

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 15
Schedule of Program Revenue and Expenses - Without Donor Restrictions	16

Independent Auditor's Report

Board of Directors
Neighborhood House of Milwaukee Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Neighborhood House of Milwaukee Inc. which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood House of Milwaukee Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Board of Directors
Neighborhood House of Milwaukee Inc.

Report on Summarized Comparative Information

We have previously audited Neighborhood House of Milwaukee Inc.'s June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program revenue and expenses - without donor restrictions 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
October 9, 2019

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(With Summarized Totals for June 30, 2018)

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 97,579	\$ 255,875
Grants and Contracts Receivable	233,723	165,561
Accounts Receivable	3,695	51,941
Current Pledges Receivable	47,024	186,184
Allowance for Uncollectible Receivables	(11,400)	(3,006)
Estate Receivable	39,737	---
Prepaid Expenses	10,309	---
Total Current Assets	<u>\$ 420,667</u>	<u>\$ 656,555</u>
NONCURRENT ASSETS		
Pledge Receivable - Net of Current Portion	\$ 10,000	\$ 20,000
Certificate of Deposit - Restricted	35,863	35,803
Beneficial Interest - Greater Milwaukee Foundation Fund	838,193	807,562
Total Noncurrent Assets	<u>\$ 884,056</u>	<u>\$ 863,365</u>
FIXED ASSETS		
Land	\$ 192,736	\$ 192,736
Building and Improvements	3,438,319	3,340,720
Farm Improvements	166,678	166,678
Furniture and Equipment	520,901	520,901
Automobiles	71,296	38,882
Total Fixed Assets	<u>\$ 4,389,930</u>	<u>\$ 4,259,917</u>
Less: Accumulated Depreciation	(3,033,876)	(2,940,603)
Net Fixed Assets	<u>\$ 1,356,054</u>	<u>\$ 1,319,314</u>
TOTAL ASSETS	<u>\$ 2,660,777</u>	<u>\$ 2,839,234</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 64,478	\$ 75,682
Accrued Payroll Expenses	85,009	77,991
Note Payable - Current Portion	19,963	19,059
Total Noncurrent Liabilities	<u>\$ 169,450</u>	<u>\$ 172,732</u>
NONCURRENT LIABILITIES		
Note Payable - Long-Term Portion	\$ 41,579	\$ 62,177
Total Current Liabilities	<u>\$ 41,579</u>	<u>\$ 62,177</u>
Total Liabilities	<u>\$ 211,029</u>	<u>\$ 234,909</u>
NET ASSETS		
Without Donor Restrictions	\$ 2,343,704	\$ 2,443,039
With Donor Restrictions	106,044	161,286
Total Net Assets	<u>\$ 2,449,748</u>	<u>\$ 2,604,325</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,660,777</u>	<u>\$ 2,839,234</u>

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUE				
Grants	\$ 781,933	\$ ---	\$ 781,933	\$ 697,973
Contributions	393,847	39,737	433,584	602,861
In-Kind Revenue	43,780	---	43,780	84,025
United Way	374,131	---	374,131	374,616
Wisconsin Shares	418,503	---	418,503	362,125
Child Care Fees	123,453	---	123,453	143,828
Gain (Loss) on Beneficial Interest	30,631	---	30,631	52,763
Contract Services	37,831	---	37,831	27,855
Interest Income	60	---	60	53
Special Events Revenue	226,159	---	226,159	218,389
Special Events Expense	(43,738)	---	(43,738)	(39,623)
Rental Income	15,325	---	15,325	12,440
Other Revenue	4,863	---	4,863	8,468
Loss on Disposal of Assets	---	---	---	(1,750)
Insurance Proceeds for Water Damage	---	---	---	50,000
Net Assets Released from Restrictions	94,979	(94,979)	---	---
Total Revenue	\$ 2,501,757	\$ (55,242)	\$ 2,446,515	\$ 2,594,023
EXPENSES				
Program Services	\$ 2,105,055	\$ ---	\$ 2,105,055	\$ 1,962,876
Management and General	283,881	---	283,881	254,102
Fundraising	212,156	---	212,156	187,469
Total Expenses	\$ 2,601,092	\$ ---	\$ 2,601,092	\$ 2,404,447
CHANGE IN NET ASSETS	\$ (99,335)	\$ (55,242)	\$ (154,577)	\$ 189,576
Net Assets, Beginning of Year	2,443,039	161,286	2,604,325	2,414,749
NET ASSETS, END OF YEAR	\$ 2,343,704	\$ 106,044	\$ 2,449,748	\$ 2,604,325

