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June 14, 2018

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

Attention: Ms. Renee Moe, President and Chief Executive Officer  
Mr. Rick 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 statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements and supplementary information for United Way of Dane County, Inc., and United Way of Dane County Foundation, Inc. and Affiliates. You understand that electronic transmissions are not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These 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previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

RSM US LLP

Linda Dolezalek, CPA  
Senior Manager

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

Combined Financial Report  
12.31.2017

**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 on the Financial Statements

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

### 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, 2017, 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, 2017, 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 United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 14, 2018 on our consideration of United Way of Dane County, Inc.'s 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 effectiveness of the United Way of Dane County, Inc.'s 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 14, 2018

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

Combined Statement of Financial Position

December 31, 2017 (with summarized financial information for 2016)

	2017	2016
<b>Assets</b>		
Cash	\$ 352,158	\$ 207,410
Certificates of deposit and money markets	7,859,779	8,461,061
Investments	9,336,580	7,645,315
Contributions receivable:		
Current year campaign (net of allowance for uncollectible pledges of \$535,003 for 2017)	9,740,613	10,017,873
Prior year campaigns (net of allowance for uncollectible pledges of \$564,217 for 2017)	1,086,382	760,150
Future years	-	108,700
Accrued interest	36,185	27,028
Other receivables	1,425,802	1,641,991
Prepaid expenses	224,229	256,650
Certificates of deposit and money markets, whose use is limited	920,646	868,101
Investments, whose use is limited	255,522	222,766
Beneficial interest in annuity	16,067	14,913
Beneficial interest in assets held by others	989,048	879,544
Land, building, and equipment, net of accumulated depreciation	2,393,335	2,539,271
	<u>\$ 34,636,346</u>	<u>\$ 33,650,773</u>
<b>Total assets</b>		
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts and payroll taxes payable	\$ 159,435	\$ 172,400
Distributions payable:		
Donor designations from current year campaign	4,305,195	4,350,302
Donor designations and allocations from prior year campaign	691,563	827,948
Gift annuity payable	13,457	13,422
Accrued salary and vacation	145,994	129,278
Deferred compensation	255,522	222,766
	<u>5,571,166</u>	<u>5,716,116</u>
<b>Total liabilities</b>		
Net assets:		
Unrestricted:		
Available for general activities	5,001,990	4,905,896
Board designated:		
Endowment fund	8,678,526	7,050,831
Building replacement	308,916	283,916
Special projects	254,700	280,073
Total unrestricted net assets	<u>14,244,132</u>	<u>12,520,716</u>
Temporarily restricted	14,381,488	14,974,381
Permanently restricted	439,560	439,560
	<u>29,065,180</u>	<u>27,934,657</u>
<b>Total net assets</b>		
<b>Total liabilities and net assets</b>		
	<u>\$ 34,636,346</u>	<u>\$ 33,650,773</u>

See notes to combined financial statements.

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

Combined Statement of Activities

Year Ended December 31, 2017 (with summarized financial information for 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Public support and revenue:</b>					
Total gross campaign results (fall of 2016/2017)	\$ 2,190,900	\$ -	\$ -	\$ 2,190,900	\$ 2,197,737
Total gross campaign results in prior year released from restriction	17,246,644	(17,246,644)	-	-	-
Total campaign results (fall of 2016/2017)	19,437,544	(17,246,644)	-	2,190,900	2,197,737
Less donor designated pledges to specific agencies	5,349,278	(4,786,033)	-	563,245	752,644
Total campaign revenue	14,088,266	(12,460,611)	-	1,627,655	1,445,093
Less allowance for unpaid pledges	302,038	(414,639)	-	(112,601)	16,926
Net campaign revenue (fall of 2016/2017)	13,786,228	(12,045,972)	-	1,740,256	1,428,167
Total gross campaign results (fall of 2017/2018)	-	17,072,236	-	17,072,236	17,226,888
Less donor designated pledges to specific agencies	-	4,590,461	-	4,590,461	4,786,033
Campaign revenue	-	12,481,775	-	12,481,775	12,440,855
Less allowance for unpaid pledges	-	366,745	-	366,745	414,639
Net campaign revenue (fall of 2017/2018)	-	12,115,030	-	12,115,030	12,026,216
Current year campaign contributions released from restrictions	102,964	(102,964)	-	-	-
Contributions received in current year for future years	-	68,430	-	68,430	29,450
Noncampaign contributions released from restriction	1,676,590	(1,676,590)	-	-	-
Noncampaign contributions	1,057,070	1,016,120	-	2,073,190	1,810,256
Grants	105,164	25,000	-	130,164	97,356
Federal grants	569,271	-	-	569,271	650,475
Total public support	17,297,287	(600,946)	-	16,696,341	16,041,920
Investment income	1,431,124	123,308	-	1,554,432	603,755
Change in beneficial interest in net assets held by others	96,013	13,491	-	109,504	13,849
Rental (loss) income, net of expenses of \$93,216	(35,908)	3,139	-	(32,769)	(40,278)
Donor designation fees	310,127	-	-	310,127	384,799
Miscellaneous	80,429	-	-	80,429	101,204
Sponsored activities, net	(43,294)	75,665	-	32,371	12,470
Other net assets released from restrictions	207,550	(207,550)	-	-	-
Total public support and revenue	\$ 19,343,328	\$ (592,893)	\$ -	\$ 18,750,435	\$ 17,117,719

