112,234)
Prepaid expenses	(25,230)	(90,402)
Accounts payable and accrued expenses	(259,006)	76,843
Gift annuity payable	(2,118)	(4,689)
Deferred compensation	11,471	18,895
Net cash (used in) provided by operating activities	(333,482)	690,761
Cash flows from investing activities:		
Purchase of equipment	(75,338)	(194,040)
Purchase of certificates of deposit, money markets and investments	(2,428,990)	(2,551,590)
Proceeds from sales of certificates of deposit, money markets and investments	2,845,535	1,975,509
Net cash provided by (used in) investing activities	341,207	(770,121)
Net increase (decrease) in cash	7,725	(79,360)
Cash, beginning	199,685	279,045
Cash, ending	\$ 207,410	\$ 199,685

See notes to combined financial statements.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: United Way of Dane County, Inc. (the Corporation) is a non-profit organization whose mission is to unite the community to achieve measurable results and change lives. United Way of Dane County Foundation, Inc. (the Foundation) is a non-profit organization which raises funds through lifetime and testamentary charitable contributions for the purpose of creating and maintaining an endowment fund to provide support for health and human service needs in and around Dane County. The Partners in Giving Campaign (State, University and UW Health Employees of Dane County Combined Campaign (SECC)), the Badgerland Combined Federal Campaign, Madison Metropolitan School District, Monona Grove School District and Madison College Combined Campaigns (the Affiliates) collect contributions from employees for voluntary health, welfare, educational and social change agencies. United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates are collectively referred to as the Corporation throughout this report.

A summary of the Corporation's significant accounting policies follows:

Principles of combination: The financial statements include the accounts of United Way of Dane County, Inc. and United Way of Dane County Foundation, Inc. as well as SECC, the Badgerland Combined Federal Campaign, Madison Metropolitan School District, Monona Grove School District and Madison College Combined Campaigns which are affiliated through common management. All significant intercompany accounts and transactions have been eliminated in combination.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses, including functional allocations, during the reporting period. Program expenses are allocated according to the funding awarded to agencies and the estimated staff time spent on the different program areas of the Vision Council and the Community Solution Teams. Actual results could differ from those estimates.

Certificates of deposit and money markets: Certificates of deposit and money market accounts are carried at cost. Cash and money markets whose use is limited consist of amounts held for the Partners in Giving Campaign (State, University and University Hospital Employees of Dane County Combined Campaign (SECC)), the Badgerland Combined Federal Campaign, Madison Metropolitan School District, Monona Grove School District and Madison College Combined Campaigns in the amount of \$868,101.

Investments, whose use is limited: Investments whose use is limited consists of mutual funds which are carried at fair value based upon quoted market prices held under the deferred compensation agreement discussed in Note 6 in the amount of \$222,766. Gains and losses are included in the statement of activities as unrestricted net assets.

Contributions receivable: 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 those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received.

Notes to Combined Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Other receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past due receivable balances. Management has determined that no allowance is needed at December 31, 2016.

Land, building and equipment: Land, building and equipment which exceed \$500 when acquired or received are recorded at cost if purchased or fair value if received as a contribution. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Lives used for calculating depreciation rates for the principal asset classifications are as follows:

Building	40 Years
Furniture and equipment	10 Years
Computer equipment	5 Years

Classification of net assets: The Corporation has the following net asset classifications:

Unrestricted: Unrestricted net assets represent resources that are generally available for support of the Corporation's activities.

Net assets designated by the Board: Some funds received without donor restrictions have been designated by the Board of Directors for specific use and are included in unrestricted net assets. The Board of Directors has designated net assets for endowment, building replacement, and special projects fund.

Temporarily restricted: Temporarily restricted net assets are assets that have either donor stipulations as to use or time restrictions placed on them.

Permanently restricted: Permanently restricted net assets result from donors who stipulate that their donated resources be maintained permanently.

Basis of presentation: The Corporation has presented its assets and liabilities on the statement of financial position in an unclassified manner, but in order of liquidity.