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	Program Services	Management and General	Fundraising	2019 Total	2018 Total
Salaries and Wages	\$ 1,291,547	\$ 136,124	\$ 93,611	\$ 1,521,282	\$ 1,417,455
Employee Benefits	84,325	8,977	6,154	99,456	76,567
Retirement	9,001	949	652	10,602	9,556
Payroll Taxes	120,831	14,219	9,450	144,500	116,657
Professional Fees	61,592	38,180	62,857	162,629	103,956
Contract Services	69,791	754	93	70,638	32,838
Office Supplies	8,190	4,470	113	12,773	8,208
Human Resources Supplies	4,579	9,199	152	13,930	9,210
Telephone	9,856	1,529	662	12,047	12,610
Postage	---	882	2,867	3,749	3,311
Printing	377	441	4,200	5,018	5,830
Technology	1,023	189	4,709	5,921	4,476
Subscriptions	609	---	86	695	2,095
Occupancy	63,177	4,607	1,994	69,778	85,258
Utilities	51,908	8,054	3,487	63,449	64,384
Marketing and Promotion	---	---	1,568	1,568	4,137
Program and Special Event Supplies	13,808	308	957	15,073	73,333
Educational Supplies	17,651	---	---	17,651	8,671
Participant Engagement	2,022	80	---	2,102	5,970
Food	50,934	3,177	1,092	55,203	55,207
Field Trips	15,123	---	---	15,123	23,191
Playground Expense	285	---	---	285	---
Grant Supplies	3,608	---	1,198	4,806	6,751
Equipment Rental and Maintenance	38,324	5,574	3,278	47,176	39,961
Maintenance and Housekeeping Supplies	24,258	3,857	1,579	29,694	27,415
Depreciation	76,306	11,840	5,126	93,272	91,875
Travel	41,176	1,402	464	43,042	30,824
Conferences, Conventions and Meetings	897	723	100	1,720	1,072
Fundraising Expense	---	---	---	---	1,998
Interest Expense	2,754	427	185	3,366	6,686
Insurance	29,239	4,537	1,964	35,740	33,269
Membership Dues	4,781	8,576	1	13,358	19,023
Staff Development	3,236	269	430	3,935	8,614
Bank Charges and Fees	15	5,157	2,767	7,939	8,643
Awards and Donations	1,159	245	---	1,404	---
Licenses	2,573	150	56	2,779	524
Real Estate Taxes	53	9	4	66	396
Other Expense	47	582	300	929	4,476
Bad Debt Expense	---	8,394	---	8,394	---
Subtotal	<u>\$ 2,105,055</u>	<u>\$ 283,881</u>	<u>\$ 212,156</u>	<u>\$ 2,601,092</u>	<u>\$ 2,404,447</u>
SPECIAL EVENTS					
Food and Venue	\$ ---	\$ ---	\$ 36,252	\$ 36,252	\$ 36,973
Technology	---	---	3,995	3,995	---
Supplies	---	---	3,491	3,491	925
Other Expenses	---	---	---	---	1,215
Printing	---	---	---	---	510
Total Special Events Expenses	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 43,738</u>	<u>\$ 43,738</u>	<u>\$ 39,623</u>
TOTAL EXPENSES	<u><u>\$ 2,105,055</u></u>	<u><u>\$ 283,881</u></u>	<u><u>\$ 255,894</u></u>	<u><u>\$ 2,644,830</u></u>	<u><u>\$ 2,444,070</u></u>