(Continued)

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

Combined Statement of Activities (Continued)

Year Ended December 31, 2017 (with summarized financial information for 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Expenses</b>					
Program services:					
Community impact	\$ 14,519,518	\$ -	\$ -	\$ 14,519,518	\$ 14,366,699
Agency and volunteer development	4,850,376	-	-	4,850,376	4,614,015
Total funds awarded/distributed	19,369,894	-	-	19,369,894	18,980,714
Less donor designations	4,949,461	-	-	4,949,461	5,006,686
Total program expenses	14,420,433	-	-	14,420,433	13,974,028
Supporting services:					
Resource development (fundraising)	2,158,132	-	-	2,158,132	2,208,601
Management and general	1,041,347	-	-	1,041,347	1,031,349
Total supporting services	3,199,479	-	-	3,199,479	3,239,950
Total expenses	17,619,912	-	-	17,619,912	17,213,978
<b>Change in net assets</b>	1,723,416	(592,893)	-	1,130,523	(96,259)
Net assets, beginning	12,520,716	14,974,381	439,560	27,934,657	28,030,916
Net assets, ending	\$ 14,244,132	\$ 14,381,488	\$ 439,560	\$ 29,065,180	\$ 27,934,657

See notes to combined financial statements.



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

Combined Statement of Functional Expenses

Year Ended December 31, 2017 (with summarized financial information for 2016)

	Program Services			Supporting Services			2017 Total Expenses	2016 Total Expenses
	Community Impact	Agency and Volunteer Development	Total	Management and General	Resource Development	Total		
Salaries	\$ 1,329,900	\$ 637,503	\$ 1,967,403	\$ 580,792	\$ 1,165,937	\$ 1,746,729	\$ 3,714,132	\$ 3,533,915
Payroll taxes	84,326	46,930	131,256	42,841	91,471	134,312	265,568	253,769
Employee benefits	246,547	148,763	395,310	156,170	256,359	412,529	807,839	769,812
Total salaries and related expenses	1,660,773	833,196	2,493,969	779,803	1,513,767	2,293,570	4,787,539	4,557,496
Professional fees	9,549	28,872	38,421	48,637	18,125	66,762	105,183	158,863
Data processing	84,081	35,187	119,268	33,177	83,622	116,799	236,067	216,008
Supplies	25,346	3,066	28,412	1,488	1,177	2,665	31,077	15,314
Telephone and networks	9,243	15,909	25,152	6,088	10,268	16,356	41,508	33,736
Postage and shipping	1,172	2,501	3,673	4,935	7,420	12,355	16,028	30,190
Occupancy	26,528	30,841	57,369	37,299	57,065	94,364	151,733	156,207
Printing	59,214	59,267	118,481	23,951	137,529	161,480	279,961	312,925
Travel and meeting expense	19,091	53,818	72,909	10,845	29,452	40,297	113,206	92,491
Staff development	10,759	3,728	14,487	18,226	19,074	37,300	51,787	50,862
Insurance	2,753	1,251	4,004	1,584	5,076	6,660	10,664	10,423
Miscellaneous	31,458	11,360	42,818	11,108	115,253	126,361	169,179	164,780
Payments to affiliated organizations	66,277	31,887	98,164	39,063	80,283	119,346	217,510	227,788
Membership dues	8,520	4,099	12,619	5,022	10,321	15,343	27,962	29,131
Total operations before depreciation	2,014,764	1,114,982	3,129,746	1,021,226	2,088,432	3,109,658	6,239,404	6,056,214
Depreciation	39,674	20,585	60,259	20,121	69,700	89,821	150,080	155,228
Total operations	2,054,438	1,135,567	3,190,005	1,041,347	2,158,132	3,199,479	6,389,484	6,211,442
Allocations/awards	12,465,080	3,714,809	16,179,889	-	-	-	16,179,889	16,009,222
Total operations and allocations/awards	14,519,518	4,850,376	19,369,894	1,041,347	2,158,132	3,199,479	22,569,373	22,220,664
Less donor designations	(3,521,625)	(1,427,836)	(4,949,461)	-	-	-	(4,949,461)	(5,006,686)
Total expenses	\$ 10,997,893	\$ 3,422,540	\$ 14,420,433	\$ 1,041,347	\$ 2,158,132	\$ 3,199,479	\$ 17,619,912	\$ 17,213,978

