

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Audited Financial Statements
Years Ended March 31, 2016 and 2015

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Independent Auditors' Report

Board of Directors
COA Youth and Family Centers
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of COA Youth and Family Centers (Organization) (a nonprofit organization), which comprise the statements of financial position as of March 31, 2016 and 2015, and the related statements of activities, functional expenses 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 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.

Auditors' 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 COA Youth and Family Centers as of March 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2016 on our consideration of COA Youth and Family Centers' 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 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 COA Youth and Family Centers' internal control over financial reporting and compliance.

June 27, 2016
Milwaukee, Wisconsin

COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

Statements of Financial Position

March 31, 2016 and 2015

Assets:	<u>2016</u>	<u>2015</u>
Cash and equivalents	\$ 602,433	\$ 964,598
Receivables:		
Due from government grantors	280,518	210,751
United Way	182,435	183,197
Childcare third party	87,675	40,589
Accounts receivable	10,739	60,651
Capital campaign pledges	30,709	60,529
100th anniversary pledges	55,845	55,614
Other pledges	1,015,866	692,063
Investments	5,482,339	7,388,004
Prepaid expenses	57,010	37,760
Milwaukee Foundation Funds	93,720	99,987
Furniture and equipment	328,557	133,913
Vehicles	177,782	177,782
Buildings and improvements	6,680,711	4,827,066
Land and land improvements	1,136,253	1,016,182
Less: Accumulated depreciation	<u>(3,222,116)</u>	<u>(2,985,185)</u>
Total assets	<u>\$ 13,000,476</u>	<u>\$ 12,963,501</u>
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	\$ 257,162	\$ 194,604
Accrued salaries	55,012	140,857
Payroll tax and related liabilities	8,856	10,326
Deferred revenue	<u>8,059</u>	<u>8,574</u>
Total liabilities	329,089	354,361
Net Assets:		
Unrestricted:		
Undesignated	5,356,473	3,324,840
Board designated	1,467,482	1,577,233
Temporarily restricted	2,853,932	4,705,256
Permanently restricted	<u>2,993,500</u>	<u>3,001,811</u>
Total net assets	<u>12,671,387</u>	<u>12,609,140</u>
Total liabilities and net assets	<u>\$ 13,000,476</u>	<u>\$ 12,963,501</u>

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

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Statements of Activities
Years Ended March 31, 2016 and 2015

	2016				2015			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Support and Releases:								
Revenue and support:								
Contributions and grants	\$ 948,420	\$ 1,401,819	\$ 9,051	\$ 2,359,290	\$ 821,721	\$ 423,968	\$ 9,326	\$ 1,255,015
Contributions in-kind	64,847	---	---	64,847	155,179	---	---	155,179
Government grants	1,348,446	---	---	1,348,446	1,490,813	---	---	1,490,813
Program service fees	1,611,127	---	---	1,611,127	1,222,360	---	---	1,222,360
Investment income	(2,725)	135,363	---	132,638	58,840	103,292	---	162,132
Milwaukee Foundation net activity	---	---	(6,267)	(6,267)	---	---	2,392	2,392
Losses on disposal of property and equipment	(3,010)	---	---	(3,010)	---	---	---	---
Miscellaneous revenue	19,336	---	---	19,336	9,102	---	---	9,102
United Way allocation	655,552	182,435	---	837,987	633,998	183,197	---	817,195
Special events revenue	233,913	---	---	233,913	262,391	---	---	262,391
Special events expenses	(70,758)	---	---	(70,758)	(72,504)	---	---	(72,504)
Total revenue and support	4,805,148	1,719,617	2,784	6,527,549	4,581,900	710,457	11,718	5,304,075
Endowment income released	135,977	(135,977)	---	---	152,563	(152,563)	---	---
Net assets released from restrictions	3,234,307	(3,234,307)	---	---	1,261,702	(1,261,702)	---	---
Total revenue, support and releases	8,175,432	(1,650,667)	2,784	6,527,549	5,996,165	(703,808)	11,718	5,304,075
Expenses:								
Program Services:								
Early Childhood Education	1,865,719	---	---	1,865,719	1,160,112	---	---	1,160,112
Youth Development Programs	1,656,075	---	---	1,656,075	1,576,639	---	---	1,576,639
Family Support Services	670,767	---	---	670,767	867,166	---	---	867,166
Camping/Conference Center	573,334	---	---	573,334	596,441	---	---	596,441
Community Services	874,605	---	---	874,605	1,085,663	---	---	1,085,663
Total program services	5,640,500	---	---	5,640,500	5,286,021	---	---	5,286,021
Supporting services:								
Management and general	326,435	---	---	326,435	390,719	---	---	390,719
Fund-raising	269,456	---	---	269,456	269,859	---	---	269,859
Total supporting services	595,891	---	---	595,891	660,578	---	---	660,578
Total program and supporting services	6,236,391	---	---	6,236,391	5,946,599	---	---	5,946,599
Change in net assets from operations	1,939,041	(1,650,667)	2,784	291,158	49,566	(703,808)	11,718	(642,524)
Realized and unrealized gains on investments	(17,159)	(200,657)	(11,095)	(228,911)	21,173	92,123	---	113,296
Change in net assets	1,921,882	(1,851,324)	(8,311)	62,247	70,739	(611,685)	11,718	(529,228)
Net Assets:								
Beginning of year	4,902,073	4,705,256	3,001,811	12,609,140	4,831,334	5,316,941	2,990,093	13,138,368
End of year	\$ 6,823,955	\$ 2,853,932	\$ 2,993,500	\$ 12,671,387	\$ 4,902,073	\$ 4,705,256	\$ 3,001,811	\$ 12,609,140