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (154,577)	\$ 189,576
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Donated Fixed Asset	(20,000)	---
(Gain) Loss on Beneficial Interest	(30,631)	(78,843)
Depreciation	93,272	91,875
Loss on Disposition of Asset	---	1,750
(Increase) Decrease in Grants and Contracts Receivable	(68,162)	(28,502)
(Increase) Decrease in Accounts Receivable	48,246	(51,941)
(Increase) Decrease in Pledges Receivable	149,160	(107,154)
(Increase) Decrease in Allowance for Uncollectible Accounts	8,394	(4,994)
(Increase) Decrease in Estate Receivable	(39,737)	---
(Increase) Decrease in Prepaid Expenses	(10,309)	17,089
Increase (Decrease) in Accounts Payable	(11,204)	30,819
Increase (Decrease) in Accrued Payroll Expenses	<u>7,018</u>	<u>(12,860)</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (28,530)</u>	<u>\$ 46,815</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (110,012)	\$ (33,262)
Additions to the Unemployment Reserve Certificate of Deposit	<u>(60)</u>	<u>(54)</u>
Net Cash Used by Investing Activities	<u>\$ (110,072)</u>	<u>\$ (33,316)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	<u>\$ (19,694)</u>	<u>\$ (101,290)</u>
Net Cash Used by Financing Activities	<u>\$ (19,694)</u>	<u>\$ (101,290)</u>
Net Decrease in Cash and Cash Equivalents	\$ (158,296)	\$ (87,791)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>255,875</u>	<u>343,666</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR - UNRESTRICTED	<u>\$ 97,579</u>	<u>\$ 255,875</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR - RESTRICTED	<u>\$ 35,863</u>	<u>\$ 35,803</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 3,366	\$ 6,686

The accompanying notes are an integral part of these financial statements.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - Summary of Significant Accounting Policies

Organization

Neighborhood House of Milwaukee, Inc. (the "Organization") is a non-profit community center founded in 1945 which served nearly 3,500 area residents last year. Its mission is to inspire and connect to strengthen families and the community. Its vision is to be the cornerstone of a safe and nurturing community. Neighborhood House offers programs for early school-aged children, teens, and families. It also serves as a center for several community-based collaborative initiatives such as the Personal Responsibility Education Program (PREP) and the Story School after school program. Neighborhood House also operates the International Learning Center, as the largest educator of refugees in Wisconsin, which prepares newly arrived refugees for self-sufficiency by conducting English as a second language and citizenship classes.

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less at purchase.

Grants and Contracts Receivable

Grants and contracts receivable includes amounts due to the Organization for services provided or reimbursable costs per grant and contract agreements.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable includes amounts due related to contract service receivables and receivables from insurance claims. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts when amounts are not expected to be fully collectible. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges Receivable

Pledges receivable are recorded when the Organization receives an unconditional promise to give or when the condition is met of a conditional promise to give. Pledges expected to be received in more than one year from the statement of financial position date are discounted for their estimated present value and recorded in long-term assets. Pledges receivable also includes contributions considered to be in-transit as of year-end.

Allowance for Uncollectible Accounts

At June 30, 2019 the allowance for uncollectible accounts was \$11,400.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes all fixed assets with a value greater than \$2,500. Donated fixed assets are recorded at fair value at the date of donation.

Functional Expenses

The Organization allocates costs directly to program, management or fundraising whenever possible. Certain expenses are attributable to one or more programs or supporting functions of the organization. Those expenses include maintenance and occupancy which are allocated on direct payroll expenses, and salaries for individuals working in more than one function which are allocated based on an estimate of time and effort in each function.

Estimates

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

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - Accounting Change

For the year ended June 30, 2019, the Organization's financial statements changed to adopt the *Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*, effective for years beginning after December 15, 2017. This update is required and makes significant changes in reporting of net asset classes, liquidity and functional expenses. Before the change, net assets had three classifications including unrestricted, temporarily restricted, and permanently restricted. After the change, net assets are considered to be with donor restrictions and without donor restrictions. Before the change, the amount of an endowment considered to be underwater reduced unrestricted net assets. After the change, the amount of an endowment considered to be underwater reduces net assets with donor restrictions. Other new requirements include presenting a statement of functional expenses and footnotes providing information about the functional expenses and liquid financial assets of the Organization.

The Organization applied the change on a retrospective basis within the summarized comparative information for the year ended June 30, 2018 and in information for the year ended June 30, 2019. The effect of this change resulted in the net assets that were previously considered to be temporarily restricted of \$161,286 being reflected as net assets with donor restrictions as of June 30, 2018. The change also resulted in a presentation which includes a statement of functional expenses and functional expense and liquidity footnotes.