Notes to Combined Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and are recorded upon receipt or pledged. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. 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.

Donor designated campaign contributions: Donor designations to specific organizations for which the donor has not granted variance power to the Corporation are presented as agency transactions in the statement of financial position and are not recognized as revenue. Donor designations to specific organizations are distributed to the agencies. Donor designated pledges are assessed a fundraising and management and general fee based upon actual historical costs. Donor designations to specific organizations are presented in the campaign results in the statement of activities and in contributions receivable and distributions payable in the statement of financial position.

Grants revenue: Revenue from grants is recognized to the extent that expenses have been incurred for the purpose specified by the grant during the period. Amounts received in excess of related expenses incurred are accounted for as deferred revenue.

Investments: Investments include U.S. Government obligations, mutual funds, corporate bond obligations, and common stock, which are carried at fair value based upon quoted market prices, with gains and losses included in the statement of activities as unrestricted net assets unless the income or loss is restricted by donor or law.

Gift annuities: United Way Worldwide maintains gift annuities on behalf of another agency of which the Foundation receives 10 percent of the gift to be added to the Foundation's unrestricted net assets. The statement of financial position presents the Foundation's beneficial interest in these annuities of \$14,913 and a corresponding liability of \$13,422 based upon the present value of future cash flows expected to be paid to the other agency. The difference between the change in the asset and the liability each year is included in investment income/loss on the statement of activities.

Beneficial interest in assets held by others: The Corporation has a beneficial interest in assets held by the Madison Community Foundation (MCF) in the United Way Endowment Fund (Endowment). The Endowment was created by a transfer of assets from the Corporation to MCF, naming the Corporation as beneficiary, and by subsequent contributions made by donors. The Corporation also has a beneficial interest in the William Ogg trust. The Corporation receives 5 percent of the annual income of the trust. The Corporation recognizes changes in its beneficial interest in assets held by others in the accompanying statement of activities as a change in beneficial interest in assets held by others.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: The Corporation and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Corporation and the Foundation are also exempt from state income and franchise taxes.

The Corporation and the Foundation follow the provisions of the Uncertainty in Income Taxes Section of the Income Taxes Topic of the FASB Accounting Standards Codification. These provisions address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

Notes to Combined Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Corporation and the Foundation file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions include such matters as the following; the tax exempt status of the Corporation and the Foundation and various positions relative to potential sources of unrelated business taxable income (UBIT). UBIT is reported on 990T, as appropriate. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. As of December 31, 2016, there were no unrecognized tax benefits identified or recorded as liabilities.

Subsequent events: Management of the Corporation has evaluated subsequent events through June 8, 2017, which is the date the financial statements were available to be issued for possible measurement and/or disclosure effects on the financial statements.

Recent accounting pronouncements: In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Corporation for the year ending December 31, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Corporation is currently evaluating the impact of the adoption of this guidance on its financial statements. The adoption of ASU 2016-18 is not expected to have a material impact on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for the Corporation for the year ending December 31, 2018 with early adoption permitted. The Corporation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the Corporation for the year ending December 31, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Corporation is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

Notes to Combined Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize when promised goods or services are transferred to customer in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction prices and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for Corporation's fiscal year ending December 31, 2019 using either of two methods; (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Corporation has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

Note 2. Fair Value Measurements and Investments

Fair value is defined as 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the provisions as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the provisions are described below:

- Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. This level of the fair value hierarchy provides for the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level 2. Inputs other than quoted prices within Level 1 that are observable for the investment, either directly or indirectly. These inputs include quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, and inputs other than quoted prices that are observable for the investment, for example interest rate and yield curves, volatilities, prepayment speeds and credit risk among others. These are inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3. Inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Corporation's assessment of the significance of a particular input to the fair value measurement in its entity requires judgment, and considers factors specific to the investment.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Notes to Combined Financial Statements