See notes to combined financial statements.

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

Combined Statement of Cash Flows

Year Ended December 31, 2017 (with summarized financial information for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 1,130,523	\$ (96,259)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	169,543	175,108
Gain on investments	(1,314,556)	(374,622)
Change in value of beneficial interest in annuity	(1,154)	2,353
Change in value of beneficial interest in assets held by others	(109,504)	(13,848)
Increase (decrease) from changes in:		
Contributions receivable and distributions payable	(121,764)	17,665
Accrued interest	(9,157)	4,801
Other receivables	216,189	226,203
Prepaid expenses	32,421	(25,230)
Accounts payable and accrued expenses	3,751	(259,006)
Gift annuity payable	35	(2,118)
Deferred compensation	32,756	11,471
<b>Net cash provided by (used in) operating activities</b>	<b>29,083</b>	<b>(333,482)</b>
Cash flows from investing activities:		
Purchase of equipment	(23,607)	(75,338)
Purchase of certificates of deposit, money markets and investments	(1,760,136)	(2,428,990)
Proceeds from maturities and sales of certificates of deposit, money markets and investments	1,899,408	2,845,535
<b>Net cash provided by investing activities</b>	<b>115,665</b>	<b>341,207</b>
<b>Net increase in cash</b>	<b>144,748</b>	<b>7,725</b>
Cash, beginning	207,410	199,685
Cash, ending	<b>\$ 352,158</b>	<b>\$ 207,410</b>

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

### Notes to Combined Financial Statements

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#### 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 all fundraising campaigns for which United Way of Dane County is the fiscal agent, which include SECC, the Badgerland Combined Federal Campaign, Madison Metropolitan School District, Monona Grove School District and Madison College Combined Campaigns. SECC fiscal agent status is authorized under Administrative Rule section 30 of the Wisconsin Administrative Code. All significant intercompany accounts and transactions have been eliminated in combination.

**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.

The 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

**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.

**Certificates of deposit and money markets:** Certificates of deposit and money markets are carried at cost. Certificates of deposit and money markets of affiliates consist of amounts held 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.

**Investments:** Investments, including those whose use is limited, include U.S. Government obligations, mutual funds, corporate bond obligations, and common stock, which are carried at fair value, 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. Investments, whose use is limited are those investments relating to the deferred compensation agreement discussed in Note 6.

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

Notes to Combined Financial Statements

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

**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 uncollectible pledges 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.

**Other receivables:** Receivables, which primarily consist of non-campaign contribution pledges and federal grants, 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 balances for collectability. 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, 2017.

**Gift annuities:** United Way Worldwide, the leadership and support organization for the Corporation, 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 combined statement of financial position presents the Foundation's beneficial interest in these annuities of \$16,067 and a corresponding liability of \$13,457 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 combined 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. The Corporation also has a beneficial interest in the Frederic 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.

**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.

*Board designated:* 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.

**Notes to Combined Financial Statements**

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

*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.

**Contributions:** All contributions are considered to be available for unrestricted use unless specifically restricted by the donor and are recorded upon receipt of cash or unconditional pledge. 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, including federal 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.

