

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Audited Financial Statements**  
Years Ended March 31, 2019 and 2018

**Table of Contents**

	<u><b>Page(s)</b></u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 21
Supplemental Information	
Schedule of Unrestricted Revenues and Expenses by Program	23
Schedule of Expenditures of Federal Awards	24
Notes to the Schedule of Expenditures of Federal Awards	25
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 <i>Government Auditing Standards</i>	26 – 27
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28 – 29
Summary Schedule of Prior Audit Findings	30
Schedule of Findings and Questioned Costs	31

David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt



Patrick G. Hoffert  
Jason J. Wrasse  
Joshua T. Bierbach

## Independent Auditors' Report

Board of Directors  
COA Youth and Family Centers  
Milwaukee, Wisconsin

We have audited the accompanying financial statements of COA Youth and Family Centers ("COA") (a nonprofit organization), which comprise of the statements of financial position as of March 31, 2019 and 2018, 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 as of March 31, 2019 and 2018, 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 is not a required part of the financial statements. The schedule of expenditures of federal awards, as 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 is 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 6, 2019 on our consideration of COA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of COA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering COA's internal control over financial reporting and compliance.

*Reilly, Penner & Benton LLP*

June 6, 2019  
Milwaukee, Wisconsin

# COA YOUTH AND FAMILY CENTERS

Milwaukee, Wisconsin

## Statements of Financial Position

March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Cash and equivalents	\$ 1,146,633	\$ 1,011,301
Receivables:		
Due from government grantors	272,850	261,840
United Way	171,879	176,040
Childcare third party	122,760	52,872
Accounts receivable	28,503	73,663
Capital campaign promises to give	1,347	1,906
Other promises to give	45,156	741,909
Investments	5,627,206	5,852,942
Beneficial interest in trust	27,568	27,451
Prepaid expenses	60,421	52,654
Milwaukee Foundation Funds	104,727	106,989
Furniture and equipment	508,697	487,758
Vehicles	212,430	205,430
Buildings and improvements	7,987,980	7,543,331
Land and land improvements	578,603	578,603
Less: Accumulated depreciation	<u>(4,105,402)</u>	<u>(3,799,632)</u>
<b>Total assets</b>	<b><u>\$ 12,791,358</u></b>	<b><u>\$ 13,375,057</u></b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 84,008	\$ 104,856
Accrued salaries	86,723	83,603
Payroll tax and related liabilities	6,631	11,653
Deferred revenue	10,218	4,780
<b>Total liabilities</b>	<u>187,580</u>	<u>204,892</u>
<b>Net Assets:</b>		
Without donor restriction:		
Undesignated	5,472,260	5,292,757
Board designated	1,610,759	1,597,997
Total without donor restriction	<u>7,083,019</u>	<u>6,890,754</u>
With donor restriction	5,520,759	6,279,411
<b>Total net assets</b>	<u>12,603,778</u>	<u>13,170,165</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 12,791,358</u></b>	<b><u>\$ 13,375,057</u></b>

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, 2019 and 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>Revenue, Support and Releases:</b>						
Revenue and support:						
Contributions and grants	\$ 884,928	\$ 498,259	\$ 1,383,187	\$ 999,953	\$ 429,870	\$ 1,429,823
Contributions in-kind	130,326	---	130,326	201,606	---	201,606
Government grants	848,712	---	848,712	942,968	---	942,968
Program service fees	2,726,703	---	2,726,703	2,568,639	---	2,568,639
Investment activity:						
Investment income, net	84,915	186,262	271,177	67,192	128,113	195,305
Milwaukee Foundation, net	---	(2,262)	(2,262)	---	7,291	7,291
Total investment activity	84,915	184,000	268,915	67,192	135,404	202,596
Loss on disposal of property and equipment	(901)	---	(901)	(2,909)	---	(2,909)
Miscellaneous revenue	23,074	---	23,074	9,955	---	9,955
United Way allocation	563,595	171,879	735,474	588,283	176,039	764,322
Special events revenue	324,452	---	324,452	289,021	---	289,021
Special events expenses	(91,809)	---	(91,809)	(79,890)	---	(79,890)
Total revenue and support	5,493,995	854,138	6,348,133	5,584,818	741,313	6,326,131
Endowment income released	122,954	(122,954)	---	213,863	(213,863)	---
Net assets released from restrictions	1,483,793	(1,483,793)	---	1,243,058	(1,243,058)	---
<b>Total revenue, support and releases</b>	<b>7,100,742</b>	<b>(752,609)</b>	<b>6,348,133</b>	<b>7,041,739</b>	<b>(715,608)</b>	<b>6,326,131</b>
<b>Expenses:</b>						
<b>Program Services:</b>						
Early Childhood Development	2,383,130	---	2,383,130	2,455,786	---	2,455,786
Youth Development Programs	1,659,420	---	1,659,420	1,710,049	---	1,710,049
Family Centered Programs	947,694	---	947,694	834,887	---	834,887
Camping/Conference Center	547,890	---	547,890	510,418	---	510,418
Community Development	1,045,515	---	1,045,515	994,522	---	994,522
<b>Total program services</b>	<b>6,583,649</b>	<b>---</b>	<b>6,583,649</b>	<b>6,505,662</b>	<b>---</b>	<b>6,505,662</b>
<b>Supporting services:</b>						
Management and general	351,337	---	351,337	385,614	---	385,614
Fund-raising	292,295	---	292,295	307,040	---	307,040
<b>Total supporting services</b>	<b>643,632</b>	<b>---</b>	<b>643,632</b>	<b>692,654</b>	<b>---</b>	<b>692,654</b>
<b>Total program and supporting services</b>	<b>7,227,281</b>	<b>---</b>	<b>7,227,281</b>	<b>7,198,316</b>	<b>---</b>	<b>7,198,316</b>
Change in net assets from operations	(126,539)	(752,609)	(879,148)	(156,577)	(715,608)	(872,185)
<b>Realized and unrealized gain on investments</b>	<b>(11,107)</b>	<b>(6,043)</b>	<b>(17,150)</b>	<b>87,940</b>	<b>288,701</b>	<b>376,641</b>
<b>Change in net assets before nonrecurring item</b>	<b>(137,646)</b>	<b>(758,652)</b>	<b>(896,298)</b>	<b>(68,637)</b>	<b>(426,907)</b>	<b>(495,544)</b>
<b>Nonrecurring Item</b>	<b>329,911</b>	<b>---</b>	<b>329,911</b>	<b>---</b>	<b>---</b>	<b>---</b>
<b>Change in net assets</b>	<b>192,265</b>	<b>(758,652)</b>	<b>(566,387)</b>	<b>(68,637)</b>	<b>(426,907)</b>	<b>(495,544)</b>
<b>Net Assets:</b>						
Beginning of year	6,890,754	6,279,411	13,170,165	6,959,391	6,706,318	13,665,709
End of year	\$ 7,083,019	\$ 5,520,759	\$ 12,603,778	\$ 6,890,754	\$ 6,279,411	\$ 13,170,165