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

COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

Statements of Functional Expenses

Years Ended March 31, 2016 and 2015

	2016					2015				
	Supporting Services				Total Program and Supporting Services Expenses	Supporting Services				Total Program and Supporting Services Expenses
Program Services	Management and General	Fund-Raising	Total	Program Services		Management and General	Fund-Raising	Total		
Salaries	\$ 3,212,149	\$ 171,702	\$ 176,806	\$ 348,508	\$ 3,560,657	\$ 3,041,395	\$ 201,126	\$ 161,774	\$ 362,900	\$ 3,404,295
Payroll taxes	293,806	14,512	16,266	30,778	324,584	324,418	19,370	17,765	37,135	361,553
Pension expense	3,508	1,048	504	1,552	5,060	12,284	4,987	2,045	7,032	19,316
Other fringe benefits	225,871	19,885	11,841	31,726	257,597	215,422	25,411	16,273	41,684	257,106
Professional fees	281,132	112,573	6,513	119,086	400,218	247,894	119,994	4,929	124,923	372,817
Supplies	386,593	215	271	486	387,079	345,370	516	797	1,313	346,683
Computer maintenance	2,979	47	110	157	3,136	2,541	59	3,263	3,322	5,863
Telephone	37,828	1,186	949	2,135	39,963	36,766	1,780	1,006	2,786	39,552
Postage	5,492	250	1,141	1,391	6,883	(407)	(60)	929	869	462
Occupancy	320,168	2,104	4,921	7,025	327,193	291,571	3,247	6,244	9,491	301,062
Program expenses	434,655	---	---	---	434,655	303,604	---	---	---	303,604
Printing	8,170	44	8,899	8,943	17,113	6,065	5	8,801	8,806	14,871
Transportation	81,897	12	28	40	81,937	98,270	3,832	53	3,885	102,155
Marketing and advertising	1,228	---	227	227	1,455	5,802	19	348	367	6,169
Staff training and advertising	13,925	66	272	338	14,263	17,163	849	94	943	18,106
Membership dues	19,930	7	202	209	20,139	12,164	---	430	430	12,594
Contributions in-kind	29,361	---	32,500	32,500	61,861	127,354	6,405	21,420	27,825	155,179
Miscellaneous expenses	37,951	2,784	5,888	8,672	46,623	22,619	3,179	15,179	18,358	40,977
Bad debt expense	---	---	---	---	---	---	---	100	100	100
Total expenses before depreciation and allocation	5,396,643	326,435	267,338	593,773	5,990,416	5,110,295	390,719	261,450	652,169	5,762,464
Depreciation	243,857	---	2,118	2,118	245,975	175,726	---	8,409	8,409	184,135
Total expenses before allocation	5,640,500	326,435	269,456	595,891	6,236,391	5,286,021	390,719	269,859	660,578	5,946,599
Allocated administration expenses	313,846	(326,435)	12,589	(313,846)	---	372,180	(390,719)	18,539	(372,180)	---
Total expenses	\$ 5,954,346	\$ ---	\$ 282,045	\$ 282,045	\$ 6,236,391	\$ 5,658,201	\$ ---	\$ 288,398	\$ 288,398	\$ 5,946,599

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

COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

Statements of Cash Flows

Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 62,247	\$ (529,228)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	245,975	184,135
Realized and unrealized (gains) losses on investments	228,911	(113,296)
Milwaukee Foundation net activity	6,267	(2,392)
Losses on disposal of property and equipment	3,010	---
Endowment contributions	(9,051)	(9,326)
Change in assets and liabilities:		
Prepaid expenses	(19,250)	24,364
Receivables	(360,393)	2,600,425
Accounts payable	62,558	93,347
Accrued salaries and payroll liabilities	(87,315)	(25,516)
Deferred revenue	(515)	8,348
Net cash provided by operating activities	<u>132,444</u>	<u>2,230,861</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,180,414)	(301,297)
Purchases of investments	(2,661,857)	(3,276,615)
Proceeds from sale of investments	4,338,611	1,800,185
Net cash used by investing activities	<u>(503,660)</u>	<u>(1,777,727)</u>
Cash Flows from Financing Activities:		
Endowment contributions	<u>9,051</u>	<u>9,326</u>
Net increase (decrease) in cash and equivalents	(362,165)	462,460
Cash and equivalents, beginning of year	964,598	502,138
Cash and equivalents, end of year	<u>\$ 602,433</u>	<u>\$ 964,598</u>

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

COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

Notes to Financial Statements

March 31, 2016 and 2015

1. Organization

COA Youth and Family Centers (COA) helps Milwaukee children, teens and families reach their greatest potential through a continuum of educational, recreational and social work programs offered through its Riverwest, Goldin and Holton community centers, at COA's rural camp facility, and at 7 schools. As a multicultural agency, COA values diversity and cooperation and promotes personal growth and positive social interaction. Its primary sources of revenue are from contributions and grants, government grants, program service fees, United Way allocation and special events.

COA Youth and Family Centers realizes its mission through early childhood development, youth development, and community development; all of which include family-centered programming.

Early Childhood Development: COA Youth and Family Centers offers nationally accredited childcare programs for children ages 6 weeks through 6 years. All programs are multicultural and nonsectarian, and fees are determined based on family income. All programs provide individual attention, care, and nurturing, focusing on a child's healthy physical, mental and emotional development. In 2015 COA opened another early child education center at COA's Goldin Center.

