

# **Next Door Foundation, Inc.**

Milwaukee, Wisconsin

Financial Statements and Supplementary Information  
Years Ended June 30, 2015 and 2014



# Next Door Foundation, Inc.

Financial Statements and Supplementary Information  
Years Ended June 30, 2015 and 2014

---

## Table of Contents

Independent Auditor's Report .....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6
Supplementary Information	
Schedule of Program Activity .....	18
Schedule of Expenditures of Federal Awards and List of Programs.....	24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and other Matters .....	26
Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance .....	28
Schedule of Findings and Questioned Costs .....	30





## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Next Door Foundation, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Next Door Foundation, Inc. as of June 30, 2015 and 2014, 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.

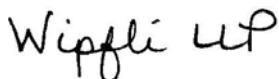
## Other Matters

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity, Schedules A-1 to A-6 and schedule of expenditures of federal awards and list of programs, Schedules B-1 to B-2, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not required parts of the 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. Such information has been subjected to the auditing procedures applied in the audits 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. 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 November 19, 2015, on our consideration of Next Door Foundation, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Next Door Foundation, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

November 19, 2015  
Madison, Wisconsin

# Next Door Foundation, Inc.

## Statements of Financial Position June 30, 2015 and 2014

<i>Assets</i>	<b>2015</b>	<b>2014</b>
Current assets:		
Cash and cash equivalents	\$ 1,004,384	\$ 463,354
Grants receivable	829,631	699,402
Accounts receivable	88,777	84,644
Pledges receivable, net	323,208	308,958
Inventory	10,940	9,685
Prepaid expenses	87,545	65,750
Total current assets	2,344,485	1,631,793
Investments	941,962	891,251
Other assets:		
Cash surrender value of life insurance	648,941	622,758
Pledges receivable, net, less current portion	701,464	611,107
Total other assets	1,350,405	1,233,865
Property and equipment, net	9,149,782	9,094,820
<b>TOTAL ASSETS</b>	<b>\$ 13,786,634</b>	<b>\$ 12,851,729</b>

See accompanying notes to financial statements.



<i>Liabilities and Net Assets</i>	<b>2015</b>	<b>2014</b>
Current liabilities:		
Line of credit	\$ 145,000	\$ 207,000
Accounts payable, operations	247,859	328,412
Current maturities of long-term debt	185,607	279,203
Accrued payroll and related expenses	313,246	261,658
Accrued vacation	324,702	281,836
Grant funds received in advance	535,738	178,614
Other accrued expenses	295,427	817,697
<b>Total current liabilities</b>	<b>2,047,579</b>	<b>2,354,420</b>
Long-term debt, less current maturities	3,238,716	2,787,189
<b>Total liabilities</b>	<b>5,286,295</b>	<b>5,141,609</b>
Net assets:		
Unrestricted:		
Undesignated	7,003,873	6,669,656
Board designated	524,620	478,920
<b>Total unrestricted</b>	<b>7,528,493</b>	<b>7,148,576</b>
Temporarily restricted	495,878	90,587
Permanently restricted	475,968	470,957
<b>Total net assets</b>	<b>8,500,339</b>	<b>7,710,120</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,786,634</b>	<b>\$ 12,851,729</b>

# Next Door Foundation, Inc.

## Statements of Activities

Years Ended June 30, 2015 and 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue:</b>				
Grant revenue	\$ 310,507	\$ 15,281,051	\$ 0	\$ 15,591,558
United Way revenue	314,320	68,592	0	382,912
Contributions	706,994	477,497	0	1,184,491
Other income	2,029,551	185,431	16,546	2,231,528
In-kind contributions	1,562,613	0	0	1,562,613
Net assets released from restrictions	15,618,815	( 15,607,280)	( 11,535)	0
<b>Total revenue</b>	<b>20,542,800</b>	<b>405,291</b>	<b>5,011</b>	<b>20,953,102</b>
<b>Expenses:</b>				
Program activities:				
Child development activities	18,067,110	0	0	18,067,110
Other community services	250,398	0	0	250,398
<b>Total program activities</b>	<b>18,317,508</b>	<b>0</b>	<b>0</b>	<b>18,317,508</b>
Supportive services:				
Development	631,561	0	0	631,561
Management and general	1,213,814	0	0	1,213,814
<b>Total supportive services</b>	<b>1,845,375</b>	<b>0</b>	<b>0</b>	<b>1,845,375</b>
<b>Total expenses</b>	<b>20,162,883</b>	<b>0</b>	<b>0</b>	<b>20,162,883</b>
Changes in net assets	379,917	405,291	5,011	790,219
Net assets at beginning	7,148,576	90,587	470,957	7,710,120
<b>Net assets at end</b>	<b>\$ 7,528,493</b>	<b>\$ 495,878</b>	<b>\$ 475,968</b>	<b>\$ 8,500,339</b>

See accompanying notes to the financial statements.

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue:</b>				
Grant revenue	\$ 130,913	\$ 13,349,518	\$ 0	\$ 13,480,431
United Way revenue	287,577	83,592	0	371,169
Contributions	269,592	2,050,484	0	2,320,076
Other income	1,688,059	250,196	76,913	2,015,168
In-kind contributions	1,447,396	0	0	1,447,396
Net assets released from restrictions	15,806,577	( 15,770,445)	( 36,132)	0
<b>Total revenue</b>	<b>19,630,114</b>	<b>( 36,655)</b>	<b>40,781</b>	<b>19,634,240</b>
<b>Expenses:</b>				
Program activities:				
Child development activities	16,192,442	0	0	16,192,442
Other community services	292,091	0	0	292,091
<b>Total program activities</b>	<b>16,484,533</b>	<b>0</b>	<b>0</b>	<b>16,484,533</b>
Supportive services:				
Development	464,564	0	0	464,564
Management and general	813,118	0	0	813,118
<b>Total supportive services</b>	<b>1,277,682</b>	<b>0</b>	<b>0</b>	<b>1,277,682</b>
<b>Total expenses</b>	<b>17,762,215</b>	<b>0</b>	<b>0</b>	<b>17,762,215</b>
Changes in net assets	1,867,899	( 36,655)	40,781	1,872,025
Net assets at beginning	5,280,677	127,242	430,176	5,838,095
<b>Net assets at end</b>	<b>\$ 7,148,576</b>	<b>\$ 90,587</b>	<b>\$ 470,957</b>	<b>\$ 7,710,120</b>