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, 2019 and 2018

	2019					2018				
	Supporting Services				Total	Supporting Services				Total
	Program Services	Management and General	Fund-Raising	Total Supporting Services		Program Services	Management and General	Fund-Raising	Total Supporting Services	
Salaries	\$ 4,018,987	\$ 206,177	\$ 204,960	\$ 411,137	\$ 4,430,124	\$ 3,875,122	\$ 208,756	\$ 187,419	\$ 396,175	\$ 4,271,297
Payroll taxes	334,027	15,187	17,040	32,227	366,254	320,394	16,275	15,903	32,178	352,572
Pension expense	17,197	1,150	1,053	2,203	19,400	16,366	3,267	2,346	5,613	21,979
Other fringe benefits	249,743	15,873	14,778	30,651	280,394	326,924	29,061	17,261	46,322	373,246
Professional fees	307,666	107,785	7,889	115,674	423,340	336,022	98,168	9,645	107,813	443,835
Supplies	457,643	69	152	221	457,864	406,883	120	117	237	407,120
Computer maintenance	11,353	29	449	478	11,831	11,344	49	457	506	11,850
Telephone	33,926	920	831	1,751	35,677	31,109	886	728	1,614	32,723
Postage	2,560	35	2,256	2,291	4,851	5,974	87	1,062	1,149	7,123
Occupancy	344,557	2,299	4,771	7,070	351,627	346,005	2,534	5,043	7,577	353,582
Program expenses	172,534	---	---	---	172,534	205,600	---	---	---	205,600
Printing	8,464	92	7,781	7,873	16,337	5,728	63	8,546	8,609	14,337
Transportation	100,045	117	57	174	100,219	90,011	26	59	85	90,096
Marketing and advertising	3,422	---	150	150	3,572	2,415	---	25	25	2,440
Staff training and education	23,933	633	310	943	24,876	15,941	17	225	242	16,183
Membership dues	20,645	---	---	---	20,645	18,270	20	20	40	18,310
Contributions in-kind	117,541	---	12,785	12,785	130,326	152,142	---	43,464	43,464	195,606
Miscellaneous expenses	56,109	971	6,188	7,159	63,268	39,853	26,285	8,945	35,230	75,083
Bad debt expense	---	---	8,300	8,300	8,300	820	---	3,200	3,200	4,020
Total expenses before depreciation and allocation	6,280,352	351,337	289,750	641,087	6,921,439	6,206,923	385,614	304,465	690,079	6,897,002
Depreciation	303,297	---	2,545	2,545	305,842	298,739	---	2,575	2,575	301,314
Total expenses before allocation	6,583,649	351,337	292,295	643,632	7,227,281	6,505,662	385,614	307,040	692,654	7,198,316
Allocated administration expenses	339,052	(351,337)	12,285	(339,052)	---	372,757	(385,614)	12,857	(372,757)	---
<b>Total expenses</b>	<b>\$ 6,922,701</b>	<b>\$ ---</b>	<b>\$ 304,580</b>	<b>\$ 304,580</b>	<b>\$ 7,227,281</b>	<b>\$ 6,878,419</b>	<b>\$ ---</b>	<b>\$ 319,897</b>	<b>\$ 319,897</b>	<b>\$ 7,198,316</b>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (566,387)	\$ (495,544)
<b>Adjustments to reconcile change in net assets to cash and equivalent provided by operating activities:</b>		
Depreciation	305,842	301,314
Realized and unrealized gain on investments	17,150	(376,641)
Milwaukee Foundation net activity	2,262	(7,291)
Loss on disposal of property and equipment	901	2,909
In-kind contributions of fixed assets	---	(6,000)
<b>Change in assets and liabilities:</b>		
Prepaid expenses	(7,767)	22,928
Receivables	665,735	740,102
Beneficial interest in trust	(117)	(2,451)
Accounts payable	(20,848)	(8,918)
Accrued salaries and payroll liabilities	(1,902)	2,053
Deferred revenue	5,438	(6,193)
<b>Net cash and equivalent provided by operating activities</b>	400,307	166,268
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(473,561)	(113,392)
Purchases of investments	(1,844,084)	(1,513,240)
Proceeds from sale of investments	2,052,670	1,572,129
<b>Net cash and equivalent used by investing activities</b>	(264,975)	(54,503)
<b>Net increase in cash and equivalents</b>	135,332	111,765
<b>Cash and equivalents, beginning of year</b>	1,011,301	899,536
<b>Cash and equivalents, end of year</b>	\$ 1,146,633	\$ 1,011,301
<b>Supplementary Disclosures:</b>		
Donated property and equipment	\$ ---	\$ 6,000
Donated securities	\$ 27,927	\$ ---