Note 2. Fair Value Measurements and Investments (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed income securities:				
U.S. Government obligations	\$ 615,133	\$ 615,133	\$ -	\$ -
Corporate bond obligations	279,169	279,169	-	-
Equity securities	2,033,428	2,033,428	-	-
Mutual funds:				
Equity	3,234,086	3,234,086	-	-
Fixed income	1,686,793	1,686,793	-	-
Other	19,472	-	-	19,472
Total investments	<u>7,868,081</u>	<u>7,848,609</u>	<u>-</u>	<u>19,472</u>
Beneficial interest in annuity	14,913	-	-	14,913
Beneficial interest in assets held by Madison Community Foundation	751,828	-	-	751,828
Beneficial interest in assets held by Ogg Trust	127,716	-	-	127,716
	<u>\$ 8,762,538</u>	<u>\$ 7,848,609</u>	<u>\$ -</u>	<u>\$ 913,929</u>

The reconciliation of the table above to the statements of financial position is as follows:

Investments	\$ 7,645,315
Investments, whose use is limited	222,766
Beneficial interest in annuity	14,913
Beneficial interest in assets held by others	879,544
	<u>\$ 8,762,538</u>

The Corporation's investment portfolio consists of debt and equity securities which are traded on the NASDAQ and the NYSE. For the year ended December 31, 2016, valuation techniques for investments have been consistent with the prior year.

The Corporation invests in a professionally managed portfolio that contains equity securities, fixed income securities and mutual funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The Corporation assesses the levels of the investments at each measurement date, and the transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Corporation's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. For the year ended December 31, 2016, there were no such transfers.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Notes to Combined Financial Statements

Note 2. Fair Value Measurements and Investments (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Beneficial Interest In Assets Held By:</u>			
	<u>Annuity</u>	<u>Madison Community Foundation</u>	<u>Ogg Trust</u>	<u>Other Investments</u>
Beginning balance	\$ 17,266	\$ 739,069	\$ 126,627	\$ (3,783)
(Decrease) increase in value	(2,353)	12,759	1,089	23,255
Ending balance	<u>\$ 14,913</u>	<u>\$ 751,828</u>	<u>\$ 127,716</u>	<u>\$ 19,472</u>

Investment income consisted of:

Interest and dividends	\$ 229,133
Net realized and unrealized gains	374,622
	<u>\$ 603,755</u>

The beneficial interest in assets held by others are measured at fair value that is determined by underlying assets which are primarily level 1 and level 2 investments.

Note 3. Contributions Receivable

Contributions receivable - current year and prior year campaigns totaling \$10,778,023 are expected to be collected in 2017. Contributions receivable in future years are expected to be collected by 2018.

Note 4. Land, Building and Equipment

Land, building and equipment consisted of the following at December 31, 2016:

Land	\$ 137,238
Building	3,611,849
Furniture and equipment	1,454,930
	<u>5,204,017</u>
Less accumulated depreciation	2,664,746
	<u>\$ 2,539,271</u>

Note 5. Postretirement Benefits

The Corporation has a defined contribution plan covering substantially all employees who have met certain age and service requirements. The Board of Directors approves the base contribution percentage annually, which for 2016 was 8 percent of compensation. Costs of the plan charged to operations were approximately \$207,000 in 2016.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Notes to Combined Financial Statements

Note 6. Deferred Compensation Agreement

The Corporation has a deferred compensation agreement with its former President/CEO. The deferred compensation expense is adjusted based on the fair market value changes of the underlying fund and was \$11,471 in 2016. The deferred compensation liability was \$222,766 at December 31, 2016. The full value of the fund will be paid to the former president either as a lump sum or in a stated number of equal installments no later than reaching seventy and one half years of age.

