

**UNITED WAY OF GREATER MILWAUKEE AND
WAUKESHA COUNTY, INC.
Milwaukee, Wisconsin**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Greater Milwaukee and Waukesha County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Milwaukee and Waukesha County, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Greater Milwaukee and Waukesha County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater Milwaukee and Waukesha County, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Greater Milwaukee and Waukesha County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Greater Milwaukee and Waukesha County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Wisconsin State Single Audit Guidelines, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of United Way of Greater Milwaukee and Waukesha County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 United Way of Greater Milwaukee and Waukesha 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 Greater Milwaukee and Waukesha County, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
January 14, 2025

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,953,868	\$ 3,245,388
Investments	14,093,252	18,300,617
Current Portion of Note Receivable	-	100,000
Pledges Receivable - Net	7,652,076	7,285,095
Grant Receivable	2,434,219	1,794,546
Prepaid Expenses and Other	310,690	44,079
Total Current Assets	30,444,105	30,769,725
Investments - Endowment fund	15,583,945	19,327,642
457(b) Plan Participant Assets	154,146	169,792
Beneficial Interest in Endowment Held by Others	239,351	216,437
Funds Held as a Fiscal Agent – (Non-Campaign)	5,546,643	-
Long-Term Pledges Receivable - Net	3,174,587	-
Right-Of-Use Assets - Operating, Net	53,941	13,316
Land, Building, and Equipment - Net	2,259,318	2,128,385
Total Assets	\$ 57,456,036	\$ 52,625,297

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Donor Designations Payable	\$ 3,159,304	\$ 3,235,189
Amounts Payable Under Campaign Fiscal Agent Responsibilities	1,333,639	1,425,219
Other Amounts Payable	777,183	2,261,338
Accrued Expenses and Other Current Liabilities	280,971	243,027
457(b) Plan Participant Liability	154,146	169,792
Funds Held as a Fiscal Agent – (Non-Campaign)	5,546,643	-
Operating Lease Liability	17,926	13,316
Total Current Liabilities	11,269,812	7,347,881
 Long-Term Portion of Operating Lease Liability	 36,197	 -
Total Liabilities	11,306,009	7,347,881
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,521,929	1,658,636
Investment in Land, Building, and Equipment	2,259,318	2,128,385
Board-Designated for Programs and Initiative Funding	17,321,093	17,549,253
Board-Designated Endowment Fund	3,572,846	3,151,292
Board-Designated Short Term Community Investments	8,221,608	12,909,781
Waukesha Property Endowment	408,062	368,185
Board-Designated for Capital Improvements	-	159,901
Total Without Donor Restrictions	34,304,856	37,925,433
 With Donor Restrictions	 11,845,171	 7,351,983
Total Net Assets	46,150,027	45,277,416
Total Liabilities and Net Assets	\$ 57,456,036	\$ 52,625,297

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Campaign Revenue:			
Gross Campaign Results	\$ 41,898,128	\$ 14,934,498	\$ 56,832,626
Contributed Non-financial Assets	670,662	-	670,662
Less: Donor Designated Funds	<u>(22,269,400)</u>	<u>(1,311,296)</u>	<u>(23,580,696)</u>
Net Campaign Results	20,299,390	13,623,202	33,922,592
Less: Provision for Uncollectible Pledges	<u>(1,475,487)</u>	<u>(51,984)</u>	<u>(1,527,471)</u>
Net Campaign Revenue	18,823,903	13,571,218	32,395,121
Contributions Received in Prior Period			
Now Released from Restriction	2,448,489	(2,448,489)	-
Service Fees - Campaign	377,251	-	377,251
Sponsorship of United Way Events and Activities	<u>933,725</u>	<u>-</u>	<u>933,725</u>
Total Campaign Revenue	<u>22,583,368</u>	<u>11,122,729</u>	<u>33,706,097</u>
Noncampaign Revenue:			
Dividends and Interest Income	1,206,297	78,340	1,284,637
Net Realized and Unrealized Gains on Investments	1,441,001	398,267	1,839,268
Grants	4,380,233	(78,484)	4,301,749
Other Income	153,141	-	153,141
Release from Restrictions	<u>7,027,664</u>	<u>(7,027,664)</u>	<u>-</u>
Total Noncampaign Revenue	<u>14,208,336</u>	<u>(6,629,541)</u>	<u>7,578,795</u>
Total Public Support and Revenue	<u>36,791,704</u>	<u>4,493,188</u>	<u>41,284,892</u>
EXPENSES			
Program Services:			
Gross Program Investments	50,973,083	1,311,296	52,284,379
Less: Donor Designated Funds	<u>(22,269,401)</u>	<u>(1,311,296)</u>	<u>(23,580,697)</u>
Net Program Investments	28,703,682	-	28,703,682
Community Impact	1,904,050	-	1,904,050
Volunteer Engagement	1,054,032	-	1,054,032
Grants	<u>1,274,650</u>	<u>-</u>	<u>1,274,650</u>
Total Program Services	32,936,414	-	32,936,414
Supporting Services:			
Fundraising	4,819,296	-	4,819,296
Management and General	<u>2,656,571</u>	<u>-</u>	<u>2,656,571</u>
Total Supporting Services	<u>7,475,867</u>	<u>-</u>	<u>7,475,867</u>
Total Expenses	<u>40,412,281</u>	<u>-</u>	<u>40,412,281</u>
CHANGE IN NET ASSETS	\$ (3,620,577)	\$ 4,493,188	\$ 872,611
Net Assets - Beginning of Year	<u>37,925,433</u>	<u>7,351,983</u>	<u>45,277,416</u>
NET ASSETS - END OF YEAR	<u>\$ 34,304,856</u>	<u>\$ 11,845,171</u>	<u>\$ 46,150,027</u>