NOTE C - Comparative Financial Information

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis for comparison with 2019. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

NOTE D - Liquidity

The Organization has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures and to pay obligations as they come due. The Organization has a line of credit of \$300,000 which was not in use as of June 30, 2019.

**NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE D - Liquidity (continued)

Financial assets available for use consist of the following:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 97,579
Grants and Contracts Receivable	233,723
Accounts Receivable	3,695
Pledges Receivable	47,024
Less: Allowance for Doubtful Accounts	(11,400)
Estate Receivable	39,737
Less: Receivables with Donor or Contract Restrictions	<u>(106,044)</u>
Available for use	<u>\$304,314</u>

NOTE E - Restricted Certificate of Deposit - State Unemployment Reserve

The Organization adopted the reimbursement method for state unemployment compensation purposes. As required by the Wisconsin Unemployment Fund, the Organization assures reimbursement to the Wisconsin Unemployment Fund by means of holding a restricted certificate of deposit as a reserve for state unemployment. The balance of the certificate of deposit was \$35,863 as of June 30, 2019.

NOTE F - Grants Receivable

Grants receivable consists of the following as of June 30, 2019:

<u>Source</u>	<u>Amount</u>
City of Milwaukee	\$ 13,731
The Wisconsin Coalition Against Domestic Violence, Inc.	12,375
Wisconsin Department of Health Services	44,340
Milwaukee Public Schools	42,139
Next Door Foundation	13,389
ResCare Workforce Services	6,464
Environmental Protection Agency	25,324
Wisconsin Technical College	12,607
Community Advocates	7,529
Wisconsin Department of Children and Families	25,794
United Way	19,755
Wisconsin Department of Public Instruction	2,276
Wisconsin Department of Workforce Development	<u>8,000</u>
Total	<u>\$233,723</u>

**NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE G - Pledges Receivable

Pledges receivable consist of unconditional promises to give received by the Organization and amounts in-transit to the Organization.

Future pledges are expected to be collected as follows:

<u>During the Year Ending June 30,</u>	<u>Amount</u>
2020	\$47,024
2021	<u>10,000</u>
Total Pledges Receivable	<u>\$57,024</u>

NOTE H - Beneficial Interest - Greater Milwaukee Foundation

The Organization maintains a fund with the Greater Milwaukee Foundation, a community foundation, for investment purposes. The Neighborhood House Fund is considered a component fund of the Greater Milwaukee Foundation. The Greater Milwaukee Foundation accepted a contribution from the Organization and agrees to transfer those assets and the return on investment of those assets back to the Organization. The Greater Milwaukee Foundation is legal owner of the assets. The Greater Milwaukee Foundation makes investment decisions and determines the amount of income to be transmitted annually to the Organization. The size of distributions from the fund is determined in accordance with the Greater Milwaukee Foundation's distribution policy. The value of the fund as of June 30, 2019 is \$838,193 and it includes contributions, net investment income or loss, less distributions. The beneficial interest is reported at the fair value of the fund as of June 30, 2019.

Gain on beneficial interest is summarized as follows:

Investment Income	\$38,433
Investment Management Fees	<u>(7,802)</u>
Total Gain on Beneficial Interest	<u>\$30,631</u>

NOTE I - Fair Value Measurements

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019.

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Greater Milwaukee Foundation Investments	\$838,193	\$ ---	\$ ---	\$838,193
Total	\$838,193	\$ ---	\$ ---	\$838,193

Greater Milwaukee Foundation investments include equities securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by the Greater Milwaukee Foundation which reports on a calendar year.

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	<u>GMF Investments</u>	<u>Total</u>
Beginning Balance, July 01, 2018	\$807,562	\$807,562
Investment Income	38,433	38,433
Less: Investment Fees	<u>(7,802)</u>	<u>(7,802)</u>
Ending Balance, June 30, 2019	<u>\$838,193</u>	<u>\$838,193</u>

The amount of unrealized gains or losses for the year ended June 30, 2019, included in the without donor restricted net assets relating to assets still held at the reporting date was a gain of \$30,631.