Note 7. Vision Council Funding/Designations to Agencies

A total of \$16,009,222 was distributed to agencies and the "Agenda for Change" through the work of the Vision Council and the Community Solutions teams. These funds were distributed to the following categories:

Community impact	\$ 12,246,897
Agency and volunteer development	3,762,325
Total	<u>16,009,222</u>
Less donor designations to specific organizations	5,006,686
Total community building funds net of designations	<u>\$ 11,002,536</u>

United Way of Dane County, Inc. has an agreement with Community Health Charities to provide a single community-wide campaign which began with the 2016 campaign. Terms of the agreement provide for Community Health Charities to receive the greater of actual designations or 5.1 percent of private sector net campaign receipts. The actual amount allocated is reduced by a percentage of campaign administration expenses and uncollectible pledges. The allocation was approximately \$526,000 in 2016, which is included in the allocation/awards on the combined statement of functional expenses. The allocation for 2017 will approximate \$484,000.

United Way of Dane County, Inc. has an agreement with the American Heart Association which began with the 2015 campaign. As part of the agreement, the American Heart Association is associated with United Way's annual campaigns and receives funding. The American Heart Association received approximately \$200,000 in 2016, which is included in the allocation/awards on the combined statement of functional expenses. Its allocation for 2017 will approximate \$182,000.

Note 8. Payments to Affiliated Organizations

United Way of Dane County, Inc. serves the citizens of Dane County, and is independently governed by a local board of community leaders and volunteers. United Way of Dane County, Inc. is dedicated to creating positive change and is a member organization of United Way Worldwide and paid annual membership fees of \$227,788 in 2016.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Notes to Combined Financial Statements

Note 9. Fiscal Agent Services

United Way of Dane County, Inc. is the fiscal agent for the Partners in Giving Campaign (State, University and UW Health Employees of Dane County Combined Campaign (SECC)), the Badgerland Combined Federal Campaign, Madison Metropolitan School District, Monona Grove School District and Madison College Combined Campaigns. It has custody of the campaign receipts and is responsible for all disbursements and financial reporting of the fundraising campaigns. The gross pledges received for the respective combined campaigns as of December 31, 2016 were as follows:

Partners In Giving Campaign - SECC	\$ 2,424,934
Badgerland Combined Federal Campaign	138,372
Madison Metropolitan Schools District	64,273
Monona Grove School District	4,028
Madison College	47,416
Total dollars raised	<u>\$ 2,679,023</u>

Note 10. Concentrations of Credit Risk

The Corporation has deposits, money market funds and investments in certificates of deposit in financial institutions which exceed the amounts insured by the FDIC. Management does not believe this exposes the Corporation to any unusual credit risk.

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Time restrictions (net campaign pledges received for future periods)	\$ 12,796,363
Programs:	
HealthConnect	1,901,880
Alexis de Tocqueville Society	70,313
Other programs for children, elderly and families	205,825
	<u>\$ 14,974,381</u>

Net assets released from restriction for the year ended December 31, 2016 related to the following restrictions:

Time restrictions	\$ 12,908,939
Programs:	
HealthConnect	1,124,145
Alexis de Tocqueville Society	602
Other programs for children, elderly and families	31,949
	<u>\$ 14,065,635</u>

Notes to Combined Financial Statements

Note 12. Permanently Restricted Net Assets

Permanently restricted net assets are restricted for investment in perpetuity. Income earned on these permanently restricted investments are temporarily restricted and have income which may be expendable to support programs for children, elderly and families and other income expendable without donor stipulations. Permanently restricted net assets were \$439,560 at December 31, 2016.

Note 13. Contributed Services

Contributed marketing services of \$83,511 are included in the accompanying statement of activities under the captions noncampaign contributions and resource development. Contributed legal services of \$5,000 are included in the accompanying statement of activities under the captions noncampaign contributions and management and general. Contributed supervisory services of \$135,078 are included in the accompanying statement of activities under the captions noncampaign contributions and program services. Contributed 2-1-1 services of \$44,956 are included in the accompanying statement of activities under the captions noncampaign contributions and program services.

Approximately 37,700 hours in 2016 were volunteered by employees of local companies participating in activities including the Board of Directors, employee campaign managers, loaned executives, operating committees, and program volunteers. Volunteers assist the Corporation during the annual campaign. No value has been assigned or reported in the accompanying financial statements for volunteered services.