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Campaign Revenue:			
Gross Campaign Results	\$ 40,921,796	\$ 10,423,164	\$ 51,344,960
Contributed Non-Financial Assets	485,979	-	485,979
Less: Donor Designated Funds	<u>(20,147,814)</u>	<u>(366,609)</u>	<u>(20,514,423)</u>
Net Campaign Results	21,259,961	10,056,555	31,316,516
Less: Provision for Uncollectible Pledges	<u>(1,851,612)</u>	<u>(73,852)</u>	<u>(1,925,464)</u>
Net Campaign Revenue	19,408,349	9,982,703	29,391,052
Contributions Received in Prior Period			
Now Released from Restriction	385,103	(385,103)	-
Service Fees - Campaign	383,022	-	383,022
Sponsorship of United Way Events and Activities	<u>901,228</u>	<u>-</u>	<u>901,228</u>
Total Campaign Revenue	<u>21,077,702</u>	<u>9,597,600</u>	<u>30,675,302</u>
Noncampaign Revenue:			
Dividends and Interest Income	968,326	63,737	1,032,063
Net Realized and Unrealized Gains on Investments	1,125,739	280,914	1,406,653
Grants	4,858,239	301,436	5,159,675
Other Income	134,300	-	134,300
Release from Restrictions	<u>8,718,974</u>	<u>(8,718,974)</u>	<u>-</u>
Total Noncampaign Revenue	<u>15,805,578</u>	<u>(8,072,887)</u>	<u>7,732,691</u>
Total Public Support and Revenue	<u>36,883,280</u>	<u>1,524,713</u>	<u>38,407,993</u>
EXPENSES			
Program Services:			
Gross Program Investments	51,406,087	366,609	51,772,696
Less: Donor Designated Funds	<u>(20,147,814)</u>	<u>(366,609)</u>	<u>(20,514,423)</u>
Net Program Investments	31,258,273	-	31,258,273
Community Impact	1,868,215	-	1,868,215
Volunteer Engagement	984,710	-	984,710
Grants	<u>1,454,695</u>	<u>-</u>	<u>1,454,695</u>
Total Program Services	<u>35,565,893</u>	<u>-</u>	<u>35,565,893</u>
Supporting Services:			
Fundraising	4,581,999	-	4,581,999
Management and General	<u>2,616,836</u>	<u>-</u>	<u>2,616,836</u>
Total Supporting Services	<u>7,198,835</u>	<u>-</u>	<u>7,198,835</u>
Total Expenses	<u>42,764,728</u>	<u>-</u>	<u>42,764,728</u>
CHANGE IN NET ASSETS	\$ (5,881,448)	\$ 1,524,713	\$ (4,356,735)
Net Assets - Beginning of Year	<u>43,806,881</u>	<u>5,827,270</u>	<u>49,634,151</u>
NET ASSETS - END OF YEAR	<u>\$ 37,925,433</u>	<u>\$ 7,351,983</u>	<u>\$ 45,277,416</u>

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services				Support Services		Total
	Community Impact	Volunteer Engagement	Grants	Total	Fundraising and Development	Management and General	
Gross program investments	\$ 46,500,491	\$ 826,785	\$ 4,957,103	\$ 52,284,379	\$ -	\$ -	\$ 52,284,379
Less: Donor designated funds	(23,580,697)	-	-	(23,580,697)	-	-	(23,580,697)
Net program investments	22,919,794	826,785	4,957,103	28,703,682	-	-	28,703,682
Salaries	1,258,377	623,884	313,946	2,196,207	2,771,247	1,568,867	6,536,321
Employee health and retirement benefits	265,917	127,493	71,059	464,469	542,012	302,349	1,308,830
Payroll taxes	90,216	46,177	23,023	159,416	204,704	105,336	469,456
Total personnel expenses	1,614,510	797,554	408,028	2,820,092	3,517,963	1,976,552	8,314,607
Professional fees and outside services	8,723	10,869	739,150	758,742	175,368	262,378	1,196,488
In-Kind Gifts-Advertising	-	-	-	-	111,162	-	111,162
Supplies	2,536	5,229	18	7,783	7,569	8,806	24,158
Telephone	4,240	4,836	501	9,577	14,257	8,198	32,032
Postage and shipping	22	288	-	310	13,025	9,049	22,384
Occupancy	35,817	65,092	-	100,909	88,720	65,104	254,733
Equipment/software Maintenance & Purchases	37,928	28,534	1,187	67,649	72,654	57,588	197,891
Printing, publications and media	14,152	13,341	1,041	28,534	217,217	2,956	248,707
Travel	2,342	9,072	763	12,177	6,884	891	19,952
Campaign/program events, meetings, and training	16,826	28,540	123,962	169,328	116,338	18,231	303,897
Membership dues	4,694	855	-	5,549	5,159	20,428	31,136
United eWay expenses	-	-	-	-	78,446	-	78,446
United Way of America dues	95,981	53,132	-	149,113	233,377	133,914	516,404
United Way of Wisconsin dues	12,958	7,173	-	20,131	31,508	18,081	69,720
Depreciation expense	47,600	26,350	-	73,950	115,738	66,412	256,100
Interest expense	5,721	3,167	-	8,888	13,911	7,983	30,782
Total non-personnel expenses	289,540	256,478	866,622	1,412,640	1,301,333	680,019	3,393,992
Total personnel and non-personnel expenses	1,904,050	1,054,032	1,274,650	4,232,732	4,819,296	2,656,571	11,708,599
Total Functional Expenses	\$ 24,823,844	\$ 1,880,817	\$ 6,231,753	\$ 32,936,414	\$ 4,819,296	\$ 2,656,571	\$ 40,412,281

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Support Services		Total
	Community Impact	Volunteer Engagement	Grants	Total	Fundraising and Development	Management and General	
Gross program investments	\$ 46,083,775	\$ 807,206	\$ 4,881,715	\$ 51,772,696	\$ -	\$ -	\$ 51,772,696
Less: Donor designated funds	(20,514,423)	-	-	(20,514,423)	-	-	(20,514,423)
Net program investments	25,569,352	807,206	4,881,715	31,258,273	-	-	31,258,273
Salaries	1,200,448	571,444	317,333	2,089,225	2,622,775	1,621,006	6,333,006
Employee health and retirement benefits	264,015	114,580	57,201	435,796	517,645	295,418	1,248,859
Payroll taxes	86,533	41,790	22,980	151,303	191,048	110,036	452,387
Total personnel expenses	1,550,996	727,814	397,514	2,676,324	3,331,468	2,026,460	8,034,252
Professional fees and outside services	42,294	16,061	950,633	1,008,988	196,744	189,205	1,394,937
In-Kind Gifts-Advertising	-	-	-	-	84,841	-	84,841
Supplies	2,997	3,970	3,555	10,522	8,172	11,256	29,950
Telephone	4,879	4,445	467	9,791	15,368	8,787	33,946
Postage and shipping	228	390	-	618	5,911	9,924	16,453
Occupancy	36,860	56,388	-	93,248	88,789	64,773	246,810
Equipment/software Maintenance & Purchases	34,516	16,600	1,142	52,258	79,023	50,228	181,509
Printing, publications and media	13,502	9,845	-	23,347	210,151	3,198	236,696
Travel	1,758	8,438	599	10,795	5,298	799	16,892
Campaign/program events, meetings, and training	16,215	33,232	100,785	150,232	86,361	20,237	256,830
Membership dues	5,468	1,769	-	7,237	4,252	9,962	21,451
United eWay expenses	-	-	-	-	91,871	-	91,871
United Way of America dues	99,278	66,242	-	165,520	234,099	139,054	538,673
United Way of Wisconsin dues	13,004	8,677	-	21,681	30,664	18,215	70,560
Depreciation expense	45,346	30,256	-	75,602	106,926	63,514	246,042
Interest expense	874	583	-	1,457	2,061	1,224	4,742
Total non-personnel expenses	317,219	256,896	1,057,181	1,631,296	1,250,531	590,376	3,472,203
Total personnel and non-personnel expenses	1,868,215	984,710	1,454,695	4,307,620	4,581,999	2,616,836	11,506,455
Total Functional Expenses	\$ 27,437,567	\$ 1,791,916	\$ 6,336,410	\$ 35,565,893	\$ 4,581,999	\$ 2,616,836	\$ 42,764,728