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, 2019

### 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 and Goldin community centers, at COA's rural camp facility, at seven schools and two parks. 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 through 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 through 12 summer day activities including games, swimming, arts and crafts, field trips and much more. Programs operate at COA's Riverwest Center and Goldin Center; at COA's Community Learning Centers located at OW Holmes Elementary School, Auer Elementary School, Lincoln Center of the Arts, Hopkins-Lloyd Community School, Doerfler Elementary School, and Westside Academy; and at COA's Safe Places at Keefe Avenue School and Dr Martin Luther King Jr School.

**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 through 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. Twelve-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 Camps 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 many other agencies such as Children's Hospital of Wisconsin to provide pediatric and family care (at the COA Goldin Center), and the Dominican Center to provide adult education and community development. 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, 2019 and 2018  
(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 are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of COA and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a quasi-endowment.

**Net assets with donor restrictions** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**B. Support and Revenue**

Unconditional promises to give cash and other assets are reported as with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restricted gifts are reported as without donor restriction if the restrictions expire during the fiscal year in which the gift was received. 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 2019 and 2018 contributions in-kind were in the amounts of \$130,326 and \$201,606, respectively. In fiscal year 2019 and 2018 COA recorded expenses for contributed goods and services of \$130,326 and \$195,606, respectively. COA recorded equipment of \$-0- and \$6,000 in 2019 and 2018, respectively, which will be depreciated over their useful lives.

**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, 2019 and 2018  
(Continued)

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

**E. Allocations**

The allocation of administrative expenses is based on management's estimate of 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 2019 and 2018 were \$3,572 and \$2,440, 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>2019</u>	<u>2018</u>
Capital campaign pledges	1.00%	2.75%
Other pledges	3.24%	2.27%

**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, 2019 and 2018  
(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, 2019 and 2018.

*Taxable fixed income, domestic and international equities 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 statements 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 2019 and 2018 was \$305,842 and \$301,314, 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. Management has determined no allowance for doubtful accounts is necessary, other than those related to the promises to give.

**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, 2019 and 2018  
(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. Change in Accounting Principle**

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact on net asset classification.

**O. Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**P. Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, June 6, 2019. There were no events requiring inclusion or disclosure.

**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.

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**4. Liquidity and Availability**

Financial assets available for general expenditure and other contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following at March 31:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 1,146,633	\$ 1,011,301
Investments	5,627,206	5,852,942
Government and other receivables, net	424,113	388,375
Promises to give, net	218,382	919,855
<b>Total financial assets</b>	7,416,334	8,172,473
<b>Less amounts not available to be used within one year for general expenditures:</b>		
Endowment investments held in perpetuity	(2,963,424)	(2,950,674)
Donor restricted endowment investments	(763,385)	(726,484)
Board designated endowment investments	(1,575,767)	(1,563,005)
Add back: Subsequent year endowment distribution*	346,195	289,714
<b>Total endowments not available</b>	(4,956,381)	(4,950,449)
Long-term promises to give, net	(18,490)	(43,742)
<b>Not available to meet general expenditures within one year</b>	(4,974,871)	(4,994,191)
<b>Financial assets available to meet general expenditures within one year</b>	\$ 2,441,463	\$ 3,178,282

\*See Note 14 for information regarding COA's distribution policy

COA receives significant contributions and pledges receivable restricted by donors and considers contributions restricted for programs which are ongoing, major and central to COA annual operations to be available to meet cash needs for general expenditures. COA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**5. 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, 2019 and 2018  
(Continued)

**6. Due from Governmental Grantors**

Due from governmental grantors balance is summarized as follows:

	<u>2019</u>	<u>2018</u>
Child and Adult Care Food Program	\$ 15,688	\$ 17,927
MPS Twenty-First Century Community Learning Centers	237,414	243,913
Teen Pregnancy Prevention	19,748	---
<b>Total</b>	<u>\$ 272,850</u>	<u>\$ 261,840</u>

An allowance for doubtful receivables is not considered necessary.