Youth Development: COA's commitment to the community involves a wide variety of services for area youth ages 7 to 19. Activities include after-school, summer and weekend programming; special groups for elementary school-aged children, preteens and teens; athletics and field trips; and educational opportunities including computers, arts and crafts, creative writing, homework help and many other activities. COA's Goldin summer day camps offer boys and girls age 7 to 12 summer day activities including games, swimming, arts and crafts, field trips and much more. Programs operate at COA's Riverwest Center, Goldin Center, and Holton Center, and at COA's Community Learning Centers located at Riverside University High School, OW Holmes Elementary School, Auer Avenue Elementary School, Lincoln Center of the Arts, Hopkins- Lloyd Community School, Doerfler Elementary School, and Westside Academy.

Family Centered Programming: COA provides family programming through the Rose and Harry Samson Family Center (located at COA's Riverwest Center), and the Ethel Nutis Gill Family Center (at COA's Goldin Center). These services seek to strengthen families through parenting education, life skills workshops, peer discussion groups and family-oriented activities. Parents of preschool children (ages 3 to 5) may also participate in COA's Home Instruction for Parents of Preschool Youngsters (HIPPOY), based on a national model which focuses on helping parents to become their children's primary teachers. COA's family-centered programs are integrated into other program areas including early child development, youth development, and community development.

Camping/Conference Center: As part of COA's Youth Development programs, each summer COA operates camping programs accredited by the American Camping Association. Boys and girls ages 8 through 15 attend COA's Camp Helen Brachman, located on 206 acres in central Wisconsin near Steven's Point. Thirteen day sessions include water and field sports, arts and crafts, music, environmental education, team-building, leadership training and overnight camp-outs. COA's in-city Goldin Summer Day Camp offers boys and girls ages 7 through 12 summer day activities including games, swimming, arts and crafts and much more. Fees are based on family income. In addition to summer camps, COA offers year-round Youth Leadership Institutes, family camps and winter camps. When COA programs are not in session, the camp retreat center is rented to groups for retreats, conferences, staff trainings and special events.

Community Development: COA Youth and Family Centers is a valuable part of the neighborhood and the community it serves. COA is committed to the overall well-being of the neighborhoods surrounding the children and families served, and working together with neighborhood residents. COA also partners with other agencies such as Children's Hospital of Wisconsin and the Marquette University College of Nursing to provide pediatric and family care (at the COA Goldin Center), and the Dominican Center for Women to provide adult basic education GED training. Through its long-term lease with the City of Milwaukee, COA operates Kilbourn and Kadish Parks and provides recreational, educational, cultural and group activities for youth and families. Through its lease with Milwaukee County, COA provides recreational and educational activities in Moody Park, adjacent to COA's Goldin Center.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

2. General and Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S.GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the COA Youth and Family Centers 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 will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations requiring that the principal be maintained in perpetuity and that only income be expended.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

B. Support and Revenue

Contributions are recognized upon receipt. Pledges are recognized when the pledge is received. Gifts, other than cash, are recognized at fair market value at the date received. Government grants are recognized to the extent of expenses incurred. Program service fees are recognized when earned. Income on investments held is recognized when earned.

C. Contributions In-Kind

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed facilities are recorded at the fair market value of the space. Contributed tangible assets are recognized at fair market value as determined by the donor when received. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in assets and expenses. Fiscal year 2016 and 2015 contributions in-kind were in the amounts of \$64,847 and \$155,179, respectively. In fiscal year 2016 and 2015 COA recorded expenses for contributed goods and services of \$64,847 and \$155,179, respectively.

D. Expenses

Expenses are recognized when they are incurred. Expenses are summarized on a functional basis in the statement of functional expenses and, accordingly, certain costs have been allocated between the functional expense categories as deemed appropriate.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

2. General and Summary of Significant Accounting Policies (Continued)

E. Allocations

The allocation of administrative expenses is based on full-time equivalents.

F. Marketing and Advertising

COA expenses marketing and advertising in the period the expense is incurred. Marketing and advertising expense for fiscal year 2016 and 2015 were \$1,455 and \$6,169, respectively.

G. Pledges Receivable

Pledges receivable are recorded at their estimated fair value, less an appropriate allowance. Pledges are discounted to present value using the average prime rate for the fiscal year the pledge was received. The blended discount rates used were as follows:

	<u>2016</u>	<u>2015</u>
Capital campaign pledges	1.06%	1.06%
100 th anniversary pledges	0.28%	0.28%
Other pledges	0.28%	0.28%

H. Investment Valuation and Income Recognition

Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

2. General and Summary of Significant Accounting Policies (Continued)

H. Investment Valuation and Income Recognition (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2016 and 2015.

Taxable fixed income, domestic and international equities, Exchange-Traded funds and Other investments: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds and United States Treasury Notes: Valued at the present value of future cash flows.

Milwaukee Foundation Funds: Valued at the present value of the proportionate share of allocated assets.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Realized gains and losses and unrealized appreciation and depreciation of COA assets are reported in the statement of activities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although COA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

I. Property and Equipment

Purchases of property and equipment of \$2,500 or more are capitalized. Property and equipment are stated at cost. Cost includes expenditures for major improvements and replacements. Donated property is stated at its fair market value at the date of donation. Depreciation is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	5-10
Vehicles	5
Buildings and improvements	10-40
Land improvements	15-17

Fully depreciated assets are retained in the accounts until such assets are physically retired. Maintenance and repairs are charged to expenses as incurred.

Depreciation expense for fiscal years 2016 and 2015 was \$245,975 and \$184,135, respectively.

J. Receivables

Receivables are recorded at contract value less management's estimate for uncollectible amounts based on their experience relative to the total population of receivables.