**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 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.

**Subsequent events:** Management of the Corporation has evaluated subsequent events through June 14, 2018, which is the date the financial statements were available to be issued for possible measurement and/or disclosure effects on the financial statements.

**Notes to Combined Financial Statements**

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

**Recent accounting pronouncements:** In November 2016, the FASB issued Accounting Standards Update (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.

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.

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.

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 customers 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.

The Corporation is currently evaluating the impact these recent accounting pronouncements may have on its financial statements.

**Notes to Combined Financial Statements**

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**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, 2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed income securities:				
U.S. Government obligations	\$ 680,118	\$ 680,118	\$ -	\$ -
Corporate bond obligations	228,740	228,740	-	-
Equity securities	3,114,318	3,114,318	-	-
Mutual funds:				
Equity	5,073,829	5,073,829	-	-
Fixed income	493,969	493,969	-	-
Other	1,128	-	-	1,128
Total investments	9,592,102	9,590,974	-	1,128
Beneficial interest in annuity	16,067	-	-	16,067
Beneficial interest in assets held by Madison Community Foundation	847,841	-	-	847,841
Beneficial interest in assets held by Ogg Trust	141,207	-	-	141,207
	<u>\$ 10,597,217</u>	<u>\$ 9,590,974</u>	<u>\$ -</u>	<u>\$ 1,006,243</u>

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

Investments	\$ 9,336,580
Investments, whose use is limited	255,522
Beneficial interest in annuity	16,067
Beneficial interest in assets held by others	989,048
	<u>\$ 10,597,217</u>

The following is a description of the valuation techniques used for the Corporation's assets measured at fair value:

**Investments:** The Corporation's investment portfolio consists of debt and equity securities which are traded on the NASDAQ and the NYSE. Fair value is based on quoted market prices for the individual investment security.

**Beneficial interest in annuity:** The fair value of the beneficial interest in an annuity is estimated based on the present value of the expected future cash flows expected to be received over the term of the agreement.

**Beneficial interest in assets held by others:** 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.

For the year ended December 31, 2017, valuation techniques have been consistent with the prior year.



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

Notes to Combined Financial Statements

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**Note 2. Fair Value Measurements and Investments (Continued)**

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, 2017, there were no such transfers.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows as of December 31, 2017:

	Beneficial Interest in Annuity	Beneficial Interest in Assets Held By:		
		Madison Community Foundation	Ogg Trust	Other Investments
Beginning balance	\$ 14,913	\$ 751,828	\$ 127,716	\$ 19,472
Increase (decrease) in value	1,154	96,013	13,491	(18,344)
Ending balance	<u>\$ 16,067</u>	<u>\$ 847,841</u>	<u>\$ 141,207</u>	<u>\$ 1,128</u>

Investment income for the year ended December 31, 2017 consisted of:

Interest and dividends	\$ 239,876
Net realized and unrealized gains	1,314,556
	<u>\$ 1,554,432</u>

**Note 3. Contributions Receivable**

Contributions receivable - current year and prior year campaigns totaling \$10,826,995 are expected to be collected in 2018.

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

**Notes to Combined Financial Statements**

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**Note 4. Land, Building and Equipment**

Land, building and equipment consisted of the following at December 31, 2017:

Land	\$ 137,238
Building	3,611,849
Furniture and equipment	1,478,537
	<u>5,227,624</u>
Less accumulated depreciation	2,834,289
	<u>\$ 2,393,335</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 2017 was 8 percent of compensation. Costs of the plan charged to operations were approximately \$204,000 in 2017.

**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 \$32,756 in 2017. The deferred compensation liability was \$255,522 at December 31, 2017. 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 \$16,179,889 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 during the year ended December 31, 2017:

Community impact	\$ 12,465,080
Agency and volunteer development	3,714,809
Total	<u>16,179,889</u>
Less donor designations to specific organizations	4,949,461
Total community building funds net of designations	<u>\$ 11,230,428</u>

United Way of Dane County, Inc. has an agreement with Community Health Charities, an unrelated nonprofit organization, 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 \$510,000 in 2017, which is included in the allocation/awards on the combined statement of functional expenses. The allocation for 2018 will approximate \$510,000.