**7. Promises to Give**

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

	<u>2019</u>	<u>2018</u>
Capital Campaign:		
In one year or less	\$ 1,360	\$ 1,960
Between one year and five years	---	---
Less: Present value discount	---	---
Less: Allowance for uncollectible pledges	(13)	(54)
<b>Total capital campaign</b>	<u>\$ 1,347</u>	<u>\$ 1,906</u>
Other (Operations or Programs):		
In one year or less	\$ 26,666	\$ 698,167
Between one year and five years	20,000	46,666
Less: Present value discount	(1,510)	(2,924)
<b>Total other</b>	<u>\$ 45,156</u>	<u>\$ 741,909</u>

Conditional promises to give are recognized as pledges receivable and revenue in the period in which the conditions are substantially met. COA has no conditional promises to give that are required to be disclosed.

**8. United Way Receivable**

COA has a receivable due from the United Way in the amount of \$171,879 and \$176,040 at March 31, 2019 and 2018, respectively. The United Way receivable represents \$153,879 and \$157,290 due from United Way's annual pledge of \$614,760 and \$629,154 for 2019 and 2018, respectively and \$18,000 and \$18,750 due from United Way's additional grants of \$120,714 and \$135,168, respectively. In accordance with U.S. GAAP, the United Way receivable is a net asset with donor restriction. An allowance for doubtful receivables is not considered necessary.

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**9. 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, 2019:

	Fair Value			Total
	Level 1	Level 2	Level 3	
Taxable Fixed Income:				
Intermediate-term bonds	\$ 468,958	\$ ---	\$ ---	\$ 468,958
Nontraditional bonds	216,089	---	---	216,089
Multisector bonds	18,615	---	---	18,615
Total taxable fixed income	703,662	---	---	703,662
Corporate Bonds	---	639,221	---	639,221
U.S. Treasury Notes	---	286,516	---	286,516
Domestic Equities:				
Small Cap	221,981	---	---	221,981
Mid Cap	370,903	---	---	370,903
Large Cap	1,915,461	---	---	1,915,461
Total domestic equities	2,508,345	---	---	2,508,345
Milwaukee Foundation	---	104,727	---	104,727
Beneficial interest in trust	---	27,568	---	27,568
International Equities:				
Small Cap	21,659	---	---	21,659
Mid Cap	141,571	---	---	141,571
Large Cap	910,133	---	---	910,133
Total international equities	1,073,363	---	---	1,073,363
Other Assets:				
Mixed assets	416,099	---	---	416,099
<b>Total</b>	<b>\$ 4,701,469</b>	<b>\$ 1,058,032</b>	<b>\$ ---</b>	<b>\$ 5,759,501</b>

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**9. 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, 2018:

	Fair Value			Total
	Level 1	Level 2	Level 3	
Taxable Fixed Income:				
Intermediate-term bonds	\$ 313,712	\$ ---	\$ ---	\$ 313,712
Nontraditional bonds	272,175	---	---	272,175
Multisector bonds	277,420	---	---	277,420
Total taxable fixed income	863,307	---	---	863,307
Corporate Bonds	---	545,008	---	545,008
U.S. Treasury Notes	---	195,742	---	195,742
Domestic Equities:				
Small Cap	213,966	---	---	213,966
Mid Cap	376,254	---	---	376,254
Large Cap	1,953,197	---	---	1,953,197
Total domestic equities	2,543,417	---	---	2,543,417
Milwaukee Foundation	---	106,989	---	106,989
Beneficial interest in trust	---	27,451	---	27,451
International Equities:				
Mid Cap	179,276	---	---	179,276
Large Cap	922,190	---	---	922,190
Total international equities	1,101,466	---	---	1,101,466
Other Assets:				
Mixed assets	421,041	---	---	421,041
Other assets	182,961	---	---	182,961
Total other assets	604,002	---	---	604,002
<b>Total</b>	<b>\$ 5,112,192</b>	<b>\$ 875,190</b>	<b>\$ ---</b>	<b>\$ 5,987,382</b>

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>2019</u>	<u>2018</u>
Cost	\$ 4,908,315	\$ 4,695,806
Cumulative unrealized gain	851,186	1,291,576
Market	<u>\$ 5,759,501</u>	<u>\$ 5,987,382</u>

The amount of investment expenses netted against investment income was \$24,320 and \$25,990 for the years ended March 31, 2019 and 2018, respectively.



**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

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

Balance, March 31, 2017	\$ 99,698
Net activity – 2018	<u>7,291</u>
Balance, March 31, 2018	106,989
Net activity – 2019	<u>(2,262)</u>
Balance, March 31, 2019	\$ <u>104,727</u>

The amount of investment expenses netted against net activity was \$1,059 and \$1,020 for the years ended March 31, 2019 and 2018, respectively. The amount of grant disbursements netted against net activity was \$3,626 and \$3,503 for the years ended March 31, 2019 and 2018, respectively.

**11. Beneficial Interest in Trust**

In 2017 a donor established with the Jewish Community Foundation (“JCF”) the COA Youth and Family Centers/Albert and Ann Deshur Memorial Endowment Fund. When these funds were established, the donor granted COA “variance power” which allows COA to modify the donor’s stipulations under certain circumstances as changes in community needs is monitored. In accordance with FASB Statement No. 136, “*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*”, these assets belong to COA and should therefore be recorded on COA’s statement of financial position. Distributions from the trust to COA are for unrestricted purposes. The endowment investment was \$27,568 and \$27,451 at March 31, 2019 and 2018, respectively.