K. Deferred Revenue

Grant advances for service contracts are recognized as revenue in the year the corresponding expense is incurred. Advances received for special events are recognized when the event takes place.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

2. General and Summary of Significant Accounting Policies (Continued)

L. Cash and Equivalents

COA considers all monies held in checking accounts, money market accounts, and cash on-hand, as cash and equivalents.

M. Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

N. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, June 27, 2016. Subsequent to year-end, the Organization received \$660,500 in restricted pledges.

3. Income Tax Status

COA is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code. In addition, COA has been determined by the Internal Revenue Service not to be a "private foundation" within the guidelines of 509(a) of the Code.

COA has implemented accounting for uncertainty in income taxes in accordance with accounting principles generally accepted in the United States of America. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosure required. Management of COA evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. COA recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense. Management does not believe there are any uncertain tax positions.

Generally, for United States Federal income taxes, COA is only subject to examination for the current year's tax return and the preceding three years' returns. Generally, for Wisconsin income taxes, COA is only subject to examinations for current year's tax return and the preceding four years' returns.

4. Potential Public Support Redetermination

COA has entered into certain contractual relationships with governmental agencies which provide, in part, for the potential audit and adjustment by the agencies of payments made to COA. No governmental audits or proposed adjustments of payments are pending at this time.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

5. Due from Governmental Grantors

Due from governmental grantors balance is summarized as follows:

	<u>2016</u>	<u>2015</u>
Child and Adult Care Food Program	\$ 22,339	\$ 12,388
MPS Twenty-First Century Community Learning Centers	151,420	142,426
MPS Drivers Education	79,560	19,500
Block Grants for Prevention and Treatment of Substance Abuse	5,324	27,687
Empowering Families	21,875	8,750
Total	<u>\$ 280,518</u>	<u>\$ 210,751</u>

An allowance for doubtful receivables is not considered necessary.

6. Pledges Receivable

Unconditional promises are expected to be realized in the following periods:

	<u>2016</u>	<u>2015</u>
Capital Campaign:		
In one year or less	\$ 24,960	\$ 41,585
Between one year and five years	8,450	22,050
Less: Present value discount	(543)	(917)
Less: Allowance for uncollectible pledges	(2,158)	(2,189)
Total Capital Campaign	<u>\$ 30,709</u>	<u>\$ 60,529</u>
100 th Anniversary:		
In one year or less	\$ 56,409	\$ 30,000
Between one year and five years	---	26,409
Less: Present value discount	---	(231)
Less: Allowance for uncollectible pledges	(564)	(564)
Total 100th Anniversary	<u>\$ 55,845</u>	<u>\$ 55,614</u>
Other (Operations or Programs):		
In one year or less	\$ 393,675	\$ 644,675
Between one year and five years	630,500	54,000
Less: Present value discount	(7,532)	(1,565)
Less: Allowance for uncollectible pledges	(777)	(5,047)
Total other	<u>\$ 1,015,866</u>	<u>\$ 692,063</u>

Conditional promises to give are recognized as pledges receivable and revenue in the period in which the conditions are substantially met.

7. United Way Receivable

COA has a receivable due from the United Way in the amount of \$182,435 and \$183,197 at March 31, 2016 and 2015, respectively. United Way receivable represents \$162,555 and \$162,555 due from United Way's annual pledge of \$650,229 and \$650,229 for 2016 and 2015, respectively and \$19,880 and \$20,642 due from United Way's additional grants of \$187,758 and \$166,966, respectively. In accordance with U.S. GAAP, the United Way receivable is a temporarily restricted net asset.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

8. Investments

The following summarizes the classification of investments by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending March 31, 2016:

	Fair Value			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Taxable Fixed Income:				
Intermediate-term bonds	\$ 492,262	\$ ---	\$ ---	\$ 492,262
Short-term bonds	98,777	---	---	98,777
Nontraditional bonds	153,004	---	---	153,004
Multisector bonds	115,726	---	---	115,726
Corporate Bonds	---	526,881	---	526,881
U.S. Treasury Notes	---	249,897	---	249,897
Domestic Equities:				
Small Cap	166,098	---	---	166,098
Large Cap	567,581	---	---	567,581
Exchange-Traded Funds	1,744,714	---	---	1,744,714
Milwaukee Foundation	---	93,720	---	93,720
International Equities:				
Small Cap	156,742	---	---	156,742
Large Cap	219,549	---	---	219,549
Exchange-Traded Funds	540,104	---	---	540,104
Other Assets:				
Mixed assets	337,593	---	---	337,593
Other assets	113,411	---	---	113,411
Total	\$ 4,705,561	\$ 870,498	\$ ---	\$ 5,576,059

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

8. Investments (Continued)

The following summarizes the classification of investments by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending March 31, 2015:

	Fair Value			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Taxable Fixed Income:				
Intermediate-term bonds	\$ 541,743	\$ ---	\$ ---	\$ 541,743
Short-term bonds	1,825,580	---	---	1,825,580
Nontraditional bonds	182,293	---	---	182,293
World bonds	106,761	---	---	106,761
Corporate Bonds	---	529,605	---	529,605
U.S. Treasury Notes	---	68,480	---	68,480
Domestic Equities:				
Small Cap	130,540	---	---	130,540
Large Cap	155,771	---	---	155,771
Exchange-Traded Funds	2,010,732	---	---	2,010,732
Milwaukee Foundation	---	99,987	---	99,987
International Equities:				
Large Cap	324,534	---	---	324,534
Exchange-Traded Funds	853,000	---	---	853,000
Other Assets:				
Deposits in Transit	750	750	---	750
Mixed assets	307,945	---	---	307,945
Other assets	350,270	---	---	350,270
Total	\$ 6,789,919	\$ 698,072	\$ ---	\$ 7,487,991

There were no assets valued using level 3 valuations. The following table shows the gross unrealized gains and losses and estimated fair value of the investments.