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

### Notes to Combined Financial Statements

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#### Note 7. Vision Council Funding/Designations to Agencies (Continued)

United Way of Dane County, Inc. has an agreement with the American Heart Association an unrelated nonprofit organization, 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 \$193,000 in 2017, which is included in the allocation/awards on the combined statement of functional expenses. Its allocation for 2018 will approximate \$197,000.

#### 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 \$217,510 in 2017.

#### 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 total gross campaign results (fall of 2017/2018) for the year ended December 31, 2017 were as follows:

Partners In Giving Campaign - SECC	\$ 2,471,713
Madison Metropolitan Schools District	58,917
Monona Grove School District	7,663
Madison College	47,271
Total	<u>\$ 2,585,564</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.

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

**Notes to Combined Financial Statements**

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**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)	\$ 12,780,712
Programs:	
HealthConnect	1,235,235
Alexis de Tocqueville Society	81,810
Other programs for children, elderly and families	283,731
	<u>\$ 14,381,488</u>

Net assets released from restriction for the year ended December 31, 2017 related to the following restrictions:

Time restrictions	\$ 12,384,721
Programs:	
HealthConnect	1,616,645
Alexis de Tocqueville Society	588
Other programs for children, elderly and families	31,122
	<u>\$ 14,033,076</u>

**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, 2017.

**Note 13. Contributed Services**

Contributed marketing services of \$54,933 are included in the accompanying combined statement of activities under the captions noncampaign contributions and resource development. Contributed legal services of \$5,000 are included in the accompanying combined statement of activities under the captions noncampaign contributions and management and general. Contributed supervisory services of \$92,586 are included in the accompanying combined statement of activities under the captions noncampaign contributions and program services.

Approximately 42,500 hours in 2017 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.

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

**Notes to Combined Financial Statements**

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**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.

The Corporation's endowment net asset composition by type of fund is as follows as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 283,731	\$ 439,560	\$ 723,291
Board-designated	8,678,526	-	-	8,678,526
Total funds	<u>\$ 8,678,526</u>	<u>\$ 283,731</u>	<u>\$ 439,560</u>	<u>\$ 9,401,817</u>

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

**Notes to Combined Financial Statements**

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**Note 14. Endowment Funds (Continued)**

The changes in endowment by net asset class for the Corporation were as follows for the year ended December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 7,050,831	\$ 205,825	\$ 439,560	\$ 7,696,216
Investment return:				
Investment income	129,580	11,424	-	141,004
Net appreciation (realized and unrealized)	1,086,710	97,604	-	1,184,314
Total investment return	1,216,290	109,028	-	1,325,318
Contributions	696,048	-	-	696,048
Appropriation of endowment assets for expenditures	(284,643)	(31,122)	-	(315,765)
Endowment net assets, end of year	\$ 8,678,526	\$ 283,731	\$ 439,560	\$ 9,401,817

*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, 2017.

*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.

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

**Notes to Combined Financial Statements**

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**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.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

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

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, 2017, and have issued our report thereon which contains an unmodified opinion on those combined financial statements. See page 1. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying 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 information, except for that portion marked "unaudited," 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. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", 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 14, 2018