In 2016 a donor established with JCF the Irving L. Chortek Charitable Fund in Memory of Robert and Jennie Chortek Donor Restricted Fund granting COA one-tenth of the net income and initial principal amount of the donation. The market value of COA’s proportionate share at the time of the donation was \$750,000. When these funds were established, the donor granted the governing board of JCF “variance power” which allows the governing board of JCF to modify the donor’s stipulations under certain circumstances as changes in community needs is monitored. In accordance with FASB Statement No. 136, “*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*”, these assets do not belong to COA and should therefore not be recorded on COA’s statements of financial position. Distributions of \$115,000 and \$125,000 for the years ending March 31, 2019 and 2018, respectively from the trust to COA are for unrestricted purposes. Total distributions from the trust to date is \$315,000.

**12. 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, 2019 and 2018. No funds were borrowed on the line of credit during the years ended March 31, 2019 and 2018.

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**13. Nature of Net Assets**

The following summarizes the nature of net assets as of March 31, 2019:

	With Donor Restriction			2019 Total
	Board Designated	Purpose or Time Restricted	Held in Perpetuity	
<b>Endowments:</b>				
COA Next Generation Fund	\$ 1,506,285	\$ ---	\$ ---	\$ 1,506,285
Alice Bertschy Kadish Park Fund	---	95,639	1,000,000	1,095,639
Mel & Leila Goldin Fund	---	77,433	899,999	977,432
COA Staff Enhancement Fund	---	13,512	334,900	348,412
Bud & Sue Selig Fund	---	284,279	---	284,279
Scott & Peggy Sampson Family Fund	---	33,605	270,411	304,016
David & Julia Uihlein Fund	---	155,197	---	155,197
Edward, Carolyn and Kathryn Miller – Campership Fund	1,064	18,056	88,519	107,639
James, Mary Anne and David Saltzstein Fund	8,383	19,046	50,227	77,656
Rose and Harry Samson Family Center Fund	---	14,467	85,000	99,467
Ethel N. Gill Fund – Campership Fund	---	8,089	34,790	42,879
Janet Hirshberg Krauskopf – Campership Fund	---	2,974	37,194	40,168
Alice Uhrig Boese Memorial Fund	---	4,152	25,000	29,152
Pearl Becker Fund – Youth Development	1,331	5,402	19,939	26,672
Gene & Ruth Posner Fund – Camperships	---	4,531	45,000	49,531
Gerald & Harriet Glasspiegel Campership Fund	---	2,059	17,671	19,730
Susie Stein and Children Fund – Camperships	---	2,100	15,200	17,300
Larry & Bobbi Polacheck Family Campership Fund	---	2,380	15,658	18,038
Barbara & Morty Blutstein and Grandchildren Campership Fund	---	1,307	11,213	12,520
Sally Kraus Child Care Fund - Scholarships	8,395	---	---	8,395
Charles A. Hays Fund – Camperships	---	1,114	9,780	10,894
TPS Scholarship Fund	---	17,580	---	17,580
Ernest F. and May Rice Memorial Fund	---	463	2,923	3,386
Ely Leichtung and Sally Merrill Fund	50,309	---	---	50,309
Total endowments	1,575,767	763,385	2,963,424	5,302,576
<b>Other Funds:</b>				
Program Restrictions – 2019/2020 Activities	---	661,835	---	661,835
Capital Maint Reserve	34,992	---	---	34,992
David Previant Resource Center	---	2,046	---	2,046
Total other funds	34,992	663,881	---	698,873
<b>Time Restrictions:</b>				
Capital Maintenance Reserve Fund	---	535,791	---	535,791
United Way	---	171,879	---	171,879
Milwaukee Foundation Norm Adelman Fund	---	---	104,727	104,727
CMR Goldin Clinic	---	60,104	---	60,104
Deschur Beneficial Interest	---	27,568	---	27,568
Other Time Restrictions	---	230,000	---	230,000
Total time restrictions	---	1,025,342	104,727	1,130,069
<b>Undesignated</b>	---	---	---	5,472,260
<b>Total Net Assets</b>	<b>\$ 1,610,759</b>	<b>\$ 2,452,608</b>	<b>\$ 3,068,151</b>	<b>\$ 12,603,778</b>

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**13. Nature of Net Assets (Continued)**

The following summarizes the nature of net assets as of March 31, 2018:

	<u>With Donor Restriction</u>			<b>2018 Total</b>
	<b>Board Designated</b>	<b>Purpose or Time Restricted</b>	<b>Held in Perpetuity</b>	
<b>Endowments:</b>				
COA Next Generation Fund	\$ 1,494,001	\$ ---	\$ ---	\$ 1,494,001
Alice Bertschy Kadish Park Fund	---	86,705	1,000,000	1,086,705
Mel & Leila Goldin Fund	---	69,463	899,999	969,462
COA Staff Enhancement Fund	---	10,671	334,900	345,571
Bud & Sue Selig Fund	---	281,961	---	281,961
Scott & Peggy Sampson Family Fund	---	31,126	270,411	301,537
David & Julia Uihlein Fund	---	153,932	---	153,932
Edward, Carolyn and Kathryn Miller – Campership Fund	1,064	17,186	86,519	104,769
James, Mary Anne and David Saltzstein Fund	8,383	18,413	50,127	76,923
Rose and Harry Samson Family Center Fund	---	13,676	80,000	93,676
Ethel N. Gill Fund – Campership Fund	---	7,741	34,490	42,231
Janet Hirshberg Krauskopf – Campership Fund	---	2,651	36,194	38,845
Alice Uhrig Boese Memorial Fund	---	3,914	25,000	28,914
Pearl Becker Fund – Youth Development	1,331	5,189	18,889	25,409
Gene & Ruth Posner Fund – Camperships	---	4,137	42,500	46,637
Gerald & Harriet Glasspiegel Campership Fund	---	1,898	17,671	19,569
Susie Stein and Children Fund – Camperships	---	1,958	15,200	17,158
Larry & Bobbi Polacheck Family Campership Fund	---	2,233	15,658	17,891
Barbara & Morty Blutstein and Grandchildren Campership Fund	---	1,205	11,213	12,418
Sally Kraus Child Care Fund - Scholarships	8,327	---	---	8,327
Charles A. Hays Fund – Camperships	---	1,028	8,980	10,008
TPS Scholarship Fund	---	10,961	---	10,961
Ernest F. and May Rice Memorial Fund	---	436	2,923	3,359
Ely Leichtung and Sally Merrill Fund	49,899	---	---	49,899
Total endowments	1,563,005	726,484	2,950,674	5,240,163
<b>Other Funds:</b>				
Program Restrictions – 2018/2019 Activities	---	1,397,924	---	1,397,924
Capital Maint Reserve	34,992	---	---	34,992
David Previant Resource Center	---	2,041	---	2,041
Total other funds	34,992	1,399,965	---	1,434,957
<b>Time Restrictions:</b>				
Capital Maintenance Reserve Fund	---	652,204	---	652,204
United Way	---	176,040	---	176,040
Milwaukee Foundation Norm Adelman Fund	---	---	106,989	106,989
CMR Goldin Clinic	---	60,104	---	60,104
Deschur Beneficial Interest	---	27,451	---	27,451
Other Time Restrictions	---	179,500	---	179,500
Total time restrictions	---	1,095,299	106,989	1,202,288
<b>Undesignated</b>	---	---	---	5,292,757
<b>Total Net Assets</b>	<b>\$ 1,597,997</b>	<b>\$ 3,221,748</b>	<b>\$ 3,057,663</b>	<b>\$ 13,170,165</b>

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**13. Nature of Net Assets (Continued)**

Net assets released from donor restriction consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restriction	\$ 984,600	\$ 899,188
Satisfaction of time restriction	499,193	343,870
<b>Total net assets released from restriction</b>	<u>\$ 1,483,793</u>	<u>\$ 1,243,058</u>

**14. Endowment Funds**

COA's endowment consists of approximately 25 individual funds established for the sustainability of operational needs. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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 net assets held in perpetuity (a) original value of gifts donated to COA's perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 net assets held in perpetuity is classified as purpose or time 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.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). COA has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater funds for the years ended March 31, 2019 and 2018.

*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.

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**14. Endowment Funds (Continued)**

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

	<u>With Donor Restriction</u>				
	<u>Board Designated</u>	<u>Purpose or Time Restricted</u>	<u>Held in Perpetuity</u>		
<b>Balance, March 31, 2017</b>	\$ 1,505,300	\$ 590,970	\$ 2,913,540	\$	5,009,810
Investment income	57,535	56,873	---		114,408
Realized and unrealized gain	87,940	285,519	1,591		375,050
Contributions	2,674	7,000	11,420		21,094
Payments received on pledges	---	---	24,123		24,123
Distributed	(90,444)	(213,878)	---		(304,322)
<b>Balance, March 31, 2018</b>	\$ 1,563,005	\$ 726,484	\$ 2,950,674	\$	5,240,163
Investment income	75,419	158,753	---		234,172
Realized and unrealized loss	(11,107)	(6,043)	---		(17,150)
Contributions	---	7,000	12,750		19,750
Distributed	(51,550)	(122,809)	---		(174,359)
<b>Balance, March 31, 2019</b>	\$ 1,575,767	\$ 763,385	\$ 2,963,424	\$	5,302,576

**15. Related-Party Transactions**

COA's board includes a number of attorneys and from time-to-time the Organization may contact these board members for legal advice.

**16. 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 1<sup>st</sup> through December 31<sup>st</sup>.

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, 2019 and 2018. COA's contribution for fiscal years 2019 and 2018 was \$19,400 and \$21,979, respectively.

**17. Nonrecurring Items**

In January 2019, COA received insurance proceeds of \$329,911 at Camp Helen Brachman due to heavy snow collapsing the roof. The proceeds were used during the year ended March 31, 2019 to replace the roof. The insurance proceeds are presented as nonrecurring items on the statements of activities.

There were no nonrecurring transactions during the year ended March 31, 2018.