# Next Door Foundation, Inc.

## Statements of Cash Flows

Years Ended June 30, 2015 and 2014

	2015	2014
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 790,219	\$ 1,872,025
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	663,740	485,292
Net realized and unrealized gain on investments	( 19,857)	( 129,177)
Change in discount on pledges receivable	( 11,107)	29,694
Donation related to building purchase	0	( 630,275)
Donation of vehicles	0	( 85,734)
Contributions restricted for long-term purposes	( 400,000)	( 665,000)
Change in cash surrender value of life insurance	( 26,183)	( 25,743)
Changes in operating assets and liabilities:		
Grants receivable	( 130,229)	( 272,829)
Accounts receivable	( 4,133)	94,789
Inventory	( 1,255)	( 9,685)
Prepaid expenses	( 21,795)	( 56,721)
Accounts payable	( 80,553)	295,919
Accrued payroll and related expenses	51,588	94,456
Accrued vacation	42,866	61,514
Grant funds received in advance	357,124	163,614
Other accrued expenses	( 718,294)	101,992
Net cash provided by operating activities	492,131	1,324,131
Cash flows from investing activities:		
Capital expenditures	( 549,678)	( 4,114,545)
Proceeds from disposition of property and equipment	27,000	0
Proceeds from sale of investments	105,825	546,903
Purchase of investments	( 136,679)	( 582,833)
Net cash used in investing activities	( 553,532)	( 4,150,475)
Cash flows from financing activities:		
Proceeds from debt	496,774	3,066,392
Principal payments on debt	( 138,843)	0
Net decrease in line of credit	( 62,000)	( 10,000)
Proceeds received from contributions restricted for building improvements	306,500	13,000
Net cash provided by financing activities	602,431	3,069,392
Changes in cash and cash equivalents	541,030	243,048
Cash and cash equivalents at beginning	463,354	220,306
Cash and cash equivalents at end	\$ 1,004,384	\$ 463,354
<b>Schedule of other cash activity:</b>		
Cash paid for interest	\$ 126,683	\$ 19,722
Property and equipment in accrued expenses	196,024	680,218
Interest paid and capitalized	0	23,536

See accompanying notes to financial statements.

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### **Note 1            Summary of Significant Accounting Policies**

#### **Nature of Operations**

Next Door Foundation, Inc. (“Next Door”) makes a positive difference in people’s lives by promoting their self-worth, dignity, and moral values. Focused primarily in the near west and north side neighborhoods of Milwaukee, Next Door’s programs provide educational, counseling, employment, recreational, and supportive services through a nurturing one-on-one approach for children, youth, and families. Next Door strives to achieve common goals through creative partnerships with program participants, volunteers, public and private donors, churches, businesses, and other community agencies.

#### **Basis of Presentation**

The basic financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### **Classification of Net Assets**

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Next Door and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of Next Door and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Next Door. Generally, the donors of these assets permit Next Door to use all or part of the income earned on any related investments for general or specific purposes.

#### **Revenue Concentration**

Next Door received approximately 57% and 48% for the years ended June 30, 2015 and 2014, respectively, of their revenue from the federal and state Head Start grants.

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Cash and Cash Equivalents**

For purposes of financial statement presentation, Next Door considers their checking, savings, overnight repurchase, and certain money market accounts which have an original maturity of 90 days or less to be cash and cash equivalents.

#### **Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to Next Door that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

#### **A. Grant Awards That Are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

#### **B. Grant Awards That Are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

#### **Investments**

Investments are recorded at fair value as determined in an active market. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

#### **Grants Receivable**

Grants receivable consist primarily of amounts billed under cost reimbursement contracts. Next Door analyzes the receivables and records an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as evaluations of the collectability, prior loss experience, and current economic conditions. An account is considered uncollectible when all collection efforts prove worthless and at that time it is charged against the allowance. Next Door has determined that no allowance for uncollectible accounts is necessary at June 30, 2015 and 2014.

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Accounts Receivable**

Accounts receivable consists of receivables for childcare fees and rents. Next Door analyzes the receivables based on prior collection experience, and specific customer attributes. Next Door writes off a receivable when all collection efforts have been exhausted. Next Door has determined that no allowance for uncollectible accounts is necessary at June 30, 2015 and 2014.

#### **Pledges Receivable**

Pledges receivable are unconditional promises to give in future periods. Pledges expected to be collected within one year are recorded at their net realizable value. Pledges expected to be collected in future years are recorded at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the year in which the promise is received. Amortization of discount is included in contribution revenue.

#### **Property and Equipment**

Property and equipment are capitalized at cost or donated value and depreciated over their estimated useful lives using either the straight-line or an accelerated method. Next Door capitalizes items with a cost greater than \$5,000 and a useful life of more than one year.

Property and equipment purchased with grant funds are owned by the Next Door while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by Next Door. The net book value of grant-funded property and equipment included on the statements of financial position is \$998,137 and \$784,093 at June 30, 2015 and 2014, respectively.

#### **In-Kind Contributions**

Next Door has recorded in-kind contributions for space, professional services, and supplies in the statement of activities in accordance with financial accounting standards. Those standards require that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. Next Door received contributions of nonprofessional volunteers with a value of \$1,510,406 and \$681,841 for the years ended June 30, 2015 and 2014, respectively that are not recorded in the statement of activities.

#### **Board Designated Net Assets**

The Board of Directors has designated unrestricted net assets to assure financing for future improvements.

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### **Note 1**      **Summary of Significant Accounting Policies (Continued)**

#### **Income Taxes**

Next Door is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Next Door is also exempt from Wisconsin state income tax. Next Door is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. Next Door has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Cost Allocation**

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all Next Door's programs, which cannot be readily identified with a final cost objective.

#### **Reclassifications**

Certain 2014 amounts have been reclassified to conform with 2015 presentation. There was no effect on net assets or the change in net assets.

#### **Subsequent Events**

Subsequent events have been evaluated through November 19, 2015, which is the date the financial statements were available to be issued.

### **Note 2**      **Concentration of Credit Risk**

Next Door maintains its bank accounts at one financial institution insured by the Federal Deposit Insurance Corporation (FDIC). Depository accounts at this institution are insured by the FDIC up to specified limits. At times, balances exceed FDIC insured levels. Management has assessed the credit worthiness of this institution and does not feel the deposits are subject to significant risk.