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

Combining Statement of Financial Position  
December 31, 2017

	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Eliminations	Total
<b>Assets</b>					
Cash	\$ 232,976	\$ 116,152	\$ 3,030	\$ -	\$ 352,158
Certificates of deposit and money markets	6,796,463	1,063,316	-	-	7,859,779
Investments	9,733	9,322,293	4,554	-	9,336,580
Contributions receivable:					
Current year campaign, net	8,948,144	-	1,792,644	(1,000,175)	9,740,613
Prior year campaigns, net	1,071,329	-	15,053	-	1,086,382
Future years	-	-	-	-	-
Accrued interest	21,485	14,700	-	-	36,185
Other receivables	1,339,808	145,721	-	(59,727)	1,425,802
Prepaid expenses	223,054	175	1,000	-	224,229
Certificates of deposit and money markets whose use is limited	-	-	920,646	-	920,646
Investments, whose use is limited	255,522	-	-	-	255,522
Beneficial interest in annuity	-	16,067	-	-	16,067
Beneficial interest in assets held by others	989,048	-	-	-	989,048
Interest in net assets of United Way of Dane County Foundation, Inc.	10,707,788	-	-	(10,707,788)	-
Land, building, and equipment, net of accumulated depreciation	2,327,225	66,110	-	-	2,393,335
<b>Total assets</b>	<b>\$ 32,922,575</b>	<b>\$ 10,744,534</b>	<b>\$ 2,736,927</b>	<b>\$ (11,767,690)</b>	<b>\$ 34,636,346</b>
<b>Liabilities and net assets</b>					
Liabilities:					
Accounts and payroll taxes payable	\$ 128,275	\$ 23,289	\$ 109,118	\$ (101,247)	\$ 159,435
Distributions payable:					
Donor designations from current year campaign	2,997,617	-	2,287,663	(980,085)	4,305,195
Donor designations and allocations from prior year campaign	492,945	-	198,618	-	691,563
Gift annuity payable	-	13,457	-	-	13,457
Accrued salary and vacation	145,994	-	-	-	145,994
Deferred compensation	255,522	-	-	-	255,522
<b>Total liabilities</b>	<b>4,020,353</b>	<b>36,746</b>	<b>2,595,399</b>	<b>(1,081,332)</b>	<b>5,571,166</b>
Net assets:					
Unrestricted:					
Available for general activities	4,938,996	939,523	-	(876,529)	5,001,990
Board designated:					
Endowment fund	8,678,526	8,678,526	-	(8,678,526)	8,678,526
Building replacement	308,916	-	-	-	308,916
Special projects	254,700	-	-	-	254,700
Total unrestricted net assets	14,181,138	9,618,049	-	(9,555,055)	14,244,132
Temporarily restricted	14,281,524	650,179	141,528	(691,743)	14,381,488
Permanently restricted	439,560	439,560	-	(439,560)	439,560
<b>Total net assets</b>	<b>28,902,222</b>	<b>10,707,788</b>	<b>141,528</b>	<b>(10,686,358)</b>	<b>29,065,180</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,922,575</b>	<b>\$ 10,744,534</b>	<b>\$ 2,736,927</b>	<b>\$ (11,767,690)</b>	<b>\$ 34,636,346</b>

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

Combining Statement of Activities  
Year Ended December 31, 2017

	Unrestricted					Temporarily Restricted				
	United Way			Elimin- ations	Total	United Way			Elimin- ations	Total
	United Way of Dane County, Inc.	of Dane County Foundation, Inc.	Affiliates			of Dane County Foundation, Inc.	Affiliates			
<b>Public Support and Revenue</b>										
Total gross campaign results (fall of 2016/2017)	\$ 2,180,823	\$ -	\$ 189,912	\$ (179,835)	\$ 2,190,900	\$ -	\$ -	\$ -	\$ -	\$ -
Total gross campaign results in prior year released from restriction	15,840,832	-	2,573,779	(1,167,967)	17,246,644	(15,840,832)	-	(2,573,779)	1,167,967	(17,246,644)
Total campaign results (fall of 2016/2017)	18,021,655	-	2,763,691	(1,347,802)	19,437,544	(15,840,832)	-	(2,573,779)	1,167,967	(17,246,644)
Less donor designated pledges to specific agencies	3,973,978	-	2,613,181	(1,237,881)	5,349,278	(3,409,166)	-	(2,442,702)	1,065,835	(4,786,033)
Total campaign revenue	14,047,677	-	150,510	(109,921)	14,088,266	(12,431,666)	-	(131,077)	102,132	(12,460,611)
Less allowance for unpaid pledges	297,076	-	4,962	-	302,038	(409,461)	-	(5,178)	-	(414,639)
Net campaign revenue (fall of 2016/2017)	13,750,601	-	145,548	(109,921)	13,786,228	(12,022,205)	-	(125,899)	102,132	(12,045,972)
Total gross campaign results (fall of 2017/2018)	-	-	-	-	-	15,508,321	-	2,585,564	(1,021,649)	17,072,236
Less donor designated pledges to specific agencies	-	-	-	-	-	3,234,538	-	2,336,008	(980,085)	4,590,461
Campaign revenue	-	-	-	-	-	12,273,783	-	249,556	(41,564)	12,481,775
Less allowance for unpaid pledges	-	-	-	-	-	361,681	-	5,064	-	366,745
Net campaign revenue (fall of 2017/2018)	-	-	-	-	-	11,912,102	-	244,492	(41,564)	12,115,030
Current year campaign contributions released from restrictions	-	-	102,964	-	102,964	-	-	(102,964)	-	(102,964)
Contributions received in current year for future years	-	-	-	-	-	68,430	-	-	-	68,430
Noncampaign contributions released from restriction	1,676,590	-	-	-	1,676,590	(1,676,590)	-	-	-	(1,676,590)
Noncampaign contributions	286,236	770,834	-	-	1,057,070	966,120	50,000	-	-	1,016,120
Grants	285,976	-	-	(180,812)	105,164	25,000	-	-	-	25,000
Federal grants	569,271	-	-	-	569,271	-	-	-	-	-
Total public support	16,568,674	770,834	248,512	(290,733)	17,297,287	(727,143)	50,000	15,629	60,568	(600,946)
Investment income	77,867	1,352,201	1,056	-	1,431,124	-	123,308	-	-	123,308
Change in beneficial interest in assets held by others	96,013	-	-	-	96,013	13,491	-	-	-	13,491
Rental (loss) income, net	(35,908)	-	-	-	(35,908)	3,139	-	-	-	3,139
Donor designation fees	306,583	-	3,544	-	310,127	-	-	-	-	-
Miscellaneous	80,429	-	-	-	80,429	-	-	-	-	-
Sponsored activities, net	(44,501)	1,207	-	-	(43,294)	75,665	-	-	-	75,665
Other net assets released from restrictions	44,500	163,050	-	-	207,550	(44,500)	(163,050)	-	-	(207,550)
Total public support and revenue	\$ 17,093,657	\$ 2,287,292	\$ 253,112	\$ (290,733)	\$ 19,343,328	\$ (679,348)	\$ 10,258	\$ 15,629	\$ 60,568	\$ (592,893)