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 872,611	\$ (4,356,735)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	256,100	246,041
Realized and Unrealized Gain on Operating Investments	(1,839,268)	(1,406,653)
Noncash Lease Cost	182	-
Provision for Uncollectible Pledges	76,132	21,880
Changes in Operating Assets and Liabilities:		
Promissory Note	100,000	100,000
Pledges Receivable, Net	(3,617,700)	1,566,952
Grant Receivables	(639,673)	(478,750)
Prepaid Expenses and Other Assets	(266,611)	84,216
Donor Designations Payable	(75,885)	(367,306)
Amounts Payable Under Campaign Fiscal Agent Responsibilities	(91,580)	122,297
Other Amounts Payable	(1,484,155)	260,612
Accrued Expenses and Other Liabilities	22,298	(103,478)
Net Cash Used by Operating Activities	(6,687,549)	(4,310,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvestment of Dividends from Investment Securities	(1,298,494)	(1,037,565)
Purchases of Investment Securities	(183,217)	(149,729)
Redemption of Investment Securities	11,264,773	3,149,729
Purchases of Property and Equipment	(387,033)	(165,049)
Net Cash Provided by Investing Activities	9,396,029	1,797,386
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,708,480	(2,513,538)
Cash and Cash Equivalents - Beginning of Year	3,245,388	5,758,926
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,953,868	\$ 3,245,388
SUPPLEMENTAL DISCLOSURE(S) OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 30,782	\$ 4,742

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission Statement

United Way of Greater Milwaukee & Waukesha County, Inc. (United Way) changes lives and improves our community by mobilizing people and resources to drive strategic impact in Education, Financial Stability, and Health.

Nature of Activities

United Way is a local organization run and governed by those living and working within this community. United Way is a nonprofit corporation who, by carrying out its mission, helps people build and sustain better lives through opportunities in Education, Financial Stability, and Health—the building blocks to a good life—by focusing on the root causes of our community’s most critical problems in order to break the cycle of poverty.

Annual campaigns are conducted in autumn to support programs in subsequent years. For example, pledges that are not designated to specific agencies for the autumn 2023 campaign will fund allocations to strategic initiatives and programs operated by member agencies for the fiscal year beginning July 1, 2024. Funding decisions are made by a committee consisting of staff, members of the board of directors and volunteers. These program allocations are recorded as expenses during the fiscal year beginning July 1, 2024. In addition to member agencies, donors may also designate their contributions (cash or pledges) to unaffiliated non-member agencies or certain umbrella organizations. Distribution of designated pledges to both member and non-member agencies begin prior to the start of the fiscal year beginning July 1, 2024. For example, distribution of designated pledges for the autumn 2023 campaign actually begins during the fourth quarter of 2023 and continues into the 2024 calendar year. Campaign contributions are used to support local health and human service programs of member and non-member agencies and to pay United Way operating expenses.

United Way distributes funds to both member and non-member agencies. Member agencies receive allocations for programs which they operate and must submit annual reports to United Way regarding the outcomes of these programs. United Way reviews the financial statements of member agencies on a quarterly basis as well as their annual audited financial reports and tax returns. In addition, both member and non-member agencies receive donor designations and can use these dollars for whatever purpose they desire.

Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for the nonprofit industry. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Preparation (Continued)

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations available for use at the discretion of the board of directors (the Board) and/or for management and general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management’s discretion. See Note 9 for more information on the composition of net assets without donor restrictions.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met, either by actions of United Way and/or the passage of time. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Net assets subject to donor-imposed stipulations that the principal be maintained in perpetuity by United Way are separately identified within net assets with donor restrictions. Generally, the donors of these assets permit United Way to use all or part of the income earned on any related investments for general or specific purposes.

When a restriction expires or a donor-stipulated event occurs, net assets with donor restrictions are released to net assets without donor restrictions. See Note 10 for more information on the composition of net assets with donor restrictions.

Cash and Cash Equivalents

United Way considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash or cash equivalents. Cash and cash equivalents are invested primarily in interest-bearing accounts.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of investments are recorded on a trade date basis. Net appreciation (depreciation) in fair value of investments includes both realized and unrealized investment gains and losses. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Pledges Receivable

Unconditional promises to give cash and other assets, less a provision for uncollectible amounts, are recorded as pledges receivable and gross campaign revenue in the year the pledges are made. Allowances are established for pledged amounts estimated to be uncollectible. Collections on prior year campaign pledges previously written off are treated as revenue without donor restrictions in the year of collection.

Donor-designated pledge receivables, less reductions for estimated uncollectible pledges when applicable, are included in pledges receivable in the statements of financial position.

Provision for Uncollectible Pledges

The provision for uncollectible pledges consists of the following three components:

Estimated Loss on Pledges Receivable

An estimated loss on pledges received during the fiscal years ended June 30, 2024 and 2023 is recognized during the year in which the pledge has been received. The rate used to calculate the estimated uncollectible amount is based upon a historical analysis of actual pledge losses during past campaigns.

Provision on Donor-Designated Pledges

Donor-designated pledges are excluded from gross campaign revenue. The pledge loss provision associated with these donor-designated pledges is excluded as well.

Recoveries on Previously Written Off Pledges

Recoveries are typically realized on previously written off pledges from prior campaigns. These amounts are credited against this account.

Beneficial Interest in Endowment Held by Others

Beneficial interest in endowment held by others consisted of Forever Funds of United Way held by the Waukesha County Community Foundation (WCCF). The carrying amounts reported in the statement of financial position for financial instructions approximate their fair values. Under accounting standards, when a resource provider (United Way) transfers assets to another agency but specifies itself as the beneficiary, the economic benefit remains with United Way. Accordingly, the assets and net assets are included in these financial statements. United Way receives periodic distributions on these investments upon WCCF board approval.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Land, Building, and Equipment

All property is recorded at cost except for donated property, which is recorded at fair value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building and Improvements	5 to 33 Years
Furniture, Fixtures, and Equipment	3 to 10 Years
Automobiles	5 Years
Computer Hardware and Software	3 to 5 Years

Impairment of Long-Lived Assets

United Way reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Donor Designations Payable

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

Amounts Payable Under Campaign Fiscal Agent Responsibilities

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

In the first category, United Way handles both the collection and distribution function of local corporations which have a nationwide presence. These corporations have asked United Way to process all of the pledges from each of its locations. Only those pledges from the local office, however, are counted as campaign revenue. United Way handles the collection responsibilities for all of the corporation's locations and distributes the pledges to other United Way entities, if the pledge is undesignated, or to other charitable organizations in the event that the pledges are designated.