### **Note 3**      **Investments**

Investments, at fair value, consist of the following at June 30:

	<b>2015</b>	<b>2014</b>
Money market fund	\$ 5,371	\$ 11,920
Fixed income fund	261,632	256,989
Equity mutual fund	674,959	622,342
<b>Totals</b>	<b>\$ 941,962</b>	<b>\$ 891,251</b>



# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### Note 3 Investments (Continued)

Investment income, which is included in other income on the statement of activities, for the year ended June 30 on the above investments consists of the following:

	<b>2015</b>	<b>2014</b>
Net realized and unrealized gain	\$ 19,857	\$ 129,177
Dividends and interest	20,754	18,029
<b>Totals</b>	<b>\$ 40,611</b>	<b>\$ 147,206</b>

### Note 4 Fair Value Measurements

Next Door utilizes three levels of inputs to measure fair value (the fair value hierarchy) in accordance with financial accounting standards. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability.

In general, Next Door determines fair values as follows:

- Level 1 inputs utilizing quoted market prices in active markets and fair values.
- Level 2 inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves.
- Level 3 is valued using unobservable inputs.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired investments, are measured at fair value on a nonrecurring basis. Next Door does not have any liabilities that are measured at fair value, nor are there assets or liabilities measured on a nonrecurring basis as of June 30, 2015 and June 30, 2014.

Following is a description of the valuation methodology used, as well as the classification within the fair value hierarchy.

*Investments* - Money market funds, equity funds, and fixed income funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

*Cash surrender value of life insurance* - The cash values of certain policies are valued using pricing information from actuaries and confirmations from insurance companies.

# Next Door Foundation, Inc.

## Notes to Financial Statements

### Note 4 Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of June 30, 2015, is as follows:

	<b>2015</b>				<b>Fair Value</b>
	<b>Fair Value Measurements Using</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Money market funds	\$ 0	\$ 5,371	\$ 0	\$ 5,371	
Cash surrender value of life insurance	0	0	648,941	648,941	
Equity mutual funds:					
Domestic large blend funds	576,247	0	0	537,536	
Foreign large blend funds	98,712	0	0	84,806	
Intermediate term bond funds	261,632	0	0	256,989	
<b>Totals</b>	<b>\$ 936,591</b>	<b>\$ 5,371</b>	<b>\$ 648,941</b>	<b>\$ 1,590,903</b>	

Following is a summary of changes in the fair value of level 3 assets for the year ended June 30, 2015:

	<b>Cash surrender value of life insurance</b>
Balance, July 1, 2014	\$ 622,758
<u>Earnings</u>	<u>26,183</u>
<u>Balance, June 30, 2015</u>	<u>\$ 648,941</u>

Information regarding the fair value of assets measured at fair value on a recurring basis as of June 30, 2014, is as follows:

	<b>2014</b>				<b>Fair Value</b>
	<b>Fair Value Measurements Using</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Money market funds	\$ 0	\$ 11,920	\$ 0	\$ 11,920	
Cash surrender value of life insurance	0	0	622,758	622,758	
Equity mutual funds:					
Domestic large blend funds	537,536	0	0	537,536	
Foreign large blend funds	84,806	0	0	84,806	
Fixed income mutual funds	256,989	0	0	256,989	
<b>Totals</b>	<b>\$ 879,331</b>	<b>\$ 11,920</b>	<b>\$ 622,758</b>	<b>\$ 1,514,009</b>	

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### Note 4 Fair Value Measurements (Continued)

Following is a summary of changes in the fair value of level 3 assets for the year ended June 30, 2014:

	<b>Cash surrender value of life insurance</b>
Balance, July 1, 2013	\$ 597,015
<u>Earnings</u>	<u>25,743</u>
<u>Balance, June 30, 2014</u>	<u>\$ 622,758</u>

### Note 5 Grants Receivable

The balance consists of amounts due from various agencies as follows:

	<b>2015</b>	<b>2014</b>
Federal grants	\$ 740,800	\$ 437,246
State of Wisconsin grants	51,203	163,972
Other grants	37,628	98,184
<u>Total grants receivable</u>	<u>\$ 829,631</u>	<u>\$ 699,402</u>

### Note 6 Pledges Receivable

Pledges receivable are unconditional promises to give and are reflected at present value of estimated future cash flows using a discount rates ranging from 3.15% to 5%. Management believes that the pledges receivable are collectible and; therefore, no allowance for uncollectible amounts has been established.

	<b>2015</b>	<b>2014</b>
Receivable in less than one year	\$ 323,208	\$ 308,958
<u>Receivable in one to five years</u>	<u>754,439</u>	<u>675,189</u>
Totals	1,077,647	984,147
<u>Discounts to net present value</u>	<u>( 52,975)</u>	<u>( 64,082)</u>
<u>Pledges receivable, net</u>	<u>\$ 1,024,672</u>	<u>\$ 920,065</u>

# Next Door Foundation, Inc.

## Notes to Financial Statements

### Note 6 Pledges Receivable (Continued)

	<u>2015</u>	<u>2014</u>
Current pledges receivable	\$ 323,208	\$ 308,958
<u>Long-term pledges receivable</u>	<u>701,464</u>	<u>611,107</u>
<u>Totals</u>	<u>\$ 1,024,672</u>	<u>\$ 920,065</u>

During the year ended June 30, 2011, Next Door received a promise to give of \$100,000 per year for six years, for a total of \$600,000 that included certain conditions that must be met before the donor will make payment. To date, each year a payment has been received. As of June 30, 2015, promise to give was not recorded on the financial statements due to its conditional nature.

### Note 7 Cash Surrender Value of Life Insurance

Next Door is the owner of various life insurance policies that were donated in previous years. The policies are recorded based on the policy cash surrender value. The value was \$648,941 and \$622,758 at June 30, 2015 and 2014, respectively.