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to Financial Statements**  
March 31, 2019 and 2018  
(Continued)

**18. 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, 2019, COA had received grant and pledge contributions that comprised a substantial portion of total revenue. The following are the contributors and the percent of total revenue:

**Contributions:**

	<b><u>2019</u></b>	<b><u>2018</u></b>
United Way	11.62%	11.21%

**Grants:**

	<b><u>2019</u></b>	<b><u>2018</u></b>
Twenty-First Century Community Learning Centers	8.37%	8.52%

**SUPPLEMENTAL INFORMATION**

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Schedule of Unrestricted Revenue and Expenses by Program**  
Year Ended March 31, 2019

	<u>Early Childhood Development</u>	<u>Youth Development Programs</u>	<u>Family Centered Programs</u>	<u>Camping/ Conference</u>	<u>Community Development</u>	<u>Supporting Services</u>	<u>Total</u>
<b>Revenue, Support and Releases:</b>							
Contributions and grants	\$ 87,538	\$ 266,134	\$ 100,851	\$ 33,344	\$ 33,691	\$ 363,370	\$ 884,928
Contributions in-kind	5,633	95,778	15,969	161	---	12,785	130,326
Government grants:							
Child and Adult Care Food Program	165,915	---	---	---	---	---	165,915
Summer Food Service Program for Children	36,046	---	---	24,340	---	---	60,386
Community Development Block Grant Program	---	59,916	---	---	---	---	59,916
Teen pregnancy prevention	---	19,748	---	---	---	---	19,748
Twenty-First Century Community Learning Centers	---	---	---	---	529,702	---	529,702
Safety Grant	6,045	---	---	---	---	---	6,045
Office Justice Assistance (Cal Ripken, Sr. Foundation)	---	7,000	---	---	---	---	7,000
Program service fees	1,923,629	311,161	---	99,461	392,452	---	2,726,703
Investment income, net	---	---	---	---	---	84,915	84,915
Loss on disposal of property and equipment	---	---	---	---	---	(901)	(901)
Miscellaneous revenue	2,149	6,193	2,315	5,023	378	7,016	23,074
United Way	47,618	175,025	218,238	74,750	---	47,964	563,595
Special events revenue	---	---	---	---	---	324,452	324,452
Special events expenses	---	---	---	---	---	(91,809)	(91,809)
<b>Total revenue and support</b>	<b>2,274,573</b>	<b>940,955</b>	<b>337,373</b>	<b>237,079</b>	<b>956,223</b>	<b>747,792</b>	<b>5,493,995</b>
Endowment income released	---	---	---	---	---	122,954	122,954
Net assets released from restrictions	38,819	453,981	469,920	55,820	15,500	449,753	1,483,793
<b>Total revenue, support and releases</b>	<b>2,313,392</b>	<b>1,394,936</b>	<b>807,293</b>	<b>292,899</b>	<b>971,723</b>	<b>1,320,499</b>	<b>7,100,742</b>
<b>Expenses:</b>							
Salaries	1,620,873	717,908	638,700	274,057	767,449	411,137	4,430,124
Payroll taxes	138,144	60,472	53,215	20,867	61,329	32,227	366,254
Pension expense	8,685	2,766	3,328	1,024	1,394	2,203	19,400
Other fringe benefits	120,940	40,768	47,135	15,265	25,635	30,651	280,394
Professional fees	45,016	135,464	22,117	35,576	69,493	115,674	423,340
Supplies	191,710	73,130	84,606	58,212	49,985	221	457,864
Computer maintenance	2,089	7,130	1,916	211	7	478	11,831
Telephone	12,436	7,630	10,282	3,286	292	1,751	35,677
Postage	1,083	402	613	437	25	2,291	4,851
Occupancy	72,809	181,923	21,923	62,610	5,292	7,070	351,627
Program expenses	5,658	127,967	389	20,995	17,525	---	172,534
Printing	762	4,456	1,730	971	545	7,873	16,337
Transportation	8,046	31,361	21,271	23,720	15,647	174	100,219
Marketing and advertising	1,459	349	434	---	1,180	150	3,572
Staff training and education	12,725	1,769	4,076	2,736	2,627	943	24,876
Membership dues	4,430	7,247	5,500	3,468	---	---	20,645
Contributions in-kind	5,633	95,778	15,969	161	---	12,785	130,326
Miscellaneous expenses	30,125	9,078	7,476	6,418	3,012	7,159	63,268
Bad debt expense	---	---	---	---	---	8,300	8,300
<b>Total expenses before depreciation and allocation</b>	<b>2,282,623</b>	<b>1,505,598</b>	<b>940,680</b>	<b>530,014</b>	<b>1,021,437</b>	<b>641,087</b>	<b>6,921,439</b>
Allocated administration expenses	183,823	68,201	56,450	26,256	4,322	(339,052)	---
<b>Total expenses before depreciation and gains on investments</b>	<b>2,466,446</b>	<b>1,573,799</b>	<b>997,130</b>	<b>556,270</b>	<b>1,025,759</b>	<b>302,035</b>	<b>6,921,439</b>
<b>Total revenue over expenses before depreciation and gains on investments</b>	<b>(153,054)</b>	<b>(178,863)</b>	<b>(189,837)</b>	<b>(263,371)</b>	<b>(54,036)</b>	<b>1,018,464</b>	<b>179,303</b>
<b>Nonoperating Gains and Losses:</b>							
Realized and unrealized gain on investments	---	---	---	---	---	(11,107)	(11,107)
Depreciation	(100,507)	(153,822)	(7,014)	(17,876)	(24,078)	(2,545)	(305,842)
<b>Total nonoperating Gains and Losses:</b>	<b>(100,507)</b>	<b>(153,822)</b>	<b>(7,014)</b>	<b>(17,876)</b>	<b>(24,078)</b>	<b>(13,652)</b>	<b>(316,949)</b>
<b>Total revenue over (under) expenses before nonrecurring item</b>	<b>(253,561)</b>	<b>(332,685)</b>	<b>(196,851)</b>	<b>(281,247)</b>	<b>(78,114)</b>	<b>1,004,812</b>	<b>(137,646)</b>
<b>Nonrecurring Item</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>329,911</b>	<b>329,911</b>
<b>Total revenue over (under) expenses</b>	<b>\$ (253,561)</b>	<b>\$ (332,685)</b>	<b>\$ (196,851)</b>	<b>\$ (281,247)</b>	<b>\$ (78,114)</b>	<b>\$ 1,334,723</b>	<b>\$ 192,265</b>