In the second category, United Way handles only the distribution process as it receives amounts from one major corporate donor with locations around the country. On a quarterly basis, United Way distributes these funds to hundreds of United Way entities across the United States. United Way has no collection responsibilities with respect to these amounts.

Assets and liabilities associated with these fiscal agent transactions are included in the statements of financial position.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Funds Held as a Fiscal Agent (Non-Campaign)

United Way serves as a fiscal agent for funds held on behalf of a third-party. United Way does not have control or discretion over the use of these funds, and the funds are expected to be distributed to the third-party in 2025. These funds are recorded at the fair value of the assets held, with a corresponding liability recorded for the benefit of the third-party beneficiaries.

Revenue Recognition

Campaigns are conducted annually to raise money in order to impact the community in a positive manner by helping people build and sustain better lives through opportunities in Education, Income, and Health—the building blocks to a good life. Campaign contributions and income from special events and fund-raising are recognized in the year pledged. Pledges receivable and related revenue are recorded when the pledge is received, and allowances are provided for amounts estimated to be uncollectible. The allowances are based on past history, adjusted for current conditions, as considered appropriate by management.

Contributions

Annual fall campaign results are reduced by pledges designated to a specific organization and by a provision for uncollectible pledges. Pledges received in the current fiscal year for the prior autumn's campaign are considered revenue without donor restrictions. Pledges received in the current fiscal year for the upcoming autumn's campaign are reflected as revenue with donor restrictions. Pledges received in the current fiscal year for prior year campaigns are recorded as revenue without donor restrictions. Collections on pledges for prior year campaigns are released from restriction in the year collected.

Contributions, including unconditional promises to give, are recognized in the period received. Conditional contributions are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. United Way has \$-0- and \$303,409 of conditional contributions that exist as of June 30, 2024 and 2023, respectively, which is reflected as donor designations payable on the statements of financial position.

Contributed Services

No amounts have been reflected in the financial statements for contributed services that do not require specialized expertise. United Way pays for most services requiring specific expertise. However, many individuals volunteer substantial amounts of time toward United Way sponsored community activities, campaign solicitations, and various committee assignments, which do not require specialized expertise or would not typically be purchased if not provided by donation.

Various organizations have provided various services at no charge, the value of which has been reflected as gross campaign revenue in the statements of activities. The value of program services has been reflected as gross program investments in the statements of activities. See Note 17 for more detail.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributed Services (Continued)

Many organizations reimburse United Way for various expenses incurred through sponsorships. The reimbursements and expenses have been reflected in total campaign revenue and operating expenses in the statements of activities.

Designation Cost Recovery Fees

Requirement M of United Way Worldwide limits the cost recovery fee on donor-designated pledges to no more than the sum of a three-year moving average of its fundraising cost percentage (Fundraising Expense divided by Total Campaign Revenue on Form 990) and its processing cost percentage (Management & General Expenses divided by Total Revenue on Form 990), United Way of Greater Milwaukee & Waukesha County is in compliance with Requirement M.

Fundraising Expenses

All salary, overhead, and miscellaneous costs are recorded as operating expenses in the period incurred.

Functional Allocation of Expenses

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Expenses that can be identified with a specific function are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by estimated time spent on the respective program and support functions. The allocation to these categories was made in accordance with standards established by United Way Worldwide.

Use of Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. United Way considers the value of the allowance for uncollectible pledges receivable to be a significant estimate subject to change. Actual results may differ from these estimates.

Income Taxes

United Way has been determined to be a charitable organization as defined under section 501(c)(3) of the Internal Revenue Code (IRC) and, as such, is exempt from federal income taxes. United Way is also exempt from state income taxes.

Management analyzed the requirements for accounting for uncertain tax positions. United Way determined that it was not required to record a liability related to uncertain tax positions at June 30, 2024 and 2023.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases

Beginning July 1, 2022, United Way began accounting for its leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. United Way determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. United Way recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease.

ROU assets represent United Way's right to use an underlying asset for the lease term and lease liabilities represent United Way's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that United Way will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. United Way has elected to recognized payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as ease liabilities or ROU assets on statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, United Way has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

United Way has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Change in Accounting Principle

On July 1, 2023, United Way adopted FASB ASU 2016-13. Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. United Way adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the United Way's financial statements but did result in changes to United Way's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. United Way also updated its accounting policies for determining the recoverability of accounts receivable.

United Way extends credit to customers in the normal course of business. United Way uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. United Way considers various factors such as borrower creditworthiness and probability of default to estimate credit losses. Management has concluded that credit losses on balances outstanding at year-end will be immaterial.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 INVESTMENTS

The following table summarized investments, stated at fair value, for the years ended June 30:

	2024		2023	
	Investments Measured at Fair Value	Percentage of Total	Investments Measured at Fair Value	Percentage of Total
Operating:				
Equity Securities	\$ 5,695,835	40.4%	\$ 6,257,804	34.2%
Fixed Income	6,999,153	49.7%	10,385,391	56.7%
Limited Partnership	1,398,264	9.9%	1,657,422	9.1%
Total	<u>\$ 14,093,252</u>	<u>100%</u>	<u>\$ 18,300,617</u>	<u>100%</u>
Endowment:				
Equity Securities	\$ 4,943,416	31.7%	\$ 4,344,743	22.5%
Fixed Income	10,260,344	65.8%	14,644,901	75.8%
Limited Partnership	380,185	2.4%	337,998	1.7%
Total	<u>\$ 15,583,945</u>	<u>100%</u>	<u>\$ 19,327,642</u>	<u>100%</u>
Total Investments:				
Equity Securities	\$ 10,639,251	35.8%	\$ 10,602,547	28.2%
Fixed Income	17,259,497	58.2%	25,030,292	66.5%
Limited Partnership	1,778,449	6.0%	1,995,420	5.3%
Total	<u>\$ 29,677,197</u>	<u>100%</u>	<u>\$ 37,628,259</u>	<u>100%</u>

The following table summarized the components of United Way's investment income for the years ended June 30:

	2024		2023	
	Dividend and Interest Income	Realized and Unrealized Gains	Dividend and Interest Income	Realized and Unrealized Gains
Operating	\$ 1,090,241	\$ 1,000,302	\$ 918,519	\$ 806,692
Endowment	182,772	813,406	147,493	578,376
Total	<u>\$ 1,273,013</u>	<u>\$ 1,813,708</u>	<u>\$ 1,066,012</u>	<u>\$ 1,385,068</u>

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under U.S. GAAP are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the United Way has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at June 30, 2024 and 2023 for assets measured at fair value.