(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, 2017

	Permanently Restricted					Total
	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total	
<b>Public Support and Revenue</b>						
Total gross campaign results (fall of 2016/2017)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,190,900
Total gross campaign results in prior year released from restriction	-	-	-	-	-	-
Total campaign results (fall of 2016/2017)	-	-	-	-	-	2,190,900
Less donor designated pledges to specific agencies	-	-	-	-	-	563,245
Total campaign revenue	-	-	-	-	-	1,627,655
Less allowance for unpaid pledges	-	-	-	-	-	(112,601)
Net campaign revenue (fall of 2016/2017)	-	-	-	-	-	1,740,256
Total gross campaign results (fall of 2017/2018)	-	-	-	-	-	17,072,236
Less donor designated pledges to specific agencies	-	-	-	-	-	4,590,461
Campaign revenue	-	-	-	-	-	12,481,775
Less allowance for unpaid pledges	-	-	-	-	-	366,745
Net campaign revenue (fall of 2017/2018)	-	-	-	-	-	12,115,030
Current year campaign contributions released from restrictions	-	-	-	-	-	-
Contributions received in current year for future years	-	-	-	-	-	68,430
Noncampaign contributions released from restrictions	-	-	-	-	-	-
Noncampaign contributions	-	-	-	-	-	2,073,190
Grants	-	-	-	-	-	130,164
Federal grants	-	-	-	-	-	569,271
Total public support	-	-	-	-	-	16,696,341
Investment income	-	-	-	-	-	1,554,432
Change in beneficial interest in assets held by others	-	-	-	-	-	109,504
Rental (loss) income, net	-	-	-	-	-	(32,769)
Donor designation fees	-	-	-	-	-	310,127
Miscellaneous	-	-	-	-	-	80,429
Sponsored activities, net	-	-	-	-	-	32,371
Other net assets released from restriction	-	-	-	-	-	-
Total public support and revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,750,435