Note 14. Endowment Funds

The Corporation's endowment consists of individual funds established for programs intended to protect the future of the children, adult and elderly programs, community building and Vision Council purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Corporation has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (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. As a result of this interpretation, the Corporation classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA.

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Notes to Combined Financial Statements

Note 14. Endowment Funds (Continued)

The Corporation's endowment net asset composition by type of fund is as follows for the years ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 205,825	\$ 439,560	\$ 645,385
Board-designated	7,050,831	-	-	7,050,831
Total funds	\$ 7,050,831	\$ 205,825	\$ 439,560	\$ 7,696,216

The changes in endowment by net asset class for the Corporation were as follows for the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 6,785,571	\$ 195,890	\$ 439,560	\$ 7,421,021
Investment return:				
Investment income	136,730	13,244	-	149,974
Net appreciation (realized and unrealized)	304,751	28,640	-	333,391
Total investment return	441,481	41,884	-	483,365
Contributions	83,578	-	-	83,578
Appropriation of endowment assets for expenditures	(259,799)	(31,949)	-	(291,748)
Endowment net assets, end of year	\$ 7,050,831	\$ 205,825	\$ 439,560	\$ 7,696,216

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowment fund may fall below the level that the donor or Wisconsin UPMIFA requires the Corporation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2016.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending 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 Corporation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Corporation expects the endowment fund to achieve competitive investment results by providing total return, balancing growth and preservation of capital that allows the Corporation to pay a portion of assets in grants each year while maintaining purchasing power of the assets.

Notes to Combined Financial Statements

Note 14. Endowment Funds (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation 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 Corporation targets a managed diversified asset allocation that places emphasis on debt, government and equity-based investments to achieve its long term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Corporation has a policy of appropriating for distribution each year a percentage of the three-year average quarterly net fair market value of the Corporation assets valued as of December 31 of each year. This calculation is determined by averaging the current quarter value with the prior eleven quarters. The distribution percentage shall be established from time to time by the Corporation Trustees, as they deem appropriate to fulfill the mission of the Corporation. In establishing this policy, the Corporation considered the long-term expected return on its endowment.

**Independent Auditor's Report on the
Supplementary Information**

To the Board of Directors
United Way of Dane County, Inc. and
United Way of Dane County Foundation, Inc.
Madison, Wisconsin

We have audited the combined financial statements of United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates as of and for the year ended December 31, 2016, and have issued our report thereon which contains an unmodified opinion on those combined financial statements. See page 1. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining and other supplementary information is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

RSM US LLP

Madison, Wisconsin
June 8, 2017

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combining Statement of Financial Position
December 31, 2016