### Note 8 Property and Equipment

Property and equipment consist of the following:

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 1,189,147	\$ 1,189,147
Buildings and improvements	9,829,497	9,782,518
Equipment	1,801,401	1,656,465
<u>Construction in progress</u>	<u>202,897</u>	<u>0</u>
Subtotals	13,022,942	12,628,130
<u>Accumulated depreciation</u>	<u>( 3,873,160)</u>	<u>( 3,533,310)</u>
<u>Property and equipment, net of accumulated depreciation</u>	<u>\$ 9,149,782</u>	<u>\$ 9,094,820</u>

Construction in progress consists of work completed in the second phase of renovations at one of the Organization's early childhood sites. A portion of the construction in progress is included in accrued expenses on the statements of financial position. A construction contract was entered into in the amount of \$1,220,766, all of which remains an outstanding commitment as of June 30, 2015.

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### Note 9 Lines of Credit

Next Door maintains a \$750,000 line of credit with BMO Harris that expires February 28, 2016, with a variable interest rate. The interest rate at June 30, 2015, was 3.183%. The line of credit is collateralized by assignments of life-insurance policies owned as well as the general assets of Next Door. There was no outstanding balance as of June 30, 2015 and 2014.

Next Door has a construction line of credit with BMO Harris that expires February 28, 2016, with a variable interest rate. The principal available on the line of credit as of June 30, 2015 and 2014 was \$155,000 and \$217,000, respectively. No additional draws can be taken on this line of credit. The interest rate at June 30, 2015, was 3.183%. The line of credit is collateralized by Next Door's buildings and pledges receivable. The balance at June 30, 2015 and 2014, was \$145,000 and \$207,000, respectively.

### Note 10 Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Note payable to bank in monthly installments of \$11,334 including a variable interest rate of 2.933% with a final payment due in June of 2019. This note is secured with cash and securities held by BMO Harris Bank, other than those amounts restricted by law.	\$ 2,463,987	\$ 2,281,568
Loan from bank payable in monthly installments of \$7,650 over 60 months with interest of 4.5% with a final payment due in June of 2019. This note is secured with specific properties.	960,336	784,824
Long term debt	3,424,323	3,066,392
Less: current maturities	185,607	279,203
<u>Long-term portion</u>	<u>\$ 3,238,716</u>	<u>\$ 2,787,189</u>
<b><u>Years Ending June 30,</u></b>		
2016		\$ 185,607
2017		187,885
2018		190,269
2019		2,860,562
<u>Total</u>		<u>\$ 3,424,323</u>

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### Note 11 Temporarily Restricted Net Assets

Temporarily restricted net assets, which have either purpose or time restrictions, are as follows as of June 30:

	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 95,878	\$ 90,587
Pledge receivable – time restriction	200,000	0
Pledge receivable – Kids’ Kitchen	120,000	0
Pledge receivable – Art Room	80,000	0
Total temporarily restricted net assets	<u>\$ 495,878</u>	<u>\$ 90,587</u>

### Note 12 Permanently Restricted Net Assets

Permanently restricted net assets consist of assets invested on behalf of the Pieper Family Endowment Fund. The balance in permanently restricted net assets was \$475,968 and \$470,957 as of June 30, 2015 and 2014, respectively. The Pieper Family Endowment Fund agreement allows for half of the annual appreciated value to be unrestricted funds available to be distributed to the Next Door Foundation Endowment Fund. Distributions of \$11,535 and \$36,132 were made during the year ended June 30, 2015 and 2014, respectively.

### Note 13 Employee Benefit Plan

All eligible employees are covered under a 401(k) Plan. Employees may elect to contribute to the plan through salary deferrals. Next Door matches employee contributions up to a maximum of 1.5% of the employee’s annual salary. Total plan expense for the years ended June 30, 2015 and 2014, were \$81,786 and \$51,735, respectively.

### Note 14 Endowments

In August 2009, the Wisconsin legislature adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors has interpreted UPMIFA as requiring Next Door to preserve the fair value of the donor’s original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, Next Door classifies as permanently restricted net assets (a) the original value of the donor’s gifts to the permanent restricted endowment, (b) the original value of a donor’s subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the permanent restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Next Door in a manner consistent with the standard prudence prescribed by UPMIFA.

# Next Door Foundation, Inc.

## Notes to Financial Statements

### Note 14 Endowments (Continued)

Next Door has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to preserve the purchasing power of the endowment assets. Under Next Door'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 Next Door's objectives.

The Pieper Family Endowment Fund was established by the Pieper Family Fund. This endowment is for the benefit of Next Door. In connection with the Pieper Family Endowment Fund, the Next Door Endowment Fund was established to hold the annual distributions made from the Pieper Family Endowment Fund and any contributions made to the endowment fund that are not within the Pieper Family Endowment Fund's investment strategies.

Changes in endowment funds were as follows:

	<b>Unrestricted Board Designated</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowments at July 1, 2013	\$ 295,968	\$ 430,176	\$ 726,144
Contributions	17,901	0	17,901
Interest and dividends	9,355	8,674	18,029
Appropriations	36,132	( 36,132)	0
Net appreciation	60,938	68,239	129,177
Endowments at June 30, 2014	420,294	470,957	891,251
Contributions	10,100	0	10,100
Interest and dividends	11,702	9,052	20,754
Appropriations	11,535	( 11,535)	0
Net appreciation	12,363	7,494	19,857
Endowments at June 30, 2015	\$ 465,994	\$ 475,968	\$ 941,962

### Note 15 Conditional Awards

Next Door had commitments under various grants of approximately \$8,112,000 as of June 30, 2015. These commitments are not recognized in the accompanying financial statements as they are conditional award.

# Next Door Foundation, Inc.

## Notes to Financial Statements

---

### **Note 16      Operations**

During the year ended June 30, 2015, Next Door had several nonrecurring transactions that resulted in an increase in net assets on the statement of activities of \$831,264 as follows:

- Numerous fixed assets were purchased during the year with grant funds, resulting in an increase in net assets of \$431,264.
- Pledges receivable relating to commitments of future cash donations totaling \$400,000 were recorded as revenue and pledges receivable at June 30, 2015.

During the year ended June 30, 2014, Next Door had several nonrecurring transactions that resulted in an increase in net assets on the statement of activities of \$1,815,874 as follows:

- In conjunction with the purchase of the building at 5310 West Capitol Drive, a gain of \$630,275 was recorded as the Seller sold the building below fair market value to Next Door. This is a noncash transaction.
- Numerous fixed assets were purchased during the year with grant funds, resulting in an increase in net assets of \$434,865.
- As part of the expansion of its Federal Head Start program, eight vehicles were transferred from a prior Head Start agency to Next Door at no cost, resulting in a gain of \$85,734. This is a noncash transaction.
- Pledges relating to commitments of future cash donations in the amount of \$665,000 were recorded as revenue and pledges receivable at June 30, 2014.



