

NEXT DOOR FOUNDATION

Statement of Revenue & Expenditures

From July 1, 2014 Through June 30, 2015

	Year to Date Actual	Year to Date Projected	Year to Date Variance
<b>Revenue</b>			
<b>Public Revenue</b>			
Public Income, State	1,868,163	1,858,282	9,881
Public Income, County	99,441	98,136	1,305
Public Income, MPS	1,178,074	1,172,016	6,058
Public Income, Childcare	1,863,777	1,998,383	(134,606)
Public Income, Federal	11,305,083	11,064,817	240,266
Title XIX	4,317	4,317	-
Fee for Service	163,769	165,895	(2,126)
<b>Total Public Revenue</b>	<b>16,482,624</b>	<b>16,361,846</b>	<b>120,777</b>
<b>Private Gifts</b>			
Corporations	635,927	530,000	105,927
Foundations	1,176,057	960,250	215,807
United Way	382,833	115,000	267,833
Individuals	272,736	390,000	(117,264)
Churches	1,663	5,000	(3,337)
Walk for Children	163,194	130,000	33,194
<b>Total Private Gifts</b>	<b>2,632,409</b>	<b>2,130,250</b>	<b>502,159</b>
<b>Other</b>			
Other Revenues	120,917	120,892	25
<b>Total Other</b>	<b>120,917</b>	<b>120,892</b>	<b>25</b>
<b>Total Revenue</b>	<b>19,235,950</b>	<b>18,612,988</b>	<b>622,961</b>
<b>Expenditures</b>			
Personnel	10,632,453	10,626,467	(5,985)
Fringe Benefits	2,419,887	2,348,101	(71,786)
Travel	136,096	113,578	(22,518)
Training	138,387	138,082	(305)
Occupancy	757,478	807,619	50,141
Equipment	583,278	518,685	(64,593)
Supplies	1,232,311	1,141,327	(90,984)
Contractual	1,283,734	1,229,505	(54,229)
Other	1,039,305	1,000,321	(38,984)
Depreciation	561,765	561,765	0
Administration	10,112	8,906	(1,206)
<b>Total Expenditures</b>	<b>18,794,804</b>	<b>18,494,356</b>	<b>(300,448)</b>
<b>Net Revenue/Expenditures</b>	<b>441,146</b>	<b>118,632</b>	<b>322,513</b>
<b>IS Budget</b>			

NEXT DOOR FOUNDATION

Statement of Revenue and Expenditures

From July 1, 2014 Through June 30, 2015

	Unrestricted YTD Actual	Restricted YTD Actual	Total Agency YTD Actual
Public Revenue			
Public Income, State	1,868,163	-	1,868,163
Public Income, County	99,441	-	99,441
Public Income, MPS	1,178,074	-	1,178,074
Public Income, Childcare	1,863,777	-	1,863,777
Public Income, Federal	11,305,083	-	11,305,083
Title XIX	4,317	-	4,317
Fee for Service	163,769	-	163,769
Total Public Revenue	<u>16,482,624</u>	<u>-</u>	<u>16,482,624</u>
Private Gifts			
Corporations	635,927	-	635,927
Foundations	1,176,057	-	1,176,057
United Way	382,833	-	382,833
Individuals	272,736	-	272,736
Churches	1,663	-	1,663
Walk for Children	163,194	-	163,194
Total Private Gifts	<u>2,632,409</u>	<u>-</u>	<u>2,632,409</u>
Other			
Other Revenues	120,917	50,721	171,638
Total Other	<u>120,917</u>	<u>50,721</u>	<u>171,638</u>
Total Revenue	<u><u>19,235,950</u></u>	<u><u>50,721</u></u>	<u><u>19,286,670</u></u>
Expenditures			
Personnel	10,632,453	-	10,632,453
Fringe Benefits	2,419,887	-	2,419,887
Travel	136,096	-	136,096
Training	138,387	-	138,387
Occupancy	757,478	-	757,478
Equipment	583,278	-	583,278
Supplies	1,232,311	-	1,232,311
Contractual	1,283,734	-	1,283,734
Other	1,039,305	5,826	1,045,131
Depreciation	561,765	-	561,765
Administration	10,112	-	10,112
Total Expenditures	<u>18,794,804</u>	<u>5,826</u>	<u>18,800,631</u>
Net Revenue/Expenditures	<u><u>441,146</u></u>	<u><u>44,894</u></u>	<u><u>486,040</u></u>