	<u>2016</u>	<u>2015</u>
Cost	\$ 4,679,361	\$ 6,383,227
Cumulative unrealized gain	896,698	1,104,764
Market	\$ 5,576,059	\$ 7,487,991

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

9. Milwaukee Foundation Funds

The Milwaukee Foundation is an independent organization established for the purpose of managing permanent funds which have been established to favor specific charitable agencies and institutions within the greater Milwaukee community. The Milwaukee Foundation maintains one endowment fund on behalf of COA, the Norm Adelman Staff Enhancement Fund.

The Board of Trustees of the Greater Milwaukee Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

The net investment activity on this Fund is considered unrealized gains/losses on investments for the purpose of the statements of cash flows since all of the activity is not readily identifiable.

The Fund is carried at fair value (Level 2). The Fund activity is summarized as follows:

Balance, March 31, 2014	\$ 97,595
Net activity – 2015	<u>2,392</u>
Balance, March 31, 2015	99,987
Net activity – 2016	<u>(6,267)</u>
Balance, March 31, 2016	<u>\$ 93,720</u>

10. Line-of-Credit

COA holds a \$500,000 line-of-credit. Interest accrues at LIBOR plus 3.000 percentage points. The note is secured by a general business security agreement. There was no balance owed on the line as of March 31, 2016 and 2015. No funds were borrowed on the line of credit during the years ended March 31, 2016 and 2015.

11. Deferred-Contribution Plan

COA participates in a deferred-contribution plan administered by an independent third party. All employees are eligible without age and service requirements on the first payroll after hire.

An employee becomes eligible for the employer match and discretionary contribution with age 21 and 12 consecutive months of employment and with at least 1,000 hours worked. The plan year is January 1st through December 31st.

The employer's contribution plan matches the employee's contribution by 3/4 of the amount contributed by the employee up to a maximum of 2% of gross compensation. In addition, COA will contribute an amount to be determined by the employer each plan year. There was no such contribution for the years ended March 31, 2016 and 2015. COA's contribution for fiscal years 2016 and 2015 was \$5,060 and \$19,316, respectively.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

12. Nature of Net Assets

The following summarizes the nature of net assets as of March 31, 2016:

	Board Designated	Temporarily Restricted	Permanently Restricted	2016 Total
Endowments:				
COA Next Generation Fund	\$ 1,396,982	\$ ---	\$ ---	\$ 1,396,982
Alice Bertschy Kadish Park Fund	---	18,257	1,000,000	1,018,257
Mel & Leila Goldin Fund	---	8,399	899,999	908,398
COA Staff Enhancement Fund	---	---	323,805	323,805
Bud & Sue Selig Fund	---	288,845	---	288,845
Scott & Peggy Sampson Family Fund	---	13,617	219,643	233,260
David & Julia Uihlein Fund	---	144,236	---	144,236
Carolyn F. Miller Fund – Camperships	1,064	10,707	82,519	94,290
James and David Saltzstein Memorial Fund - Camp	8,383	13,584	49,712	71,679
Rose and Harry Samson Family Center Fund	---	8,061	60,000	68,061
Ethel Gill Fund – Camperships	---	5,115	33,390	38,505
Janet Hirshberg Krauskopf – Camperships	---	315	32,819	33,134
Alice Uhrig Boese Memorial Fund	---	2,093	25,000	27,093
Pearl Becker Fund – Youth Development	1,331	3,622	17,764	21,386
Gene & Ruth Posner Fund – Camperships	---	1,357	37,000	38,357
Gerald & Harriet Glasspiegel Campership Fund	---	666	17,671	18,337
Susie Stein and Children Fund – Camperships	---	882	15,100	15,982
Larry & Bobbi Polacheck Family Campership Fund	---	1,198	13,658	14,856
Barbara & Morty Blutstein and Grandchildren Campership Fund	---	423	11,213	11,636
Sally Kraus Child Care Fund - Scholarships	7,325	---	---	7,325
Charles A. Hays Fund – Camperships	---	472	6,795	7,267
TPS Scholarship Fund	---	3,591	---	3,591
Ernest F. and May Rice Memorial Fund – Camp	---	224	2,923	3,147
Ely Leighting and Sally Merrill Fund	42,643	---	---	42,643
Total endowments	1,457,728	525,664	2,849,011	4,832,403
Other Funds:				
Program Restrictions – 2015/2017 Activities	---	1,293,369	---	1,293,369
Capital Maint Reserve	9,753	---	---	9,753
David Previant Resource Center	---	2,575	---	2,575
Total other funds	9,753	1,295,943	---	1,305,697
Time Restrictions:				
Capital/Maintenance Reserve Fund	---	702,502	---	702,502
100th Anniversary Endowment Pledges	---	5,641	50,768	56,409
United Way	---	182,435	---	182,435
Milwaukee Foundation Norm Adelman Fund	---	---	93,720	93,720
CMR Goldin Clinic	---	49,747	---	49,747
Kitchen – Goldin Center	---	8,000	---	8,000
Other Time Restrictions	---	84,000	---	84,000
Total time restrictions	---	1,032,325	144,488	1,176,813
Undesignated	---	---	---	5,356,474
	<u>\$ 1,467,482</u>	<u>\$ 2,853,932</u>	<u>\$ 2,993,500</u>	<u>\$ 12,671,387</u>

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

12. Nature of Net Assets (Continued)

The following summarizes the nature of net assets as of March 31, 2015:

	Board Designated	Temporarily Restricted	Permanently Restricted	2015 Total
COA Next Generation Fund	\$ 1,476,148	\$ ---	\$ ---	\$ 1,476,148
Alice Bertschy Kadish Park Fund	---	75,399	1,000,000	1,075,399
Mel & Leila Goldin Fund	---	59,376	899,999	959,375
COA Staff Enhancement Fund	---	7,075	334,900	341,975
Bud & Sue Selig Fund	---	330,755	---	330,755
Scott & Peggy Sampson Family Fund	---	26,707	219,643	246,350
David & Julia Uihlein Fund	---	152,330	---	152,330
Carolyn F. Miller Fund – Camperships	1,064	15,942	80,519	97,525
James and David Saltzstein Memorial Fund - Camp	8,383	17,607	49,712	75,702
Rose and Harry Samson Family Center Fund	---	11,880	60,000	71,880
Ethel Gill Fund – Camperships	---	7,256	32,690	39,946
Janet Hirshberg Krauskopf – Camperships	---	2,140	31,569	33,709
Alice Uhrig Boese Memorial Fund	---	3,613	25,000	28,613
Elmer Winter Fund	27,535	---	---	27,535
Pearl Becker Fund – Youth Development	1,330	4,895	17,714	23,939
Gene & Ruth Posner Fund – Camperships	---	3,369	32,000	35,369
Gerald & Harriet Glasspiegel Campership Fund	---	1,695	17,671	19,366
Susie Stein and Children Fund – Camperships	---	1,778	15,050	16,828
Larry & Bobbi Polacheck Family Campership Fund	---	2,031	13,658	15,689
Barbara & Morty Blutstein and Grandchildren Campership Fund	---	1,076	11,213	12,289
Sally Kraus Child Care Fund - Scholarships	7,736	---	---	7,736
Charles A. Hays Fund – Camperships	---	880	6,795	7,675
TPS Scholarship Fund	---	3,793	---	3,793
Ernest F. and May Rice Memorial Fund – Camp	---	400	2,923	3,323
Ely Leighting and Sally Merrill Fund	45,037	---	---	45,037
Total endowments	1,567,233	729,997	2,851,056	5,148,286
Other Funds:				
Program Restrictions – 2015/2016 Activities	---	2,620,149	---	2,620,149
Capital Maint Reserve	10,000	---	---	10,000
David Previant Resource Center	---	5,095	---	5,095
Total other funds	10,000	2,625,244	---	2,635,244
Time Restrictions:				
Capital/Maintenance Reserve Fund	---	1,004,677	---	1,004,677
100th Anniversary Endowment Pledges	---	5,641	50,768	56,409
United Way	---	183,197	---	183,197
Milwaukee Foundation Norm Adelman Fund	---	---	99,987	99,987
CMR Goldin Clinic	---	51,000	---	51,000
Other Time Restrictions	---	105,500	---	105,500
Total time restrictions	---	1,350,015	150,755	1,500,770
Undesignated	---	---	---	3,324,840
	\$ 1,577,233	\$ 4,705,256	\$ 3,001,811	\$ 12,609,140

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

13. Endowment Funds

COA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, COA classifies as permanently restricted net assets (a) original value of gifts donated to COA's permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining position of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by COA in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, COA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of COA, and (7) COA's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. COA's endowment funds are invested in a combination of bonds and equities and are under the direction of an investment committee. COA has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Spending Policy. The investment committee follows COA's investment policy which provides that approximately 4.5% of the rolling average of the endowment balances to be released and used for the intended donor purpose.

A reconciliation of COA's endowment activities are as follows:

	<u>Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, March 31, 2014	\$ 1,517,560	726,079	2,814,895	5,058,534
Investment income	50,839	64,358	---	115,197
Realized and unrealized gain	21,173	92,123	---	113,296
Contributions	45,012	---	9,327	54,339
Payments received on pledges	2,982	---	26,834	29,816
Distributed	(70,333)	(152,563)	---	(222,896)
Balance, March 31, 2015	1,567,233	\$ 729,997	\$ 2,851,056	\$ 5,148,286
Investment income	(6,279)	157,301	---	151,022
Realized and unrealized gain	(17,159)	(200,657)	(11,095)	(228,911)
Contributions	---	---	9,050	9,050
Transfers to undesignated	(27,535)	(25,000)	---	(52,535)
Distributed	(58,532)	(135,977)	---	(194,509)
Balance, March 31, 2016	\$ 1,457,728	\$ 525,664	\$ 2,849,011	\$ 4,832,403

14. Related Party Transactions

A current board member of COA is employed by the company that is currently handling COA's investments; however, this board member recuses himself from participating in any decisions involving this company. COA's board includes a number of attorneys and from time-to-time the Organization may contact these board members for legal advice.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2016 and 2015
(Continued)

15. Commitments

COA entered into a construction contract prior to March 31, 2015. The original contract has a value of \$1,925,179. COA completed the work on this project during the year ended March 31, 2016. There were no commitments for the year-ended March 31, 2016

16. Concentrations

A. Credit Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. COA has never experienced any losses related to these balances.