Limited Partnerships: One limited partnership is valued at an amount equal to the ownership interest in partners' capital, which approximates fair value. Two limited partnerships are valued at the net asset value (NAV) of shares held by United Way at year-end. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund, less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. The three funds do not have a finite life, unfunded commitments or restrictions on redemptions. The investment strategy of the limited partnerships are to 1) outperform the Morgan Stanley Capital International Index of Europe, Australia and the Far East Index over multiple year periods, or 2) to maintain significantly less volatility than the global equity market while delivering market-like returns over a full market cycle or 3) deliver stable total returns in excess of the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE).

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by United Way are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by United Way are deemed to be actively traded.

Information regarding assets measured at fair value on a recurring basis as of June 30, 2024 and 2023 is as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Money Market	\$ 56,719	\$ -	\$ -	\$ 56,719
Small Cap Value	1,114,497	-	-	1,114,497
All Cap Core	5,850,738	-	-	5,850,738
International	3,588,523	-	-	3,588,523
Fixed Income	16,305,851	-	-	16,305,851
Senior Secured Loans	963,229	-	-	963,229
Total Investments at Fair Value	<u>\$ 27,879,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,879,557</u>
Investments Valued at Net Asset Value				<u>1,797,640</u>
Total Investments				<u>\$ 29,677,197</u>
	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Money Market	\$ 247,331	\$ -	\$ -	\$ 247,331
Small Cap Value	1,232,553	-	-	1,232,553
All Cap Core	5,826,592	-	-	5,826,592
International	3,296,071	-	-	3,296,071
Fixed Income	23,563,107	-	-	23,563,107
Senior Secured Loans	1,467,185	-	-	1,467,185
Total Investments at Fair Value	<u>\$ 35,632,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,632,839</u>
Investments Valued at Net Asset Value				<u>1,995,420</u>
Total Investments				<u>\$ 37,628,259</u>

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 PLEDGES RECEIVABLE

Net pledges receivable consisted of the following as June 30:

	<u>2024</u>	<u>2023</u>
Within One Year	\$ 9,422,148	\$ 8,979,035
In One to Five Years	3,500,000	-
Total	<u>12,922,148</u>	<u>8,979,035</u>
Less: Allowance for Uncollectible Amount	1,770,073	1,693,940
Less: Discount to Present Value	325,412	-
Pledges Receivable, Net	<u>10,826,663</u>	<u>7,285,095</u>
Less Current Portion	<u>7,652,076</u>	<u>7,285,095</u>
Total Pledges Receivable, Less Current	<u>\$ 3,174,587</u>	<u>\$ -</u>

Unconditional promise to give that is expected to be collected in future years is recorded at the present value of estimated future cash flows. The discount on a long-term pledge is computed using a rate of 5.62%.

NOTE 5 LONG-TERM RECEIVABLE

In December 2018 United Way Worldwide (UWW) and several Local United Way's (LUW) from around the country dissolved a limited liability company, United Way Digital Holdings, LLC (the "LLC") that they were all members of, for the purpose of designing, developing and operating a digital philanthropic employee engagement platform. United Way's investment was \$400,000. Upon dissolution, UWW signed a Promissory Note (the "Note") to return United Way's \$400,000 investment. Interest on the Note accrues at a rate of 2.72% per annum from the date of the Note (December 31, 2018) until the principal is paid in full. All interest accruing on this Note shall be due and payable on the first day of the calendar month beginning December 1, 2019. Interest received during fiscal 2024 and 2023 was \$453 and \$4,419, respectively. The principal balance shall be paid in four equal installments of \$100,000 from December 1, 2020 through December 1, 2023. Outstanding balance as of June 30, 2024 and June 30, 2023 was \$-0- and \$100,000 respectively.

NOTE 6 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consisted of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land and Improvements	\$ 100,235	\$ 100,235
Buildings and Improvements	4,525,151	4,246,940
Equipment	1,599,859	1,491,038
Furniture and Fixtures	64,956	64,956
Subtotal	<u>6,290,201</u>	<u>5,903,169</u>
Less: Accumulated Depreciation and Amortization	<u>(4,030,883)</u>	<u>(3,774,784)</u>
Total Property and Equipment	<u>\$ 2,259,318</u>	<u>\$ 2,128,385</u>

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 LINE OF CREDIT

United Way has an unsecured line of credit with a bank wherein the lender will provide amounts up to \$4,000,000. The line of credit agreement matures February 28, 2025. Interest is accrued on the unpaid principal balance at SOFR plus 161 basis points provided that in no event shall SOFR be less than 0.00%. The interest rate was 6.94% and 6.70% at June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, United Way had no balance outstanding under the line of credit.

NOTE 8 THRIFT AND DEFERRED COMPENSATION PLANS

403(b) Thrift Plan

The plan covers substantially all union and nonunion employees. Employees are allowed to contribute to the plan up to certain limitations along with a company match based on years of service. The thrift plan matching contributions charged to expense were \$163,053 and \$150,088 in 2024 and 2023, respectively.

A separate United Way contribution is made to a pension plan for members of the union with at least one year of service. In addition, nonunion employees hired after March 31, 2015 also participate in this plan. United Way contributes a percentage of a participant's regular annual salary to this pension plan. Employees direct the contributions to specific funds. Vesting requirements are on a five-year sliding scale. The union and nonunion pension plan contributions charged to expense were \$388,370 and \$376,856 in 2024 and 2023, respectively.

Deferred Compensation Plan – 457(b)

United Way has a 457(b) plan for certain highly compensated senior employees. The plan may be funded by employer and employee contributions. Eligible employees may elect to contribute up to the maximum dollar amount under section 457(e)(15) of the IRC. The assets of the plan are the legal assets of United Way until they are distributed to participants, and therefore the plan assets and corresponding liability are reported in the statement of financial position.

Information regarding assets measured at fair value on a recurring basis as of June 30, 2024 and 2023 is as follows:

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 THRIFT AND DEFERRED COMPENSATION PLANS (CONTINUED)

		2024			
		Level 1	Level 2	Level 3	Total
Mutual Funds		\$ 154,146	\$ -	\$ -	\$ 154,146
Total		\$ 154,146	\$ -	\$ -	\$ 154,146
		2023			
		Level 1	Level 2	Level 3	Total
Mutual Funds		\$ 135,601	\$ -	\$ -	\$ 135,601
Guaranteed Interest Rate					
Contract		-	-	34,191	34,191
Total		\$ 135,601	\$ -	\$ 34,191	\$ 169,792

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS

Investment in Land, Buildings, and Equipment

Amount represents the net land, building, and equipment amount presented on the assets section of the statement of financial position that is not available for general expenditures.