NOTE J - Line of Credit

The Organization has a revolving line of credit agreement with a bank allowing for maximum borrowings of \$300,000. Borrowings under the line of credit bear a variable interest rate equal to the bank index rate, currently 5%. The line of credit matures on April 15, 2021. The line of credit is secured by all security agreements, guarantees, mortgages, and other security instruments previously granted, contemporaneously granted, and granted in the future. As of June 30, 2019, the line of credit had no balance.

**NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE K - Note Payable

The Organization has a note payable that matures on April 10, 2022. At June 30, 2019, the note had an outstanding balance of \$61,542. The interest rate is a fixed interest rate of 4.25%. The note is collateralized by all assets.

Maturities of the note payable for the next five years are as follows:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2020	\$19,963
2021	21,454
2022	<u>20,125</u>
Total	<u>\$61,542</u>

NOTE L - Operating Lease

The Organization entered into a five-year lease agreement for the use of a copy machine on September 25, 2014. Rent expense was \$12,951 for the year ended June 30, 2019.

The following is a schedule by years of the future minimum payments required under the lease:

<u>For the Year Ending June 30,</u>	<u>Amount</u>
2020	<u>\$2,012</u>
Total	<u>\$2,012</u>

NOTE M - Net Assets With Donor Restrictions

Receivables from donors are considered to have an implied time restriction until collected absent specific donor direction indicating otherwise. Net assets with donor restrictions consists on the following as of June 30, 2019.

<u>Time Restricted</u>	<u>Amount</u>
Estate Receivable	\$39,737
Sustaining Support – Restricted for 2020	<u>20,000</u>
Sub-Total Time Restricted	\$59,737
 <u>Purpose Restricted</u>	
Lead and Learn Urban Ecology Program	<u>46,307</u>
 Total Net Assets With Donor Restrictions	 <u>\$106,044</u>

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE N - In Kind Donations

The Organization uses space at a local church and is not charged rent, only a portion of the utilities. The estimated fair value of the space received at no charge is \$23,780. The Organization also received \$20,000 of construction services which has been recorded in in-kind revenue and equipment rental and maintenance.

NOTE O - Retirement Plan

The Organization participates in a 401(k) plan where the Organization will contribute an amount equal to 100% of employee contributions up to 2% to the plan. Employees who work more than 1,000 hours by the first anniversary of hire or 1,000 hours in any subsequent plan year are eligible to participate. The expense for the year ended June 30, 2019, was \$10,602.

NOTE P - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2019, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE Q - Subsequent Events

The Organization has evaluated events and transactions occurring after June 30, 2019 through October 9, 2019, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.

NEIGHBORHOOD HOUSE OF MILWAUKEE, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED JUNE 30, 2019
(With Summarized Totals for the Year Ended June 30, 2018)