See Independent Auditors' Report.



**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Schedule of Expenditures of Federal Awards**  
Year Ended March 31, 2019

<u>CFDA#</u>	<u>Pass-Through Entity Identifying Number(s)</u>	<u>Disbursements/ Expenditures Federal</u>	<u>Subrecipient Awards</u>
<b>Federal Government Award Programs and Funding Agencies:</b>			
<b>Department of Agriculture:</b>			
Passed through the State of Wisconsin Department of Public Instruction:			
Child Nutrition Cluster:			
Child and Adult Care Food Program	10.558	2018-406825-CCI-551	\$ 165,915 \$ ---
Summer Food Service Program for Children	10.559	2018-406825-Summer Food-586	60,386 ---
<b>Total Department of Agriculture</b>			<u>226,301</u> ---
<b>Department of Housing and Urban Development:</b>			
Passed through the City of Milwaukee:			
Community Development Block Grant Cluster:			
Community Development Block Grant	14.218	CD15118B143	59,916 ---
<b>Department of Justice:</b>			
Passed through Cal Ripken, Sr. Foundation:			
Juvenile Mentoring Program	16.726	2018-PVT-FUNDII-B4B-WI-3	7,000 ---
<b>Department of Transportation:</b>			
Passed through the State of Wisconsin Department of Transportation:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	FG-2018-COA Yout-04151	6,045 ---
<b>Department of Education:</b>			
Passed through the State of Wisconsin Department of Public Instruction:			
Passed through Milwaukee Public Schools:			
Twenty-First Century Community Learning Centers	84.287	CO27701 through CO27705	468,802 ---
<b>Department of Health Services:</b>			
Passed through United Way:			
Teenage Pregnancy Prevention Program	93.297	TP1AH0001 03-04-UW	19,748 ---
<b>Total Federal Awards Programs</b>			<u>\$ 787,812</u> \$ ---

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

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Notes to the Schedule of Expenditures of Federal Awards**  
March 31, 2019

**1. Basis of Presentation**

The accompanying "Schedule of Expenditures of Federal Awards" ("Schedule") includes the federal award activity of COA under programs of the federal government for the year ended March 31, 2019. 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. Because the schedule presents only a selected portion of the operations of COA, it is not intended to and does not present the net financial position, changes in net assets or cash flows of COA. All federal awards received directly from federal agencies as well as federal financial awards passed through other agencies are included on the schedule.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. There were no negative amounts reported on the Schedule.

**3. Indirect Cost Rate**

COA has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2019.

### **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 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 COA'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 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.

*Reilly, Penner & Benton LLP*

June 6, 2019  
Milwaukee, Wisconsin

David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt



Patrick G. Hoffert  
Jason J. Wrasse  
Joshua T. Bierbach

**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, 2019. COA's major federal programs are identified in the summary of auditors' 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, 2019.

## 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 our 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.

*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 of a federal program that is less severe than a material weakness, 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. Accordingly, this report is not suitable for any other purpose.

*Reilly, Penner & Benton LLP*

June 6, 2019  
Milwaukee, Wisconsin

**COA YOUTH AND FAMILY CENTERS**

Milwaukee, Wisconsin

**Schedule of Prior Audit Findings**

Year Ended March 31, 2019

No Audit Findings in Prior Year

**COA YOUTH AND FAMILY CENTERS**  
Milwaukee, Wisconsin

**Schedule of Findings and Questioned Costs**  
Year Ended March 31, 2019

**Section I: Summary of Auditors' Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified?  | None reported |
| 3. Noncompliance material to the financial statements noted?  | No            |

**Federal Awards**

- |   |               |
|---|---------------|
| 4. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified?  | None reported |
| 5. Type of auditors' report issued on compliance for major federal programs:                          | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. Dollar threshold used to distinguish between Type A and Type B programs:                           |               |
| Federal   | \$ 750,000    |
| 8. Auditee qualified as low-risk auditee?   | Yes           |
| 9. Identification of major federal programs tested:   |               |

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.287

Twenty-First Century Community  
Learning Centers

**Section II. Financial Statement Findings**

None

**Section III. Federal Findings**

None