Board Designated for Programs and Initiative Funding

Amount represents net assets without donor restrictions from the fall campaign that the Board of Directors has allocated for funding of agency programs and initiatives in the next fiscal year.

Board-Designated Endowment Fund

This fund was created by the Board of Directors to accept primarily estate gifts where the donor has not restricted the use of the funds. United Way has an endowment spending policy which applies to this fund and annually the board determines how the spending distribution will be used. See Note 11 for details on endowments.

Board-Designated Short-Term Community Investments

Amount represents a short-term unrestricted gift from MacKenzie Scott to be allocated in the community within a few years of the receipt of the gift. Investments will be allocated to Safe & Stable Homes, Racial Equity, Community Schools, Education, Health, program allocations, and other Board-designated initiatives. See Note 11 for details on endowments.

Waukesha Property Endowment

This endowment was originally funded from the proceeds of the sale of the Waukesha office. The purpose of the fund is to underwrite future occupancy costs in Waukesha County. See Note 11 for details on endowments.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

Board Designated for Capital Improvements

Balance represents rental income from leasing a portion of the Milwaukee building. Use of these funds are restricted by the Board for repairs/maintenance cost of the property. United Way no longer leases a portion of the Milwaukee building, that portion of the building was repurposed as the Johnson Controls Volunteer Center.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as follows:

	2024	2023
Subject to the Passage of Time:		
2024-2028 Campaign Revenue	\$ 6,223,938	\$ -
2023 Campaign Revenue	-	2,089,531
Total	6,223,938	2,089,531
Subject to Expenditure for Specified Purpose:		
Restricted Grant	\$ 2,013,724	\$ 2,083,065
Total	2,013,724	2,083,065
Subject to United Way's Endowment Spending Policy and Appropriation:		
Investment in Perpetuity (Including Amounts Above the Original Gift of \$1,525,354 in 2024 and \$1,371,604 in 2023), Which Once Appropriated, is Expendable to Support:		
Community Emergencies	397,759	358,429
For Minority or Neglected Children Programs	219,829	197,035
General Annual Campaign Gift	400,934	218,563
Health Girls Program	169,979	140,230
Future Use	2,179,657	2,048,693
Total	3,368,158	2,962,950
Beneficial Interest in Endowment Held by Others Subject to United Way's Spending Policy:		
Investment Which Once Appropriated, is Expendable to Support:		
General Annual Campaign Gift	45,480	41,130
Future Use	193,871	175,307
Total Endowments	239,351	216,437
Total	\$ 11,845,171	\$ 7,351,983

Campaign Revenue

Net assets with donor restrictions include revenue from upcoming United Way campaigns that is unavailable for distribution until the close of the annual campaign.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Restricted Grants

Throughout the year, United Way receives various donations for specific purposes. These donations are typically spent within a 12-month cycle.

Endowments

Net assets with donor restrictions also includes contributions from donors which have timing restrictions on the use of both the original gift and increases in the fair value of the gift. See Note 11 for details on endowments.

NOTE 11 ENDOWMENTS

United Way's endowments consist of various funds established to benefit United Way for a variety of purposes. United Way's endowments include both donor-restricted endowments and funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

United Way believes the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, is the relevant state law governing their endowment funds. United Way has interpreted UPMIFA as allowing the appropriation for expenditure for the purposes for which an endowment is established as the net appreciation, realized and unrealized, in the fair value of an endowment fund over the historic dollar value of the fund as is prudent under ordinary business care considering the facts and circumstances prevailing at the time the action is taken.

United Way has adopted investment and spending policies for certain endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the fair value of the endowment assets. Under United Way's investment policy, as approved by the board of directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and United Way's objectives.

To achieve its investment goals, United Way targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. United Way's asset allocations include a blend of equity and debt securities and cash equivalents.

Interest, dividends, and net appreciation in fair value of endowment funds on donor-restricted endowment funds are classified as "with donor restrictions" in net assets if the earnings are restricted by the donor for a specific purpose or as board-designated "without donor restrictions" in net assets if the earnings are not donor restricted.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 ENDOWMENTS (CONTINUED)

Underwater Endowment Funds

United Way considers a fund to be “underwater” if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. United Way complies with the UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. United Way has no underwater endowment funds at June 30, 2024 and 2023.

Donor-Restricted Endowment

United Way has received several gifts in which the donors have stipulated that the gift amount be invested and maintained permanently to generate annual income for fulfilling the United Way mission, to servicing neglected children, or to help finance projects which identify community problems. The donor-restricted endowment investments are maintained by United Way in a trust account with the board-designated endowment investments. United Way is responsible for investment decisions. For endowment funds with no spending instructions, United Way determines the income available for distribution using the total return method. Distributions are made annually equal to 4% of the average market value of the related endowment investments over a three-year period.

Board-Designated Endowment

The board of directors has set aside certain memorials and bequests for endowment purposes. As these amounts are not restricted by the donor, but are segregated only by Board policy, the amounts have been classified as unrestricted net assets. The Board’s intent is that the amount of unrestricted net assets that are classified as an endowment will always be equal to the market value of the funds invested in the endowment investment trust. The Board may designate additional amounts from time to time to be added to the endowment trust. The annual distribution policy the Board has set will allow distributions made available to operations equal to 4% of the average market value of the board-designated endowment investments over a three-year period.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 ENDOWMENTS (CONTINUED)

Endowment net assets consisted of the following at June 30, 2024 and 2023:

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 3,572,846	\$ -	\$ 3,572,846
Board-Designated Short Term Community Investments	8,221,608		8,221,608
Waukesha Property Endowment	408,062	-	408,062
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,525,354	1,525,354
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Specific Purpose	-	331,606	331,606
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Future Use	-	1,113,440	1,113,440
Subject to Spending Policy:			
Restricted for a Specific Purpose	-	443,240	443,240
Future Use	-	193,871	193,871
Total	<u>\$ 12,202,516</u>	<u>\$ 3,607,511</u>	<u>\$ 15,810,027</u>
<u>June 30, 2023</u>			
Board-Designated Endowment Funds	\$ 3,151,292	\$ -	\$ 3,151,292
Board-Designated Short Term Community Investments	12,909,781		12,909,781
Waukesha Property Endowment	368,185	-	368,185
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,371,604	1,371,604
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Specific Purpose	-	250,441	250,441
Accumulated Growth of Perpetual Gifts Subject to Appropriation for a Future Use	-	982,476	982,476
Subject to Spending Policy:			
Restricted for a Specific Purpose	-	399,559	399,559
Future Use	-	175,307	175,307
Total	<u>\$ 16,429,258</u>	<u>\$ 3,179,388</u>	<u>\$ 19,608,646</u>

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 ENDOWMENTS (CONTINUED)