B. Revenues

For fiscal year ended March 31, 2016, COA had received grant and pledge contributions that comprised a substantial portion of total revenue. Following are the contributors and the percent of total revenue:

Contributions:

	<u>2016</u>	<u>2015</u>
United Way	12.84%	14.18%
Doris Duke Charitable Foundation	14.55%	---

Grants:

	<u>2016</u>	<u>2015</u>
Twenty-First Century Community Learning Centers	10.87%	14.49%

SUPPLEMENTAL INFORMATION

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Schedule of Unrestricted Revenue and Expenses by Program
Year Ended March 31, 2016

	<u>Early Childhood Education</u>	<u>Youth Development Programs</u>	<u>Family Support Services</u>	<u>Camping/ Conference</u>	<u>Community Services</u>	<u>Supporting Services</u>	<u>Total</u>
Revenue, Support and Releases:							
Contributions and grants	\$ 61,540	\$ 238,815	\$ 171,730	\$ 55,718	\$ 9,978	\$ 410,639	\$ 948,420
Contributions in-kind	4,080	15,700	8,269	1,920	885	33,993	64,847
Government grants:							
Child and Adult Care Food Program	154,349	---	---	---	---	---	154,349
Summer Food Service Program for Children	---	---	---	51,636	---	---	51,636
Community Development Block Grant Program	---	119,001	---	---	---	---	119,001
Twenty-First Century Community Learning Centers	---	---	---	---	757,192	---	757,192
Brighter Futures	---	101,516	---	---	---	---	101,516
Child Care Quality Improvement Center	4,000	---	---	---	---	---	4,000
Community Advocates AODA	---	26,121	---	---	---	---	26,121
Office Justice Assistance (Cal Ripken, Sr. Foundation)	---	9,931	---	---	---	---	9,931
City of Milwaukee Health Department	---	---	35,000	---	---	---	35,000
Driver's Education	---	89,700	---	---	---	---	89,700
Program Service fees	1,312,726	201,514	5	66,602	30,280	---	1,611,127
Investment income	---	---	---	---	---	(2,725)	(2,725)
Losses on disposal of property and equipment	---	---	---	---	---	(3,010)	(3,010)
Miscellaneous revenue	598	1,149	645	4,401	7,286	5,257	19,336
United Way	98,319	221,741	167,891	97,970	---	69,631	655,552
Special events revenue	---	---	---	---	---	233,913	233,913
Special events expenses	---	---	---	---	---	(70,758)	(70,758)
Total revenue and support	1,635,612	1,025,188	383,540	278,247	805,621	676,940	4,805,148
Endowment income released	---	---	---	---	---	135,977	135,977
Net assets released from restrictions	154,757	395,210	250,750	2,100	---	2,431,490	3,234,307
Total revenue, support and releases	1,790,369	1,420,398	634,290	280,347	805,621	3,244,407	8,175,432
Expenses:							
Salaries	1,210,247	695,076	382,636	269,304	654,886	348,508	3,560,657
Payroll taxes	112,206	63,757	34,299	26,201	57,343	30,778	324,584
Pension expense	1,563	777	471	566	131	1,552	5,060
Other fringe benefits	104,558	43,743	32,260	20,602	24,708	31,726	257,597
Professional fees	50,054	134,330	27,872	27,282	41,594	119,086	400,218
Supplies	200,951	53,644	61,231	59,614	11,153	486	387,079
Computer maintenance	1,432	779	293	475	---	157	3,136
Telephone	12,361	12,109	7,697	5,617	44	2,135	39,963
Postage	1,798	911	543	2,237	3	1,391	6,883
Occupancy	69,846	150,404	13,151	80,164	6,603	7,025	327,193
Program expenses	3,611	319,251	71,353	15,492	24,948	---	434,655
Printing	855	3,968	791	2,089	467	8,943	17,113
Transportation	4,237	21,401	11,892	23,142	21,225	40	81,937
Marketing and advertising	---	---	87	---	1,141	227	1,455
Staff training and education	3,758	1,624	4,089	2,146	2,308	338	14,263
Membership dues	2,461	8,677	7,046	1,626	120	209	20,139
Contributions in-kind	4,080	14,207	8,269	1,920	885	32,500	61,861
Miscellaneous expenses	19,185	8,705	2,050	6,026	1,985	8,672	46,623
Total expenses before depreciation and allocation	1,803,203	1,533,363	666,030	544,503	849,544	593,773	5,990,416
Allocated administration expenses	163,973	75,125	33,644	40,789	315	(313,846)	---
Total expenses before depreciation and gains (losses) on investments	1,967,176	1,608,488	699,674	585,292	849,859	279,927	5,990,416
Total revenue over (under) expenses before depreciation and gains(losses) activity on investments	(176,807)	(188,090)	(65,384)	(304,945)	(44,238)	2,964,480	2,185,016
Realized and unrealized gains (losses) on investments	---	---	---	---	---	(17,159)	(17,159)
Depreciation	(62,516)	(122,712)	(4,737)	(28,831)	(25,061)	(2,118)	(245,975)
Total revenue over (under) expenses	\$ (239,323)	\$ (310,802)	\$ (70,121)	\$ (333,776)	\$ (69,299)	\$ 2,945,203	\$ 1,921,882

See Independent Auditors' Report.

COA YOUTH AND FAMILY CENTERS
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Schedule of Expenditures of Federal and State Awards
Year Ended March 31, 2016