(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, 2017

	Unrestricted					Temporarily Restricted				
	United Way		Elimin-	Total	United Way		Elimin-	Total		
	United Way of Dane County, Inc.	of Dane County Foundation, Inc.			of Dane County Foundation, Inc.	of Dane County Affiliates			of Dane County Affiliates	ations
<b>Expenses</b>										
Program services:										
Community impact	\$ 15,848,712	\$ -	\$ -	\$ (1,329,194)	\$ 14,519,518	\$ -	\$ -	\$ -	\$ -	\$ -
Agency and volunteer development	1,779,546	411,189	2,659,641	-	4,850,376	-	-	-	-	-
Total funds awarded/distributed	17,628,258	411,189	2,659,641	(1,329,194)	19,369,894	-	-	-	-	-
Less donor designations	3,521,625	-	2,516,986	(1,089,150)	4,949,461	-	-	-	-	-
Total program expenses	14,106,633	411,189	142,655	(240,044)	14,420,433	-	-	-	-	-
Supporting services:										
Resource development (fundraising)	2,085,513	54,371	110,457	(92,209)	2,158,132	-	-	-	-	-
Management and general	1,030,676	10,671	-	-	1,041,347	-	-	-	-	-
Total supporting services	3,116,189	65,042	110,457	(92,209)	3,199,479	-	-	-	-	-
Total expenses	17,222,822	476,231	253,112	(332,253)	17,619,912	-	-	-	-	-
Change in interest in net assets of United Way of Dane County Foundation, Inc.	1,811,061	-	-	(1,811,061)	-	10,258	-	-	(10,258)	-
Change in net assets	1,681,896	1,811,061	-	(1,769,541)	1,723,416	(669,090)	10,258	15,629	50,310	(592,893)
Net assets, beginning	12,499,242	7,806,988	-	(7,785,514)	12,520,716	14,950,614	639,921	125,899	(742,053)	14,974,381
Net assets, ending	\$ 14,181,138	\$ 9,618,049	\$ -	\$ (9,555,055)	\$ 14,244,132	\$ 14,281,524	\$ 650,179	\$ 141,528	\$ (691,743)	\$ 14,381,488

(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, 2017

	Permanently Restricted					Total	Total
	United Way of Dane County, Inc.	United Way of Dane County Foundation, Inc.	Affiliates	Elimin- ations	Total		
<b>Expenses</b>							
Program services:							
Community impact	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	14,519,518
Agency and volunteer development	-	-	-	-	-	-	4,850,376
Total funds awarded/distributed	-	-	-	-	-	-	19,369,894
Less donor designations	-	-	-	-	-	-	4,949,461
Total program expenses	-	-	-	-	-	-	14,420,433
Supporting services:							
Resource development (fundraising)	-	-	-	-	-	-	2,158,132
Management and general	-	-	-	-	-	-	1,041,347
Total supporting services	-	-	-	-	-	-	3,199,479
Total expenses	-	-	-	-	-	-	17,619,912
Change in interest in net assets of United Way of Dane County Foundation, Inc.	-	-	-	-	-	-	-
Change in net assets	-	-	-	-	-	-	1,130,523
Net assets, beginning	439,560	439,560	-	(439,560)	439,560	439,560	27,934,657
Net assets, ending	\$ 439,560	\$ 439,560	\$ -	\$ (439,560)	\$ 439,560	\$ 439,560	\$ 29,065,180

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

**Fall of 2016 (2016-2017) Campaign, Other Revenue, Program Services  
and Supporting Expenses (Unaudited)  
December 31, 2017**

2016 campaign pledge results:

Gross undesignated campaign results	\$ 14,088,266
Gross designated campaign results	5,349,278
Allowance for unpaid pledges	<u>(488,880)</u>
Net campaign results from the fall of 2016's campaign	18,948,664
Current year campaign contributions released from restrictions	102,964
Unrestricted noncampaign contributions and grants	2,140,783
Federal grants	<u>569,271</u>
Total public support	21,761,682
Investment income	72,356
Rental loss	(35,908)
Net sponsored activity	(44,501)
Miscellaneous income	80,429
<b>Total public support and revenue</b>	<u><u>21,834,058</u></u>

Distributions, program and supporting services:

Program services	19,046,931
Management and general	1,025,676
Resource development/fundraising	<u>2,042,516</u>
Total distributions, program and supporting services	<u>22,115,123</u>
<b>Deficit of public support and operating revenue over total distributions and supporting expenses</b>	<u><u>\$ (281,065)</u></u>

Distributions and services/public support and revenue ratio:

Total distributions and program services	<u>\$ 19,046,931</u>	87%
Total public support and revenue	<u>21,834,058</u>	

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 2016'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 \$152,519 and the activity of the United Way of Dane County Foundation.

**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. and Affiliates

We have audited, in accordance with the auditing standards generally accepting 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, the combined financial statements of United Way of Dane County, Inc., United Way of Dane County Foundation, Inc. and Affiliates, which comprise the combined statement of financial position as of December 31, 2017, 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 have issued our report thereon dated June 14, 2018. 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 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 from 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 14, 2018