	Community and Outdoor Programs	Early Childhood Development	Youth Services	Family Life and Education	International Learning Center	Other	2019 Total	2018 Total
REVENUE								
Grants	\$ 12,150	\$ 121,814	\$ 47,433	\$ 341,286	\$ 259,251	\$ ---	\$ 781,933	\$ 697,973
Contributions	---	73,200	5,000	58,068	20,338	237,241	393,847	475,495
In-Kind Revenue	---	---	---	---	23,780	20,000	43,780	84,025
United Way	---	207,965	102,999	15,000	100	48,067	374,131	374,616
Wisconsin Shares	75,388	343,116	---	---	---	---	418,503	362,125
Child Care Fees	3,136	115,087	893	127	4,195	15	123,453	143,828
Gain (Loss) on Beneficial Interest	---	---	---	---	---	30,631	30,631	52,763
Contract Services	---	---	---	5,483	120	32,228	37,831	27,855
Other Investment Income	---	---	---	---	---	60	60	53
Special Events Revenue	---	---	---	---	---	226,159	226,159	214,469
Special Events Expense	---	---	---	(603)	---	(43,738)	(43,738)	(39,623)
Rental Income	---	---	435	---	2,400	12,490	15,325	12,440
Other Revenue	---	270	---	499	1,466	2,628	4,863	8,468
Loss on Disposal of Assets	---	---	---	---	---	---	0	(1,750)
Insurance Proceeds for Water Damage	---	---	---	---	---	---	0	50,000
Net Assets Released from Restrictions	---	38,000	---	43,059	---	13,920	94,979	45,950
Total Revenue	\$ 90,674	\$ 899,452	\$ 156,760	\$ 462,919	\$ 311,650	\$ 580,305	\$ 2,501,757	\$ 2,508,687
EXPENSES								
Salaries and Wages	\$ 120,965	\$ 465,589	\$ 98,826	\$ 230,142	\$ 224,185	\$ 381,575	1,521,282	\$ 1,417,455
Employee Benefits	(16)	37,119	2,814	6,582	12,966	39,991	99,456	76,567
Retirement	---	3,968	1,358	1,075	1,085	3,116	10,602	9,556
Payroll Taxes	12,100	45,111	9,045	19,583	22,035	36,626	144,500	116,657
Professional Fees	4,000	12,823	6,507	28,153	2,296	108,850	162,629	103,956
Contract Services	6,407	18,947	34,326	8,906	---	2,052	70,638	32,838
Office Supplies	29	739	367	1,840	5,173	4,625	12,773	8,208
Human Resource Supplies	107	1,958	871	1,217	315	9,462	13,930	9,210
Telephone	233	---	450	1,028	1,598	8,738	12,047	12,610
Postage	---	---	---	---	---	3,749	3,749	3,311
Printing	---	---	---	326	---	4,692	5,018	5,830
Technology	---	---	---	58	965	4,898	5,921	4,476
Subscriptions	---	609	---	---	---	86	695	2,095
Occupancy	776	---	---	2,563	34,028	32,411	69,778	85,258
Utilities	121	---	---	2,467	4,200	56,661	63,449	64,384
Marketing and Promotion	---	---	---	---	---	1,568	1,568	4,137
Program and Special Event Supplies	343	3,720	1,059	8,615	28	1,308	15,073	73,333
Educational Supplies	---	2,695	---	11,424	3,532	---	17,651	8,671
Participant Engagement	---	---	420	1,602	---	80	2,102	5,970
Food	---	40,769	1,872	8,293	---	4,269	55,203	55,207
Field Trips	4,218	2,599	7,310	996	---	---	15,123	23,191
Playground Expense	---	285	---	---	---	---	285	---
Grant Supplies	---	1,145	---	2,463	---	1,198	4,806	6,751
Equipment Rental and Maintenance	---	660	267	2,451	1,847	41,951	47,176	39,961
Maintenance and Housekeeping Supplies	1,834	1,181	476	329	---	25,874	29,694	27,415
Depreciation	1,864	36,377	22,386	12,125	---	20,520	93,272	91,875
Travel	8,125	11,743	4,617	12,114	354	6,089	43,042	30,824
Conferences, Conventions and Meetings	---	75	---	822	---	823	1,720	1,072
Fundraising Expense	---	---	---	---	---	---	---	1,998
Interest Expense	---	---	---	---	---	3,366	3,366	6,686
Insurance	---	---	62	2,568	---	33,110	35,740	33,269
Membership Dues	140	2,282	195	254	1,910	8,577	13,358	19,023
Staff Development	---	1,286	1,097	434	419	699	3,935	8,614
Bank Charges and Fees	---	7	---	6	---	7,926	7,939	8,643
Awards and Donations	---	864	---	295	---	245	1,404	---
Licenses	---	2,168	---	5	---	606	2,779	524
Real Estate Taxes	---	---	---	---	---	66	66	396
Other Expenses	---	---	22	26	---	881	929	4,476
Bad Debt Expense	---	---	---	---	---	8,394	8,394	---
Occupancy Allocation	20,931	90,184	25,229	47,870	41,142	(225,356)	---	---
Indirect Expense Allocation	34,782	149,858	41,923	79,546	68,366	(374,475)	---	---
Total Expenses	\$ 216,959	\$ 934,761	\$ 261,499	\$ 496,178	\$ 426,444	\$ 265,251	\$ 2,601,092	\$ 2,404,447
CHANGE IN NET ASSETS	\$ (126,285)	\$ (35,309)	\$ (104,739)	\$ (33,259)	\$ (114,794)	\$ 315,054	\$ (99,335)	\$ 104,240