	<u>CFDA#</u>	<u>State ID #</u>	<u>Pass-Through Entity Identifying Number(s)</u>	<u>Disbursements/ Expenditures Federal</u>	<u>Subrecipient Awards</u>
Federal Government Award Programs and Funding Agencies:					
Department of Agriculture:					
Passed through the State of Wisconsin Department of Public Instruction:					
Child and Adult Care Food Program	10.558		551	\$ 154,349	\$ ---
Summer Food Service Program for Children	10.559		586	51,636	---
Department of Housing and Urban Development:					
Passed through the City of Milwaukee					
Community Development Block Grant	14.218		CD31750441-100	108,750	---
Community Development Block Grant - Youth Council	14.218		C15114BR12	10,251	---
<i>Subtotal Community Development Block Grant</i>				<u>119,001</u>	<u>---</u>
Department of Justice:					
Passed through Cal Ripken, Sr. Foundation:					
Juvenile Mentoring Program	16.726		2015-FED-MSM-B4B-WI-4	9,931	---
Department of Transportation:					
Passed through the State of Wisconsin Department of Transportation:					
National Priority Safety Programs	20.616		FG-2015-COA Yout-02560 FG-2016-COA Yout-03147	4,000	---
Department of Education:					
Passed through the State of Wisconsin Department of Public Instruction:					
Passed through Milwaukee Public Schools:					
Twenty-First Century Community Learning Centers	84.287		C022061 through C022067	461,056	---
Department of Health Services:					
Passed through the State of Wisconsin Department of Health Services:					
Passed through Community Advocates, Inc.:					
Temporary Assistance for Needy Families	93.558		N/A	20,892	---
Passed through the City of Milwaukee:					
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505		E0000012189	35,000	---
Passed through Community Advocates, Inc.:					
Block Grants for Prevention and Treatment of Substance Abuse	93.959		N/A	50,749	---
Total Federal Awards Programs				<u>\$ 906,614</u>	<u>\$ ---</u>
State Expenditures					
Department of Health Services:					
Passed through the State of Wisconsin Department of Health Services					
Passed through the Community Advocates, Inc.					
Temporary Assistance for Needy Families	435.540		N/A	\$ 55,996	---
Total State Awards Programs				<u>\$ 55,996</u>	<u>\$ ---</u>

See independent auditors' report and accompanying notes to the schedule of expenditures for federal and state awards.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Notes to the Schedule of Expenditures of Federal and State Awards
March 31, 2016

1. Basis of Presentation

The accompanying "Schedule of Expenditures of Federal Awards" (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended March 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mechenich



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
COA Youth and Family Centers
Milwaukee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of COA Youth and Family Centers ("COA") (a nonprofit organization) which comprise the statement of financial position as of March 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered COA'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 COA's internal control. Accordingly, we do not express an opinion of the effectiveness of COA'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 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. The finding is noted as 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COA's financial statements are free of 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*.

COA's Response to the Finding

COA's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. COA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of COA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 27, 2016
Milwaukee, Wisconsin

Thomas G. Wieland
David A. Grotkin
Joel A. Joyce
Brian J. Mecherin



Carrie A. Gindt
Patrick G. Hoffert
Jason J. Wrasse

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Directors
COA Youth and Family Centers
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited COA Youth and Family Centers' ("COA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of COA's major federal programs for the year ended March 31, 2016. COA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of COA's major federal 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about COA'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 program. However, our audit does not provide a legal determination of COA's compliance.

Opinion on Each Major Federal Program

In our opinion, COA 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 programs for the year ended March 31, 2016.

Report of Internal Control Over Compliance

Management of COA 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 COA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 COA's internal control over compliance.

Reilly, Penner & Benton LLP

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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 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

June 27, 2016
Milwaukee, Wisconsin

COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

Schedule of Prior Audit Findings

Year Ended March 31, 2016

The Organization has no prior audit findings related to federal programs.

COA YOUTH AND FAMILY CENTERS
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended March 31, 2016

A. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Significant deficiency identified? | Yes |
| b. Material weaknesses identified? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Significant deficiencies identified? | No |
| b. Material weaknesses identified? | No |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | None Noted |
| 7. Identification of major programs: | |
| > 10.558 – Child and Adult Care Food Program | |
| > 10.559 – Summer Food Service Program for Children | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

B. Financial Statement Findings

Reference Number: 2016-001
Description: Adjusting Journal Entries

Condition and Criteria: Statements on Auditing Standards AU§314.41 states that it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting. One audit adjustment to record one pledge receivable was required to prevent the Organization's financial statements from being misstated. The entry effected the financial statements, but did not have any impact on grant reporting or compliance.

Cause: Although the pledge was announced publically and to the Board, it was not entered in the database when it was received due to turnover in the Development Department.

COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs

Year Ended March 31, 2016

Effect: Without the above audit adjustment, the financial statements of the Organization would have been misstated.

Auditor's Recommendation: We recommend that the Organization take steps to ensure the Organization follows its longstanding policy and practice to record multi-year pledges as they occur. We recommend that the Organization take steps to make sure all finance, development, and administrative staff are aware of this policy to ensure multi-year pledges are recorded and reported as soon as possible after they occur, and in accordance with accounting principles generally accepted in the United States of America.

Corrective Action Plan: See attachment for Organization's corrective action plan.

C. Federal Findings

None

July 6, 2016

Response to Finding:

Corrective Action: COA has a plan in place to report grant pledges. This plan is to report multiyear awards to the Board of Directors and to our accounting firm as soon as possible. In this case, COA received notice that it would be receiving a multi-year pledge for the period from June 1, 2016 through May 31, 2019 (in the next three fiscal years – not the current year). This notification came during a period of turnover with new staff in the Development Department, and apparently COA's accounting firm (Scribner Cohen) was not notified at that time. This was contrary to COA's pattern of action and practice over more than a decade, and contrary to COA's policy, and this was a single isolated incident. This pattern of complete compliance over many years demonstrates that there are policies in place which, except for this one time in 15 years, have been followed and implemented. As documented in the minutes of the COA Board of Directors meeting, this notification was immediately reported to the Board. Upon receiving word of this award, Scribner Cohen made the appropriate accounting adjustments. Special care needs to be taken so that COA's Development and Finance Departments continue to report all multi-year grants to our accounting firm.

Thomas P Schneider
Executive Director