	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Eliminations	Total
Assets					
Cash	\$ 207,410	\$ -	\$ -	\$ -	\$ 207,410
Certificates of deposit and money markets	7,378,453	1,082,608	-	-	8,461,061
Investments	24,789	7,616,054	4,472	-	7,645,315
Contributions receivable:					
Current year campaign, net	9,289,694	-	1,936,192	(1,208,013)	10,017,873
Prior year campaigns, net	744,640	-	15,510	-	760,150
Future years	108,700	-	-	-	108,700
Accrued interest	11,472	15,556	-	-	27,028
Other receivables	1,610,536	133,621	1,539	(103,705)	1,641,991
Prepaid expenses	255,474	176	1,000	-	256,650
Certificates of deposit and money markets, whose use is limited	-	-	868,101	-	868,101
Investments, whose use is limited	222,766	-	-	-	222,766
Beneficial interest in annuity	-	14,913	-	-	14,913
Beneficial interest in assets held by others	879,544	-	-	-	879,544
Interest in net assets of United Way of Dane County Foundation, Inc.	8,886,469	-	-	(8,886,469)	-
Land, building and equipment, net of accumulated depreciation	2,473,161	66,110	-	-	2,539,271
Total assets	\$ 32,093,108	\$ 8,929,038	\$ 2,826,814	\$ (10,198,187)	\$ 33,650,773
Liabilities and net assets					
Liabilities:					
Accounts and payroll taxes payable	\$ 148,972	\$ 29,147	\$ 159,506	\$ (165,225)	\$ 172,400
Distributions payable:					
Donor designations from current year campaign	3,063,521	-	2,352,616	(1,065,835)	4,350,302
Donor designations and allocations from prior year campaign	639,155	-	188,793	-	827,948
Gift annuity payable	-	13,422	-	-	13,422
Accrued salary and vacation	129,278	-	-	-	129,278
Deferred compensation	222,766	-	-	-	222,766
Total liabilities	4,203,692	42,569	2,700,915	(1,231,060)	5,716,116
Net assets:					
Unrestricted:					
Available for general activities	4,884,422	756,157	-	(734,683)	4,905,896
Board designated:					
Endowment fund	7,050,831	7,050,831	-	(7,050,831)	7,050,831
Building replacement	283,916	-	-	-	283,916
Special projects	280,073	-	-	-	280,073
Total unrestricted net assets	12,499,242	7,806,988	-	(7,785,514)	12,520,716
Temporarily restricted	14,950,614	639,921	125,899	(742,053)	14,974,381
Permanently restricted	439,560	439,560	-	(439,560)	439,560
Total net assets	27,889,416	8,886,469	125,899	(8,967,127)	27,934,657
Total liabilities and net assets	\$ 32,093,108	\$ 8,929,038	\$ 2,826,814	\$ (10,198,187)	\$ 33,650,773

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combining Statement of Activities
Year Ended December 31, 2016

	Unrestricted					Temporarily Restricted				
	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total
Public Support and Revenue										
Total gross campaign results (fall of 2015/2016)	\$ 2,143,539	\$ -	\$ 321,371	\$ (267,173)	\$ 2,197,737	\$ -	\$ -	\$ -	\$ -	\$ -
Total gross campaign results in prior year released from restriction	16,498,255	-	2,458,344	(1,190,101)	17,766,498	(16,498,255)	-	(2,458,344)	1,190,101	(17,766,498)
Total campaign results (fall of 2015/2016)	18,641,794	-	2,779,715	(1,457,274)	19,964,235	(16,498,255)	-	(2,458,344)	1,190,101	(17,766,498)
Less donor designated pledges to specific agencies	4,157,350	-	2,626,066	(1,334,896)	5,448,520	(3,440,299)	-	(2,337,924)	1,082,347	(4,695,876)
Total campaign revenue	14,484,444	-	153,649	(122,378)	14,515,715	(13,057,956)	-	(120,420)	107,754	(13,070,622)
Less allowance for unpaid pledges	385,217	-	10,508	-	395,725	(373,605)	-	(5,194)	-	(378,799)
Net campaign revenue (fall of 2015/2016)	14,099,227	-	143,141	(122,378)	14,119,990	(12,684,351)	-	(115,226)	107,754	(12,691,823)
Total gross campaign results (fall of 2016/2017)	-	-	-	-	-	15,715,832	-	2,679,023	(1,167,967)	17,226,888
Less donor designated pledges to specific agencies	-	-	-	-	-	3,409,166	-	2,442,702	(1,065,835)	4,786,033
Campaign revenue	-	-	-	-	-	12,306,666	-	236,321	(102,132)	12,440,855
Less allowance for unpaid pledges	-	-	-	-	-	409,461	-	5,178	-	414,639
Net campaign revenue (fall of 2016/2017)	-	-	-	-	-	11,897,205	-	231,143	(102,132)	12,026,216
Current year campaign contributions released from restrictions	-	-	105,244	-	105,244	-	-	(105,244)	-	(105,244)
Contributions received in current year for future years	-	-	-	-	-	29,450	-	-	-	29,450
Noncampaign contributions released from restriction	1,149,010	-	-	-	1,149,010	(1,149,010)	-	-	-	(1,149,010)
Noncampaign contributions	335,009	207,963	-	-	542,972	1,167,284	100,000	-	-	1,267,284
Grants	265,461	-	-	(168,105)	97,356	-	-	-	-	-
Federal grants	650,475	-	-	-	650,475	-	-	-	-	-
Total public support	16,499,182	207,963	248,385	(290,483)	16,665,047	(739,422)	100,000	10,673	5,622	(623,127)
Investment income	57,645	494,544	1,086	-	553,275	-	50,480	-	-	50,480
Change in beneficial interest in assets held by others	12,759	-	-	-	12,759	1,090	-	-	-	1,090
Rental loss, net	(36,352)	-	-	-	(36,352)	(3,926)	-	-	-	(3,926)
Donor designation fees	347,321	-	37,478	-	384,799	-	-	-	-	-
Miscellaneous	101,204	-	-	-	101,204	-	-	-	-	-
Sponsored activities, net	(35,665)	157	-	-	(35,508)	47,978	-	-	-	47,978
Other net assets released from restrictions	55,667	63,891	-	-	119,558	(55,667)	(63,891)	-	-	(119,558)
Total public support and revenue	\$ 17,001,761	\$ 766,555	\$ 286,949	\$ (290,483)	\$ 17,764,782	\$ (749,947)	\$ 86,589	\$ 10,673	\$ 5,622	\$ (647,063)