Changes in endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - June 30, 2023	\$ 18,543,203	\$ 2,840,700	\$ 21,383,903
Activity in Fiscal Year June 30, 2023:			
Addition to Endowments	392,071	120,674	512,745
Investment Return:			
Interest and Dividends	78,368	63,738	142,106
Net Appreciation	315,838	280,914	596,752
Endowment Expenditures/Distributions	<u>(2,900,222)</u>	<u>(126,638)</u>	<u>(3,026,860)</u>
Endowment Net Assets - June 30, 2023	16,429,258	3,179,388	19,608,646
Activity in Fiscal Year June 30, 2024:			
Addition to Endowments	54,556	87,275	141,831
Investment Return:			
Interest and Dividends	95,872	78,340	174,212
Net Appreciation	440,699	398,267	838,966
Endowment Expenditures/Distributions	<u>(4,817,869)</u>	<u>(135,759)</u>	<u>(4,953,628)</u>
Endowment Net Assets - June 30, 2024	<u>\$ 12,202,516</u>	<u>\$ 3,607,511</u>	<u>\$ 15,810,027</u>

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

United Way regularly monitors liquidity required to meet its program and initiative funding, and operating needs, while also striving to maximize the investment of its available funds. United Way has various sources of liquidity at its disposal, including cash and cash equivalents, investments (see Note 2), and a line of credit (see Note 7).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its ongoing activities of payments to donor-designated agencies, amounts payable to agencies under fiscal agent responsibilities, and public service as well as the conduct of services undertaken to support these activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, United Way operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following table reflects United Way's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal board designations (see Note 9).

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 5,953,868	\$ 3,245,388
Operating Investments	14,093,252	18,300,617
Pledges Receivable - Net	7,652,076	7,285,095
Grant Receivables	2,434,219	1,794,546
	30,133,415	30,625,646
Less Amounts Not Available to be Used Within One Year:		
Donor Restricted Grants	(2,013,724)	(2,083,065)
Board-Designated for Program and Initiative Funds	(17,321,093)	(17,549,253)
Board-Designated for Capital Improvements	-	(159,901)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 10,798,598	\$ 10,833,427

NOTE 13 NET PROGRAM INVESTMENTS

United Way's mission is to improve lives by mobilizing community resources. United Way brings together people and resources from all across the community from government, business, faith groups, nonprofits and individuals, to accomplish more than any one organization or person can alone.

Undesignated pledges received were distributed to member and nonmember agencies across the following programs for the years ended June 30, 2024 and 2023:

	2024	2023
United Way Investment Strategies:		
Education	\$ 5,685,028	\$ 6,848,684
Financial Stability	12,218,688	10,760,423
Health	7,444,987	9,013,957
Grant subrecipients	3,354,979	4,373,372
Total	\$ 28,703,682	\$ 30,996,436

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 GRANTS AND PROGRAMS

Teen Pregnancy Prevention Program

Boys and Girls Clubs of Greater Milwaukee and United Way have partnered to have a significant impact on reducing rates of teen pregnancy and existing disparities in six targeted zip codes that have a birth rate of 65 births per 1,000, or higher, for 15-19 year olds. Our partnership will reach an estimated 13,000 youth ages 11-19 using evidence-based sexual health curricula. Additional youth will be reached through public awareness, youth gatherings, resource fairs, and social media.

This program is funded by a grant from the Boys and Girls Clubs of Greater Milwaukee. During fiscal 2023, United Way expended \$274,886 on the program, of which \$270,000 was expended by United Way's sub-recipients under the grant. The program ended in fiscal 2023 and there were no related costs in fiscal 2024.

Milwaukee Community Schools Partnership

The Milwaukee Community Schools Partnership (MCSP) is a collective strategy to transform schools into a place where students, families, staff, and the surrounding community can work together to ensure every student is successful.

Community Schools is a proven model to increase a school's capacity to better engage and align partnerships centered on the self-identified, real-time priorities of schools and communities. Our strategy places the focus on the whole child by providing academic supports, social and emotional learning, health and wellness, family and community engagement, and a safe and supportive climate.

This program is funded by a grant from the Milwaukee Public Schools, contributions from local area businesses and by an allocation from United Way. During fiscal 2024 and 2023, United Way expended \$1,579,248 and \$1,310,485, respectively, on the program, of which \$1,102,471 and \$837,525, respectively, was expended by United Way's sub-recipients under the program.

Right To Counsel

Right to Counsel is a three-year pilot that will provide free housing attorneys for every family under 200% of the federal poverty guideline facing an eviction case in Milwaukee County Small Claims Court.

Legal Action of Wisconsin's Eviction Defense Project data shows that 90% of eviction cases are dismissed or delayed when a tenant has legal representation, but only 3% of the 14,000 Milwaukee families facing an eviction in a typical year will have legal representation.

Right to Counsel addresses racial inequities in housing stability. Milwaukee County Small Claims Court data indicates families at-risk for evictions are mostly Black and Latino residents in low-income areas. Black women, families with children, and Latino families in mostly White neighborhoods are disproportionately evicted in Milwaukee County.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 GRANTS AND PROGRAMS (CONTINUED)

Right To Counsel (Continued)

This program is funded by a grant from Milwaukee County. During fiscal years 2024 and 2023, United Way expended \$1,792,467 and \$2,345,878, respectively, on the program, of which \$1,583,704 and \$2,122,971, respectively, was expended by United Way's sub-recipients under the program.

State Shelter Subsidy Grants

The State Shelter Subsidy Grant (SSSG) provides up to 50% of an emergency shelter or voucher program's annual operating budget. The Safe Shelter and Homeless Grant funds are available to shelter programs with additional funding needs like renovation/expansion of an existing shelter, development of an existing building into a shelter, the expansion (or development) of shelter services, or to continue an existing level of service. SSSG participants were surveyed to identify funding needs for the 2021/2022 and 2022/2023 winters as well as funding needs for critical capital investments. The Wisconsin Department of Administration (DOA) used information collected to determine the proportion of funding that each emergency shelter and voucher program would receive through the Safe Shelter and Homelessness Grants.

This program is funded by two grants from DOA. During fiscal years 2024 and 2023, United Way expended \$632,123 and \$863,233, respectively, on the program, of which \$617,123 and \$796,364, respectively, was expended by United Way's sub-recipients under the program.

NOTE 15 CONCENTRATIONS

The United Way maintains cash at an area financial institution, which, at times, may exceed FDIC limits. The United Way has not experienced any losses with these accounts. Management believes the United Way is not exposed to any significant risk on cash.

NOTE 16 RELATED PARTIES

Certain members of the United Way's Board of Directors serve on boards of directors of various member agencies or service companies with which the United Way does business.