# **Supplementary Information**



# Next Door Foundation, Inc.

Schedule A-1

Schedule of Program Activity

Year Ended June 30, 2015

	<b>FEDERAL PROGRAMS</b>					
	<b>USDA</b>			<b>DHHS</b>		
	<b>10.558</b>			<b>93.086</b>		
<b>Total</b>	<b>Food Program (1)</b>	<b>Food Program (2)</b>	<b>10.558 Subtotal</b>	<b>Responsible Fatherhood (3)</b>	<b>Responsible Fatherhood (4)</b>	
<b>REVENUE</b>						
Grant revenue, public	\$ 14,573,701	\$ 109,350	\$ 557,570	\$ 666,920	\$ 10,447	\$ 88,994
Grant revenue, private	1,017,857	0	0	0	0	0
United Way revenue	382,912	0	0	0	0	0
Contributions	1,184,491	0	0	0	0	750
Childcare revenue	1,863,777	0	0	0	0	0
Other income	290,196	32,019	129,825	161,844	0	0
Investment income	77,555	0	0	0	0	0
In-kind contributions	1,562,613	0	0	0	0	0
Transfers	0	1,032	( 1,032)	0	25,196	3,757
<b>Total Revenue</b>	<b>20,953,102</b>	<b>142,401</b>	<b>686,363</b>	<b>828,764</b>	<b>35,643</b>	<b>93,501</b>
<b>EXPENSES</b>						
Salaries and wages	10,636,650	55,575	236,717	292,292	22,153	54,900
Fringe benefits	2,362,655	10,168	52,399	62,567	5,927	17,283
Staff training and enrichment	154,428	436	2,255	2,691	21	2,626
Recruitment	65,382	0	0	0	0	0
Supplies	1,585,102	82,293	380,345	462,638	200	1,154
Family support costs	264,760	151	364	515	726	1,555
Nutrition costs	0	( 6,352)	13,193	6,841	0	0
Health and wellness costs	0	0	0	0	0	0
School library costs	0	0	0	0	0	0
Collaboration expense	579,047	0	0	0	0	0
Student transportation	0	0	0	0	0	0
Travel	87,869	0	0	0	1,657	1,587
Postage	17,923	3	0	3	2	10
Telephone	117,362	58	93	151	246	1,042
Insurance	109,912	0	0	0	173	436
Dues and subscriptions	58,150	69	0	69	0	0
Professional fees	722,756	0	0	0	( 4)	241
Occupancy	1,035,498	0	997	997	1,382	5,665
Depreciation	663,740	0	0	0	0	0
Interest	128,812	0	0	0	0	0
Administration	8,141	0	0	0	3,160	7,002
Other	2,082	0	0	0	0	0
In-kind expenses	1,562,613	0	0	0	0	0
<b>Total Expenses</b>	<b>20,162,883</b>	<b>142,401</b>	<b>686,363</b>	<b>828,764</b>	<b>35,643</b>	<b>93,501</b>
<b>Change in Net Assets</b>	<b>790,219</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets at beginning	7,710,120	0	0	0	0	0
<b>NET ASSETS AT END</b>	<b>\$ 8,500,339</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Next Door Foundation, Inc.

Schedule A-2

Schedule of Program Activity

Year Ended June 30, 2015

	<b>FEDERAL PROGRAMS</b>				
	<b>Department of Health and Human Services (DHHS)</b>				
	<b>93.505</b>			<b>93.600</b>	
	<b>93.086</b>	<b>ACA</b>	<b>ACA</b>	<b>93.505</b>	<b>Early Head</b>
	<b>Subtotal</b>	<b>Home</b>	<b>Home</b>	<b>Subtotal</b>	<b>Start - CCP</b>
	<b>(5)</b>	<b>(6)</b>		<b>(7)</b>	
<b>REVENUE</b>					
Grant revenue, public	\$ 99,441	\$ 247,331	\$ 540,695	\$ 788,026	\$ 745,766
Grant revenue, private	0	0	7,000	7,000	0
United Way revenue	0	0	0	0	0
Contributions	750	0	0	0	0
Childcare revenue	0	0	0	0	0
Other income	0	0	4,147	4,147	0
Investment income	0	0	0	0	0
In-kind contributions	0	3,911	157,739	161,650	196,066
Transfers	28,953	1	0	1	0
<b>Total Revenue</b>	<b>129,144</b>	<b>251,243</b>	<b>709,581</b>	<b>960,824</b>	<b>941,832</b>
<b>EXPENSES</b>					
Salaries and wages	77,053	127,250	311,125	438,375	93,455
Fringe benefits	23,210	20,926	61,310	82,236	13,326
Staff training and enrichment	2,647	2,382	3,754	6,136	8,997
Recruitment	0	0	0	0	0
Supplies	1,354	24,979	21,452	46,431	134,527
Family support costs	2,281	3,829	10,240	14,069	696
Nutrition costs	0	0	0	0	0
Health and wellness costs	0	2,689	11,229	13,918	0
School library costs	0	480	1,435	1,915	0
Collaboration expense	0	0	0	0	415,847
Student transportation	0	0	0	0	0
Travel	3,244	150	2,217	2,367	16,139
Postage	12	122	387	509	176
Telephone	1,288	1,009	5,705	6,714	653
Insurance	609	1,106	1,464	2,570	163
Dues and subscriptions	0	2,284	2,948	5,232	0
Professional fees	237	16,947	3,281	20,228	44,104
Occupancy	7,047	22,026	46,931	68,957	1,942
Depreciation	0	0	0	0	0
Interest	0	0	0	0	0
Administration	10,162	21,151	68,364	89,515	15,741
Other	0	2	0	2	0
In-kind expenses	0	3,911	157,739	161,650	196,066
<b>Total Expenses</b>	<b>129,144</b>	<b>251,243</b>	<b>709,581</b>	<b>960,824</b>	<b>941,832</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets at beginning	0	0	0	0	0
<b>NET ASSETS AT END</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Next Door Foundation, Inc.