(Continued)

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combining Statement of Activities (Continued)

Year Ended December 31, 2016

	Permanently Restricted					Total	Total
	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total		
Public Support and Revenue							
Total gross campaign results (fall of 2015/2016)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,197,737
Total gross campaign results in prior year released from restriction	-	-	-	-	-	-	-
Total campaign results (fall of 2015/2016)	-	-	-	-	-	-	2,197,737
Less donor designated pledges to specific agencies	-	-	-	-	-	-	752,644
Total campaign revenue	-	-	-	-	-	-	1,445,093
Less allowance for unpaid pledges	-	-	-	-	-	-	16,926
Net campaign revenue (fall of 2015/2016)	-	-	-	-	-	-	1,428,167
Total gross campaign results (fall of 2016/2017)	-	-	-	-	-	-	17,226,888
Less donor designated pledges to specific agencies	-	-	-	-	-	-	4,786,033
Campaign revenue	-	-	-	-	-	-	12,440,855
Less allowance for unpaid pledges	-	-	-	-	-	-	414,639
Net campaign revenue (fall of 2016/2017)	-	-	-	-	-	-	12,026,216
Current year campaign contributions released from restrictions	-	-	-	-	-	-	-
Contributions received in current year for future years	-	-	-	-	-	-	29,450
Noncampaign contributions released from restrictions	-	-	-	-	-	-	-
Noncampaign contributions	-	-	-	-	-	-	1,810,256
Grants	-	-	-	-	-	-	97,356
Federal grants	-	-	-	-	-	-	650,475
Total public support	-	-	-	-	-	-	16,041,920
Investment income	-	-	-	-	-	-	603,755
Change in beneficial interest in assets held by others	-	-	-	-	-	-	13,849
Rental loss, net	-	-	-	-	-	-	(40,278)
Donor designation fees	-	-	-	-	-	-	384,799
Miscellaneous	-	-	-	-	-	-	101,204
Sponsored activities, net	-	-	-	-	-	-	12,470
Other net assets released from restriction	-	-	-	-	-	-	-
Total public support and revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	17,117,719

(Continued)

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combining Statement of Activities (Continued)
Year Ended December 31, 2016