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 17 DONATED SERVICES AND ASSETS

United Way received the following contributions of nonfinancial assets for the years ending June 30:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 111,162	\$ 84,841
Supplies for Community Programs	559,500	401,138
Total	<u>\$ 670,662</u>	<u>\$ 485,979</u>

Advertising is recognized as in-kind contribution revenue. United Way valued this work at current market rates for similar advertising. United Way utilizes the in-kind advertising.

Supplies are recognized as in-kind contribution revenue. United Way valued these supplies at current market rates for similar items. United Way utilizes the in-kind supplies.

NOTE 18 LEASES – ASC 842

United Way leases an office facility for a three-year term under a non-cancelable lease agreement. The lease expires in February 2027 and provides for renewal option for one additional three-year term. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. The office facility lease provides for increases in future minimum annual rental payments at a rate of 2.5% per annum.

The following table provides quantitative information concerning United Way's leases:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost	\$ 24,953	\$ 20,470
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 20,952	\$ 20,364
Right-of-Use Assets Obtained in Exchange for Lease Liabilities:		
Operating Leases	\$ 60,031	\$ 33,371
Weighted-Average Lease Term:		
Operating Leases	2.67 Years	<1 year
Weighted-Average Discount Rate:		
Operating Leases	4.32 %	6.70 %

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 18 LEASES – ASC 842 (CONTINUED)

United Way classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 21,780
2026	22,325
2027	<u>15,129</u>
Total Lease Payments	59,234
Less: Imputed Interest	<u>(5,111)</u>
Present Value of Lease Liabilities	<u><u>\$ 54,123</u></u>

NOTE 19 SUBSEQUENT EVENTS

Management evaluated subsequent events through January 14, 2025 the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2024, but prior to January 14, 2025 that provide additional evidence about conditions that existed at June 30, 2024, have been recognized in the financial statements for the year ended June 30, 2024. Events or transactions that provided evidence about conditions that did not exist at June 30, 2024 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2024.



**INDEPENDENT AUDITORS' REPORT 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***

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

We have audited, in accordance with the 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, the financial statements of United Way of Greater Milwaukee and Waukesha County, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements 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 January 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Greater Milwaukee and Waukesha County, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 United Way of Greater Milwaukee and Waukesha County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Greater Milwaukee and Waukesha 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Items

As part of obtaining reasonable assurance about whether United Way of Greater Milwaukee and Waukesha 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 financial statement. 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 result of that testing, and not to provide an opinion on the effectiveness of United Way of Greater Milwaukee and Waukesha County, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Greater Milwaukee and Waukesha County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
January 14, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND WISCONSIN STATE SINGLE AUDIT GUIDELINES

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited United Way of Greater Milwaukee & Waukesha County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* that could have a direct and material effect on each of United Way of Greater Milwaukee & Waukesha County, Inc.'s major federal and state programs for the year ended June 30, 2024. United Way of Greater Milwaukee & Waukesha County, Inc.'s major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Greater Milwaukee & Waukesha County, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal and State Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Wisconsin State Single Audit Guide*. Our responsibilities under those standards and the Uniform Guidance and the *Wisconsin State Single Audit Guide* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of Greater Milwaukee & Waukesha County, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of United Way of Greater Milwaukee & Waukesha County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way of Greater Milwaukee & Waukesha County, Inc.'s federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of Greater Milwaukee & Waukesha County, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and the *Wisconsin State Single Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of Greater Milwaukee & Waukesha County, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and the *Wisconsin State Single Audit Guide*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Way of Greater Milwaukee & Waukesha County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of United Way of Greater Milwaukee & Waukesha County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Wisconsin State Single Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of United Way of Greater Milwaukee & Waukesha County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *Wisconsin State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
January 14, 2025

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of the Treasury				
Pass through City of Milwaukee CORONAVIRUS State and Local Fiscal Recovery Funds Right to Counsel Program	21.027	396005532	\$ 605,014	\$ 650,016
Pass through Wisconsin Department of Administration CORONAVIRUS State and Local Fiscal Recovery Funds Safe Shelter Subsidy Grant - Homeless Case Management Services (SS)	21.027	SSSG-HCMS 23-10	89,463	89,463
Pass through Wisconsin Department of Administration CORONAVIRUS State and Local Fiscal Recovery Funds Equitable Recovery Grant Program	21.027	ARPA-ERG1-283	-	317,015
Total Department of the Treasury			694,477	1,056,494
Department of Education				
Innovative Approaches to Literacy; Promise Neighborhoods; and Full- service Community Schools	84.215J	N/A	200,092	373,728
Pass through Milwaukee Public Schools Title I	84.010	C026506	580,000	580,000
Total Department of Education Programs			780,092	953,728
Corporation for National and Community Service				
Pass through Wisconsin National and Community Service Board Serve WI Program	94.021	23VGEWI001	-	17,205
Total Corporation for National and Community Service			-	17,205
Department of Housing and Urban Development				
Right to Counsel Program	14.251	N/A	978,690	1,000,000
Total Department of Housing and Urban Development			978,690	1,000,000
Federal Communications Commission				
Pass through United Way of Wisconsin Affordable Connectivity Program	32.011	KGC4M2LKCER8	20,918	29,269
Total Federal Communications Commission			20,918	29,269
Office for Victims of Crime				
Pass through Wisconsin Department of Justice United for Waukesha Resiliency Center	21.027	CQAHVTDUFRT5	-	82,720
Total Federal Communications Commission			-	82,720
Total Expenditures of Federal Awards			\$ 2,474,177	\$ 3,139,416

**UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

State Grantor/Pass Through Grantor/ Program or Cluster Title	State ID Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Public Service Commission of Wisconsin				
Universal Service Fund Grant Program	PSC 160.125(2)(f)	N/A	\$ -	\$ 27,700
Broadband and Digital Equity Planning	PSC 464800	N/A	-	71,816
Wisconsin Department of Administration				
State Shelter Grant Program	505.707A	SSSG 23-47	<u>522,661</u>	<u>542,661</u>
Total Expenditures of State Awards			<u>\$ 522,661</u>	<u>\$ 642,177</u>

UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of United Way under programs of the federal and state government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and State Awards* (Uniform Guidance) and the *Wisconsin State Single Audit Guide*. Because the Schedule presents only a selected portion of the operations of United Way, it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

United Way has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.251	Right to Counsel Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes _____ no

**UNITED WAY OF GREATER MILWAUKEE AND WAUKESHA COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

State Financial Assistance

1. Internal control over state projects:

Material weakness(es) identified? _____ yes x no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

2. Type of auditors' report issued on compliance for state projects: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with state requirements? _____ yes x no

Identification of Major State Projects

CSFA Number(s)

505.707A

Name of State Project

State Shelter Grant Program

Dollar threshold used to distinguish between Type A and Type B state projects: \$ 100,000

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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