Schedule A-3

Schedule of Program Activity

Year Ended June 30, 2015

	<b>FEDERAL PROGRAMS</b>					
	<b>Department of Health and Human Services</b>					
	<b>93.600</b>					
	<b>Full-Year, Part-Day (8)</b>	<b>Training &amp; Tech. Assist. (9)</b>	<b>Full-Year, Part-Day (10)</b>	<b>Training &amp; Tech. Assist. (11)</b>	<b>Early Head Start (12)</b>	<b>Early Head Start (13)</b>
<b>REVENUE</b>						
Grant revenue, public	\$ 3,162,722	\$ 9,948	\$ 5,034,621	\$ 32,297	\$ 208,020	\$ 2,199,234
Grant revenue, private	105,833	0	230,000	0	1,271	0
United Way revenue	0	0	0	0	0	0
Contributions	0	0	0	0	0	0
Childcare revenue	416,723	0	749,579	0	50,799	570,774
Other income	1,166	0	3,417	0	0	158
Investment income	0	0	0	0	0	0
In-kind contributions	360,643	0	1,586,261	0	43,347	676,613
Transfers	12,077	0	17	0	7,377	2
<b>Total Revenue</b>	<b>4,059,164</b>	<b>9,948</b>	<b>7,603,895</b>	<b>32,297</b>	<b>310,814</b>	<b>3,446,781</b>
<b>EXPENSES</b>						
Salaries and wages	1,485,177	0	2,892,272	0	157,548	1,578,635
Fringe benefits	323,158	0	638,431	0	38,115	395,756
Staff training and enrichment	0	9,948	0	32,297	988	24,162
Recruitment	1,829	0	3,932	0	0	150
Supplies	564,932	0	141,625	0	4,504	74,128
Family support costs	27,556	0	37,064	0	( 5,300)	( 57,807)
Nutrition costs	( 19,797)	0	12,282	0	115	( 518)
Health and wellness costs	52,132	0	129,396	0	2,397	36,944
School library costs	8,304	0	16,649	0	448	4,964
Collaboration expense	36,000	0	127,200	0	0	0
Student transportation	186,408	0	396,173	0	0	0
Travel	2,613	0	25,766	0	773	12,207
Postage	1,241	0	507	0	158	1,589
Telephone	27,585	0	26,157	0	1,317	16,715
Insurance	18,563	0	15,134	0	5,412	23,591
Dues and subscriptions	1,787	0	3,773	0	2,464	3,901
Professional fees	30,224	0	122,993	0	9,182	18,483
Occupancy	676,447	0	768,124	0	21,429	270,723
Depreciation	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Administration	274,362	0	660,156	0	27,915	366,545
Other	0	0	0	0	2	0
In-kind expenses	360,643	0	1,586,261	0	43,347	676,613
<b>Total Expenses</b>	<b>4,059,164</b>	<b>9,948</b>	<b>7,603,895</b>	<b>32,297</b>	<b>310,814</b>	<b>3,446,781</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets at beginning	0	0	0	0	0	0
<b>NET ASSETS AT END</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Next Door Foundation, Inc.

Schedule A-4

Schedule of Program Activity

Year Ended June 30, 2015

	FEDERAL PROGRAMS		STATE & LOCAL PROGRAMS		
	DHHS		Wisconsin Head Start (14)	Milwaukee Public Schools K4/K5 (15)	Parent Child Home (16)
	93.600 Subtotal	TOTAL FEDERAL PROGRAMS			
<b>REVENUE</b>					
Grant revenue, public	\$ 11,392,608	\$ 12,946,995	\$ 448,632	\$ 1,178,074	\$ 0
Grant revenue, private	337,104	344,104	0	173,145	20,287
United Way revenue	0	0	0	0	0
Contributions	0	750	0	0	0
Childcare revenue	1,787,875	1,787,875	0	75,876	0
Other income	4,741	170,732	0	14,659	0
Investment income	0	0	0	0	0
In-kind contributions	2,862,930	3,024,580	0	48,439	0
Transfers	19,473	48,427	0	349,255	0
<b>Total Revenue</b>	<b>16,404,731</b>	<b>18,323,463</b>	<b>448,632</b>	<b>1,839,448</b>	<b>20,287</b>
<b>EXPENSES</b>					
Salaries and wages	6,207,087	7,014,807	306,673	631,895	6,929
Fringe benefits	1,408,786	1,576,799	75,135	173,670	776
Staff training and enrichment	76,392	87,866	2,754	4,118	151
Recruitment	5,911	5,911	0	282	0
Supplies	919,716	1,430,139	11,675	68,644	8,728
Family support costs	2,209	19,074	696	217,806	162
Nutrition costs	( 7,918)	( 1,077)	0	1,077	0
Health and wellness costs	220,869	234,787	0	25,014	0
School library costs	30,365	32,280	0	3,459	0
Collaboration expense	579,047	579,047	0	0	0
Student transportation	582,581	582,581	8,505	164,815	0
Travel	57,498	63,109	0	2,086	3,541
Postage	3,671	4,195	0	137	0
Telephone	72,427	80,580	0	4,008	0
Insurance	62,863	66,042	0	23,841	0
Dues and subscriptions	11,925	17,226	0	738	0
Professional fees	224,986	245,451	8,865	103,264	0
Occupancy	1,738,665	1,815,666	32,527	231,975	0
Depreciation	0	0	0	0	0
Interest	0	0	0	0	0
Administration	1,344,719	1,444,396	1,802	134,180	0
Other	2	4	0	0	0
In-kind expenses	2,862,930	3,024,580	0	48,439	0
<b>Total Expenses</b>	<b>16,404,731</b>	<b>18,323,463</b>	<b>448,632</b>	<b>1,839,448</b>	<b>20,287</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets at beginning	0	0	0	0	0
<b>NET ASSETS AT END</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Next Door Foundation, Inc.