IS Separated

Next Door Month End  
**UNAUDITED COMPARATIVE BALANCE SHEETS**  
 June 30, 2015

	06/30/15 Ending Balance	06/30/14 Audited Ending Balance	06/30/13 Audited Ending Balance
<b>ASSETS</b>			
Operating Cash	548,866	332,399	217,359
Invested Funds	455,645	130,956	2,946
<b>Total Cash and Equivalents</b>	<b>1,004,510</b>	<b>463,355</b>	<b>220,306</b>
Grants Receivable, net	748,548	738,918	493,560
Other Receivables	28,843	45,128	120,447
Reserve for Uncollectible Accounts	-	-	(8,000)
<b>Total Receivables</b>	<b>777,391</b>	<b>784,046</b>	<b>606,007</b>
Prepaid Expenses	79,978	64,173	7,452
Deposits	1,577	1,577	1,577
Furniture & Equipment	168,939	168,939	155,042
Leasehold Improvements	1,755,835	1,755,835	1,755,835
Land and Improvements	257,872	257,872	257,872
Land - Capitol	931,275	931,275	-
Buildings	3,967,785	3,967,785	3,967,785
Buildings-Capitol	4,143,439	4,058,898	-
Program Assets, nondepreciable	1,637,356	1,487,526	980,824
Inventory-Food	10,940	9,685	-
Construction in Progress	202,896	-	-
	13,076,337	12,637,816	7,117,359
Accumulated Depreciation	(4,095,075)	(3,533,310)	(3,048,016)
<b>Total Fixed Assets</b>	<b>8,981,262</b>	<b>9,104,505</b>	<b>4,069,341</b>
Pledges Receivable	1,013,565	920,065	297,759
NDF Endowment Fund	465,994	420,294	295,966
NDF/Pieper Endowment Fund	475,968	470,957	430,176
Investment in Life Insurance (CSV)	622,758	622,758	597,015
<b>Total Other Assets</b>	<b>2,578,284</b>	<b>2,434,073</b>	<b>1,620,918</b>
<b>TOTAL ASSETS</b>	<b>13,423,002</b>	<b>12,851,729</b>	<b>6,525,600</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Construction Loan	145,000	207,000	217,000
Line of Credit	-	-	-
Capitol Bldg Loan - BMO	2,453,987	2,281,568	-
Capitol Bldg Loan - IFF	960,336	784,824	-
Accounts Payable	154,470	328,412	32,492
Grant Obligations to be Liquidated	-	-	-
Accrued Payroll Payable	269,437	208,140	124,079
Employee Withholdings	-	-	383
Accrued Group Benefits	79,404	61,987	49,639
Accrued Vacation Payable	324,702	281,836	220,322
Accrued Expenses	276,943	809,255	28,614
Special Purpose Funds	-	(26)	(26)
Deferred Income	652,664	178,614	15,000
<b>Total Liabilities</b>	<b>5,226,843</b>	<b>5,141,610</b>	<b>687,604</b>
Unrestricted Net Assets	7,148,575	5,280,677	5,508,863
Permanently Restricted Funds	470,957	430,176	411,662
Temporarily Restricted Funds	90,587	127,242	121,767
Results of Current Operations	486,040	1,872,024	(204,194)
<b>Total Fund Balance</b>	<b>8,196,159</b>	<b>7,710,119</b>	<b>5,838,096</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>13,423,002</b>	<b>12,851,729</b>	<b>6,525,600</b>

**WIPFLI**  
CPAs and Consultants

Wipfli LLP  
2501 West Beltline Highway, Suite 401  
Madison, WI 53713  
PO Box 8700  
Madison, WI 53708-8700  
608.274.1980  
fax 608.274.8085  
www.wipfli.com

**DRAFT**

(date)

Board of Directors  
Next Door Foundation, Inc.  
Milwaukee, WI

Dear Board of Directors:

We have audited the financial statements of Next Door Foundation, Inc. (the "Organization") for the year ended June 30, 2015, and have issued our report thereon dated (report date). Professional standards require that we provide you with the following information related to our audit:

**Our Responsibility Under Auditing Standards Generally Accepted in the United States and OMB Circular A-133**

As stated in our engagement letter dated October 1, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Organization's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the purpose of expressing an opinion on the Organization's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Organization's compliance with those requirements.

### **Supplementary Information Accompanying Audited Financial Statements**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to your representative, Mr. Craig Becker, in our audit information requests, in addition to our engagement letter dated October 1, 2015, by Ms. Tracey Sparrow.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ

significantly from management's expectations. The most sensitive estimates affecting the financial statements are the collectibility and discount to present value of long-term pledges receivable, the allocation of functional expenses, and the useful lives of property and equipment.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are as follows:

- The disclosure of pledges receivable in Note 6 to the financial statements indicates the timing and likelihood of future cash collections on pledges receivable.
- The disclosure of endowments in Note 14 to the financial statements provides a reader with a clear picture of the Organization's investment policies and endowment activities.
- The disclosure of fair value measurements in Note 4 to the financial statements provides information regarding the measurement of certain assets.

#### **Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing and completing our audit.

#### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The bullet point list below summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Passed audit adjustment to record revenue and pledges receivable for a multi-year contribution in the amount of \$60,000.
- Passed audit adjustment to record a liability and expense for settlement due on the self-insured unemployment compensation insurance policy in the amount of \$49,052.
- Passed audit adjustment on the impact to grants for the self-insured unemployment accrual as a receivable and revenue would be recognized for the same amount of \$49,052.

We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Organization's financial reporting process.

Board of Directors  
Next Door Foundation, Inc.  
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(report date)

### **Disagreements With Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated (report date), a copy of which accompanies this letter.

### **Management Consultations With Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect the Organization's financial statements or on the type of opinion which may be rendered on the financial statements.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

We appreciate the opportunity to be of service to Next Door Foundation, Inc.

This letter is intended solely for the use of the Board of Directors and, if appropriate, management, others within the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wipfli LLP

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