	Unrestricted					Temporarily Restricted				
	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total
Expenses										
Program services:										
Community Impact	\$ 15,740,268	\$ -	\$ -	\$ (1,373,569)	\$ 14,366,699	\$ -	\$ -	\$ -	\$ -	\$ -
Agency and Volunteer Development	1,617,605	381,530	2,614,880	-	4,614,015	-	-	-	-	-
Total funds awarded/distributed	17,357,873	381,530	2,614,880	(1,373,569)	18,980,714	-	-	-	-	-
Less donor designations	3,676,660	-	2,472,858	(1,142,832)	5,006,686	-	-	-	-	-
Total program expenses	13,681,213	381,530	142,022	(230,737)	13,974,028	-	-	-	-	-
Supporting services:										
Resource development (fundraising)	2,126,037	58,903	144,927	(121,266)	2,208,601	-	-	-	-	-
Management and general	1,022,733	8,616	-	-	1,031,349	-	-	-	-	-
Total supporting services	3,148,770	67,519	144,927	(121,266)	3,239,950	-	-	-	-	-
Total expenses	16,829,983	449,049	286,949	(352,003)	17,213,978	-	-	-	-	-
Change in interest in net assets of United Way of Dane County Foundation, Inc.	317,506	-	-	(317,506)	-	86,589	-	-	(86,589)	-
Change in net assets	\$ 489,284	\$ 317,506	\$ -	\$ (255,986)	\$ 550,804	\$ (663,358)	\$ 86,589	\$ 10,673	\$ (80,967)	\$ (647,063)

(Continued)

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

Combining Statement of Activities (Continued)

Year Ended December 31, 2016

	Permanently Restricted					Total
	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total	
Expenses						
Program services:						
Community Impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,366,699
Agency and Volunteer Development	-	-	-	-	-	4,614,015
Total funds awarded/distributed	-	-	-	-	-	18,980,714
Less donor designations	-	-	-	-	-	5,006,686
Total program expenses	-	-	-	-	-	13,974,028
Supporting services:						
Resource development (fundraising)	-	-	-	-	-	2,208,601
Management and general	-	-	-	-	-	1,031,349
Total supporting services	-	-	-	-	-	3,239,950
Total expenses	-	-	-	-	-	17,213,978
Change in interest in net assets of United Way of Dane County Foundation, Inc.	-	-	-	-	-	-
Change in net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (96,259)

United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates

**Fall of 2015 (2015-2016) Campaign, Other Revenue, Program Services and Supporting Expenses
December 31, 2016**

2015 campaign pledge results:

Gross undesignated campaign results	\$ 14,515,715
Gross designated campaign results	5,448,520
Allowance for unpaid pledges	<u>(644,953)</u>
Net campaign results from the fall of 2015's campaign	19,319,282
Current year campaign contributions released from restrictions	105,244
Unrestricted noncampaign contributions and grants	1,581,558
Federal grants	<u>650,475</u>
Total public support	21,656,559
Investment income	52,406
Rental loss	(36,352)
Net sponsored activity	(35,665)
Miscellaneous income	<u>101,204</u>
Total public support and revenue	<u>21,738,152</u>

Distributions, program and supporting services:

Program services	18,677,167
Management and general	972,777
Resource development/fundraising	<u>2,059,862</u>
Total distributions, program and supporting services	<u>21,709,806</u>
Total public support and operating revenue over total distributions and supporting expenses	<u>\$ 28,346</u>

Distributions and services/public support and revenue ratio:

Total distributions and program services	<u>\$ 18,677,167</u>	86%
Total public support and revenue	21,738,152	

This report is provided so the reader may better interpret the information shown on the organizations Federal Form 990. This report includes both designated and undesignated pledges made to the fall of 2015's United Way of Dane County campaign. Designated pledges may no longer be reported in the statement of activities. By excluding these designated gifts, only a portion of the campaign results are shown rather than the total support generated by the community for health and human service needs through United Way of Dane County. This statement does not include in-kind contributions of \$268,545 and the activity of the United Way of Dane County Foundation.



RSM US LLP

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Dane County, Inc. and
United Way of Dane County Foundation, Inc.
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepting in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates, which comprise the statement of financial position as of December 31, 2016, and the related combined statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2017. The financial statements of United Way of Dane County Foundation, Inc. and Affiliates were not audited in accordance with *Governmental Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with United Way of Dane County Foundation, Inc. and Affiliates.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Dane County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way of Dane County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the United Way of Dane County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Dane County, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Madison, Wisconsin
June 8, 2017