

USO COUNCIL OF WISCONSIN, SE REGION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Summarized Totals for the Year Ended December 31, 2016)

USO COUNCIL OF WISCONSIN, SE REGION, INC.

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Independent Auditor's Report

Board of Directors
USO Wisconsin, Inc.

We have audited the accompanying financial statements of USO Wisconsin, Inc. which comprise the balance sheet as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 USO Wisconsin, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Ritz Holman LLP
Serving business, nonprofits, individuals and trusts.

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Board of Directors
USO Wisconsin, Inc.

Report on Summarized Comparative Information

We have previously audited USO Wisconsin, Inc.'s December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.


RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 22, 2018

USO COUNCIL OF WI, SE REGION, INC.
BALANCE SHEET
DECEMBER 31, 2017
(With Summarized Totals for December 31, 2016)

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 400,047	\$ 67,110
Accounts Receivable	36,558	41,820
Investments	64,980	61,321
Prepaid Expenses	---	965
Total Current Assets	\$ 501,585	\$ 171,216
FIXED ASSETS		
Furniture and Fixtures	\$ 81,764	\$ 81,764
Computers and Equipment	6,030	6,030
Leasehold Improvements	62,404	62,404
Vehicles	44,897	3,000
Other Depreciable Property - Signage	3,610	3,610
Less: Accumulated Depreciation	(72,711)	(53,763)
Net Fixed Assets	\$ 125,994	\$ 103,045
TOTAL ASSETS	\$ 627,579	\$ 274,261
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 17,217	\$ 23,149
Payroll Liabilities	5,268	5,104
Total Current Liabilities	\$ 22,485	\$ 28,253
NET ASSETS		
Unrestricted	\$ 605,094	\$ 246,008
Total Net Assets	\$ 605,094	\$ 246,008
TOTAL LIABILITIES AND NET ASSETS	\$ 627,579	\$ 274,261

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

**USO COUNCIL OF WI, SE REGION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31 , 2017
(With Summarized Totals for the Year Ended December 31, 2016)**

	Unrestricted	
	2017	2016
REVENUE		
Contributions	\$ 584,689	\$ 196,648
In-Kind Donations	1,080,551	532,836
Fundraising Revenue	98,476	93,875
Fundraising Expenses	(41,781)	(37,613)
Investment Income	3,493	2,861
Total Revenue	\$ 1,725,428	\$ 788,607
 EXPENSES		
Program Services	\$ 1,192,437	\$ 632,045
Management and General	173,905	161,795
Total Expenses	\$ 1,366,342	\$ 793,840
 CHANGE IN NET ASSETS	\$ 359,086	\$ (5,233)
Net Assets, Beginning of Year	246,008	251,241
 NET ASSETS, END OF YEAR	\$ 605,094	\$ 246,008

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

USO COUNCIL OF WI, SE REGION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Summarized Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 359,086	\$ (5,233)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	18,948	17,741
Net Unrealized and Realized (Gain) Loss on Investments	(3,659)	(2,849)
(Increase) Decrease in Accounts Receivable	5,262	(41,820)
(Increase) Decrease in Prepaid Expense	965	(965)
Increase (Decrease) in Accounts Payable	(5,932)	20,118
Increase (Decrease) in Payroll Liabilities	164	---
	<u>374,834</u>	<u>(13,008)</u>
Net Cash Provided (Used) by Operating Activities	\$ 374,834	\$ (13,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (41,897)	\$ (1,320)
	<u>(41,897)</u>	<u>(1,320)</u>
Net Cash Used by Investing Activities	\$ (41,897)	\$ (1,320)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 332,937	\$ (14,328)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>67,110</u>	<u>81,438</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 400,047</u>	<u>\$ 67,110</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 214	\$ 169

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

USO COUNCIL OF WISCONSIN, SE REGION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

**USO COUNCIL OF WISCONSIN, SE REGION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE A - Summary of Significant Accounting Policies

Organization

USO Council of Wisconsin, SE Region, Inc. (USO) is a 501(c)(3) Public Charity with a mission to provide morale, welfare and recreation-type services to uniformed military personnel and their families. The original intent of Congress - and enduring style of USO delivery - is to represent the American people by extending a "Touch of Home" to their military members.

Accounting Method

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

Cash and Cash Equivalents

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

Fixed Assets

Fixed Assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes all fixed assets greater than \$500.

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

**USO COUNCIL OF WISCONSIN, SE REGION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE A - Summary of Significant Accounting Policies (continued)

Estimates

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

NOTE B - Fair Value Measurements

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2017:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity	\$ 891	\$ 891	\$ ---	\$ ---
Mutual Funds	40,788	40,788	---	---
Money Market	<u>23,301</u>	<u>23,301</u>	<u>---</u>	<u>---</u>
Total	<u>\$64,980</u>	<u>\$64,980</u>	<u>\$ ---</u>	<u>\$ ---</u>

NOTE C - Investment Income

Investment Income for the year ended December 31, 2017, was comprised of the following:

Interest and Dividends	\$1,892
Unrealized and Realized Loss	<u>1,601</u>
Total	<u>\$3,493</u>

**USO COUNCIL OF WISCONSIN, SE REGION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE D - In-Kind Contributions

During the year ended December 31, 2017, the Organization received in-kind services and items for special events, as well as items distributed to veterans. Product donations consisted of items such as tickets, snacks and beverages, raffle items for the special events, care packages such as snacks and household items that were distributed to active duty soldiers overseas, as well as nominal rent donated to the Organization. During the year ended December 31, 2017, the Organization recorded in-kind product contributions as follows:

<u>Activity</u>	<u>Amount</u>
Gift in Kind - Entertainment/ Tickets	\$ 363,836
Gift in Kind - Snacks and Beverages	507,160
Gift in Kind - Supplies	11,342
Gift in Kind - Utilities	1,537
Gift in Kind - Use of Facilities	25,689
Gift in Kind - Care Packages	3,727
Gift in Kind - Miscellaneous	<u>167,260</u>
Total	<u>\$1,080,551</u>

NOTE E - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2017, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE F - Subsequent Event

The Organization has evaluated events and transactions occurring after December 31, 2017, through June 22, 2018, the date the financial statements were available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.

**USO COUNCIL OF WI, SE REGION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Summarized Totals for the Year Ended December 31, 2016)**

	Program Services	Management and General	2017 Total	2016 Total
Salaries and Wages	\$ 89,080	\$ 43,875	\$ 132,955	\$ 118,543
Employee Benefits	4,166	2,052	6,218	7,900
Payroll Taxes	6,491	3,197	9,688	9,023
Program Support	17,668	---	17,668	10,199
Travel	16,628	---	16,628	15,559
Accounting Fees	---	14,296	14,296	12,979
Professional Fees	---	---	---	6,500
Bank and Credit Card Charges	---	1,989	1,989	1,839
Fees and Subscriptions	---	2,861	2,861	3,427
Conferences	3,542	---	3,542	1,878
Insurance	---	3,041	3,041	4,831
Rent	---	35,686	35,686	35,578
Advertising	---	4,249	4,249	7,475
Office Supplies	---	15,208	15,208	20,215
Permits and Licenses	---	3,669	3,669	3,301
Depreciation	---	18,948	18,948	17,741
In-Kind Expenses	1,054,862	---	1,054,862	507,147
Other Expenses	---	24,834	24,834	9,705
TOTALS	\$ 1,192,437	\$ 173,905	\$ 1,366,342	\$ 793,840