Schedule A-5

Schedule of Program Activity

Year Ended June 30, 2015

<b>STATE &amp; LOCAL PROGRAMS</b>						
	<b>Books for Kids (17)</b>	<b>Capital Fund (18)</b>	<b>ABE/ GED (19)</b>	<b>Special Purpose (20)</b>	<b>Total State &amp; Local Programs</b>	<b>Total Programs</b>
<b>REVENUE</b>						
Grant revenue, public	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,626,706	\$ 14,573,701
Grant revenue, private	27,500	0	0	142,314	363,246	707,350
United Way revenue	0	0	68,592	0	68,592	68,592
Contributions	9,340	11,107	0	56,300	76,747	77,497
Childcare revenue	0	0	0	0	75,876	1,863,751
Other income	0	0	30	0	14,689	185,421
Investment income	0	10	0	0	10	10
In-kind contributions	0	0	0	0	48,439	3,073,019
Transfers	0	0	70,742	0	419,997	468,424
<b>Total Revenue</b>	<b>36,840</b>	<b>11,117</b>	<b>139,364</b>	<b>198,614</b>	<b>2,694,302</b>	<b>21,017,765</b>
<b>EXPENSES</b>						
Salaries and wages	58,600	0	51,476	119,965	1,175,538	8,190,345
Fringe benefits	9,432	0	7,163	11,765	277,941	1,854,740
Staff training and enrichment	35	0	1,168	2,611	10,837	98,703
Recruitment	239	0	0	77	598	6,509
Supplies	4,200	0	5,742	1,704	100,693	1,530,832
Family support costs	125	0	0	375	219,164	238,238
Nutrition costs	0	0	0	0	1,077	0
Health and wellness costs	0	0	0	0	25,014	259,801
School library costs	( 37,015)	0	1,276	0	( 32,280)	0
Collaboration expense	0	0	0	0	0	579,047
Student transportation	0	0	0	0	173,320	755,901
Travel	0	0	140	4,582	10,349	73,458
Postage	625	0	5	0	767	4,962
Telephone	0	0	693	0	4,701	85,281
Insurance	0	0	4,142	0	27,983	94,025
Dues and subscriptions	0	0	90	215	1,043	18,269
Professional fees	360	0	7,358	57,320	177,167	422,618
Occupancy	239	0	40,693	0	305,434	2,121,100
Depreciation	0	0	0	0	0	0
Interest	0	5,826	0	0	5,826	5,826
Administration	0	0	19,418	0	155,400	1,599,796
Other	0	0	0	0	0	4
In-kind expenses	0	0	0	0	48,439	3,073,019
<b>Total Expenses</b>	<b>36,840</b>	<b>5,826</b>	<b>139,364</b>	<b>198,614</b>	<b>2,689,011</b>	<b>21,012,474</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>5,291</b>	<b>0</b>	<b>0</b>	<b>5,291</b>	<b>5,291</b>
Net assets at beginning	0	90,587	0	0	90,587	90,587
<b>NET ASSETS AT END</b>	<b>\$ 0</b>	<b>\$ 95,878</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 95,878</b>	<b>\$ 95,878</b>

# Next Door Foundation, Inc.

Schedule A-6

Schedule of Program Activity

Year Ended June 30, 2015

	DISCRETIONARY ACTIVITY					PERM REST.
	Board Designated		Unrestricted			
	Helwig Center (21)	Next Door Endowment Fund (22)	GAAP Adjustments (23)	Other Unrestricted Donations (24)	Total Unrestricted Activity	Pieper Foundation Endowment (25)
<b>REVENUE</b>						
Grant revenue, public	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grant revenue, private	0	0	0	310,507	310,507	0
United Way revenue	0	0	0	314,320	314,320	0
Contributions	0	0	0	1,106,994	1,106,994	0
Childcare revenue	0	0	0	26	26	0
Other income	0	0	0	104,775	104,775	0
Investment income	0	45,700	0	26,834	72,534	5,011
In-kind contributions	0	0	( 1,510,406)	0	( 1,510,406)	0
Transfers	0	0	0	( 468,424)	( 468,424)	0
<b>Total Revenue</b>	<b>0</b>	<b>45,700</b>	<b>( 1,510,406)</b>	<b>1,395,032</b>	<b>( 69,674)</b>	<b>5,011</b>
<b>EXPENSES</b>						
Salaries and wages	0	0	0	2,446,305	2,446,305	0
Fringe benefits	0	0	0	507,915	507,915	0
Staff training and enrichment	0	0	0	55,725	55,725	0
Recruitment	0	0	0	58,873	58,873	0
Supplies	0	0	0	54,270	54,270	0
Family support costs	0	0	0	26,522	26,522	0
Nutrition costs	0	0	0	0	0	0
Health and wellness costs	0	0	0	( 259,801)	( 259,801)	0
School library costs	0	0	0	0	0	0
Collaboration expense	0	0	0	0	0	0
Student transportation	0	0	0	( 755,901)	( 755,901)	0
Travel	0	0	0	14,411	14,411	0
Postage	0	0	0	12,961	12,961	0
Telephone	0	0	0	32,081	32,081	0
Insurance	0	0	0	15,887	15,887	0
Dues and subscriptions	0	0	0	39,881	39,881	0
Professional fees	0	0	0	300,138	300,138	0
Occupancy	0	0	0	( 1,085,602)	( 1,085,602)	0
Depreciation	0	0	0	663,740	663,740	0
Interest	0	0	0	122,986	122,986	0
Administration	0	0	0	( 1,591,655)	( 1,591,655)	0
Other	0	0	0	2,078	2,078	0
In-kind expenses	0	0	( 1,510,406)	0	( 1,510,406)	0
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>( 1,510,406)</b>	<b>660,814</b>	<b>( 849,592)</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>45,700</b>	<b>0</b>	<b>734,218</b>	<b>779,918</b>	<b>5,011</b>
Net assets at beginning	58,626	420,294	0	6,669,656	7,148,576	470,957
<b>NET ASSETS AT END</b>	<b>\$ 58,626</b>	<b>\$ 465,994</b>	<b>\$ 0</b>	<b>\$ 7,403,874</b>	<b>\$ 7,928,494</b>	<b>\$ 475,968</b>



# Next Door Foundation, Inc.

## Schedule B-1

### Schedule of Expenditures of Federal Awards and List of Programs

Year Ended June 30, 2015

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Funding Source/ Pass-Through Entity</u>	<u>Program Period</u>	<u>Federal Expenditures</u>
<b>DEPARTMENT OF AGRICULTURE</b>				
( 1) Child and Adult Care Food Program	10.558	State of Wisconsin - DPI	10/01/13-09/30/14	\$ 109,350
( 2) Child and Adult Care Food Program		State of Wisconsin - DPI	10/01/14-09/30/15	557,570
		<b>Total Federal Expenditures CFDA 10.558</b>		<b>666,920</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
( 3) Healthy Marriage Promotion and Responsible Fatherhood Grants 90FK0049	93.086	Milwaukee County Dept. of Human Services	10/01/12-09/30/14	10,447
( 4) Healthy Marriage Promotion and Responsible Fatherhood Grants 90FK0049		Milwaukee County Dept. of Human Services	10/01/14-09/30/15	88,994
		<b>Total Federal Expenditures CFDA 93.086</b>		<b>99,441</b>
( 5) Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Visiting Program CFA0064	93.505	State of WI - DCF	10/01/12-09/30/14	247,331
( 6) Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Visiting Program CFA0064		State of WI - DCF	10/01/14-09/30/15	540,695
		<b>Total Federal Expenditures CFDA 93.505</b>		<b>788,026</b>
( 7) Early Head Start - Child Care Partnership 05HP0029/01	93.600	U.S. Dept. of Health and Human Services	01/01/15-06/30/16	745,766
( 8) Head Start Full-Year, Part-Day 05CH8319/02		U.S. Dept. of Health and Human Services	11/01/13-10/31/14	3,162,722
( 9) Head Start Training & Technical Assistance - 05CH8319/02		U.S. Dept. of Health and Human Services	11/01/13-10/31/14	9,948
( 10) Head Start Full-Year, Part-Day 05CH8319/03		U.S. Dept. of Health and Human Services	11/01/14-10/31/15	5,034,621
( 11) Head Start Training & Technical Assistance - 05CH8319/03		U.S. Dept. of Health and Human Services	11/01/14-10/31/15	32,297
( 12) Early Head Start 05CH8281/07		U.S. Dept. of Health and Human Services	08/01/13-07/31/14	208,020
( 13) Early Head Start 05CH8281/08		U.S. Dept. of Health and Human Services	08/01/14-10/31/15	2,199,234
		<b>Total Federal Expenditures CFDA 93.600</b>		<b>11,392,608</b>
		<b>TOTAL FEDERAL EXPENDITURES</b>		<b>\$ 12,946,995</b>

# Next Door Foundation, Inc.

## Schedule B-2

### Schedule of Expenditures of Federal Awards and List of Programs

Year Ended June 30, 2015

Federal Grantor/Program Title	CFDA Number	Funding Source/ Pass-Through Entity	Program Period
<b>STATE AND LOCAL PROGRAMS</b>			
( 14) Wisconsin Head Start		State of Wisconsin - DPI	07/01/14-06/30/15
( 15) Milwaukee Public Schools K4/K5		Milwaukee Public Schools	07/01/14-06/30/15
( 16) Parent Child Home		Contributions	07/01/14-06/30/15
( 17) Books for Kids		Contributions, various grants	07/01/14-06/30/15
( 18) Capital Fund		Contributions	07/01/14-06/30/15
( 19) ABE/GED Adult Education		Contributions	07/01/14-06/30/15
( 20) Special Purpose		Contributions	07/01/14-06/30/15
<b>DISCRETIONARY ACTIVITY</b>			
<b>Board Designated</b>			
( 21) Helwig Center		N/A	07/01/14-06/30/15
( 22) Next Door Endowment Fund		Investment Income, various other	07/01/14-06/30/15
<b>Other Unrestricted</b>			
( 23) GAAP Adjustments		N/A	07/01/14-06/30/15
( 24) Other Unrestricted Donations		Contributions, Interest, various other	07/01/14-06/30/15
<b>PERMANENTLY RESTRICTED ACTIVITY</b>			
( 25) Pieper Foundation Endowment		Investment Income	07/01/14-06/30/15

#### Notes to Schedule of Expenditures of Federal Awards and List of Programs

Note 1: Basis of Presentation - The accompanying schedule of expenditures of federal awards and list of programs (the "Schedule") includes the federal grant activity of Next Door Foundation, Inc. under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Next Door Foundation, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Next Door Foundation, Inc.

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 OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

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

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Next Door Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 19, 2015.

### **Internal Control Over Financial Reporting**

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

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

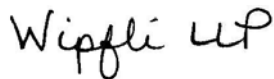
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Next Door Foundation, 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 Next Door Foundation, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, professional style.

Wipfli LLP

November 19, 2015  
Madison, Wisconsin



## **Independent Auditor's Report on Compliance for Each Major Federal and State Program and On Internal Control Over Compliance**

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited Next Door Foundation, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015. Next Door Foundation, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility for Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Next Door Foundation, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Next Door Foundation, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Next Door Foundation, Inc.'s compliance.

## Opinion

In our opinion, Next Door Foundation, Inc. complied, in all material respects, with the types of 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, 2015.

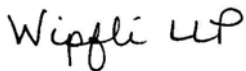
## Report on Internal Control Over Compliance

Management of Next Door Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Next Door Foundation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Next Door Foundation, Inc.'s 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 or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 or 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 or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

November 19, 2015  
Madison, Wisconsin

# Next Door Foundation, Inc.

## Schedule of Findings and Questioned Costs

---

### **A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Next Door Foundation, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
3. No instances of noncompliance material to the financial statements of Next Door Foundation, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies were disclosed during the audit of the major federal and state award programs as reported in the Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal and state award programs for Next Door Foundation, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to the major federal and state award programs for Next Door Foundation, Inc.
7. The program tested as major federal programs were U.S. Department of Health and Human Services, Head Start (CFDA #93.600).
8. The state major program is the State Head Start program.
9. The threshold for distinguishing Types A and B federal programs was \$388,410.
10. The threshold for distinguishing Types A and B state programs was \$100,000.
11. Next Door Foundation, Inc. was determined to be a low-risk auditee.

### **B. Findings – Financial Statements Audit**

None

### **C. Current Year Findings and Questioned Costs – Major Federal Award Programs Audit**

**Questioned Costs:** None

**Finding:** None

# Next Door Foundation, Inc.

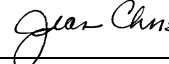
## Schedule of Findings and Questioned Costs

---

### D. Prior Year Findings

None

### E. Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No
  
2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
  - a. Department of Public Instruction No
  - b. Department of Health Services No
  - c. Department of Children and Families No
  
3. Was a management letter or other document conveying audit comments issued as a result of this audit? No
  
4. Name and signature of partner in charge   
\_\_\_\_\_  
Jean M. Christensen, CPA  
November 19, 2015
  
5. Date of report