

MIDDLETON OUTREACH MINISTRY, INC.

FINANCIAL STATEMENTS

March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Middleton Outreach Ministry, Inc.
Middleton, Wisconsin

We have audited the accompanying financial statements of Middleton Outreach Ministry, Inc., which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses, 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 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 Middleton Outreach Ministry, Inc. as of March 31, 2018, and the changes in its net assets and its cash flows for year then ended in accordance with accounting principles generally accepted in the United States of America.

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Wegner CPAs, LLP
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MIDDLETON OUTREACH MINISTRY, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 715,459
Accounts receivable	1,000
Promises to give	75,701
Prepaid expenses	<u>5,188</u>

Total current assets 797,348

Property and equipment - net 1,266,134

Total assets \$ 2,063,482

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 30,490
Accrued payroll, payroll taxes, and benefits	<u>13,447</u>

Total liabilities 43,937

NET ASSETS

Undesignated	674,201
Designated for property and equipment	<u>1,266,134</u>

Total unrestricted 1,940,335

Temporarily restricted 79,210

Total net assets 2,019,545

Total liabilities and net assets \$ 2,063,482

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENT OF ACTIVITIES
Year ended March 31, 2018

UNRESTRICTED NET ASSETS	
SUPPORT, REVENUE AND GAINS	
Contributions	\$ 955,377
Donated facilities, materials and services	3,023,131
United Way	91,343
Other	4,578
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Total unrestricted support, revenue and gains	4,074,429
EXPENSES	
Program services	
Housing assistance	147,102
Food pantry and clothing center	3,146,064
Seniors program	40,247
Seasonal and other programs	129,216
Supporting activities	
Management and general	179,359
Fundraising	235,813
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Total expenses	3,877,801
NET ASSETS RELEASED FROM RESTRICTIONS	
Expiration of time restrictions	95,045
Satisfaction of purpose restrictions	48,568
Write-off of time-restricted net assets	12,280
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Total net assets released from restrictions	155,893
Change in unrestricted net assets	352,521
TEMPORARILY RESTRICTED NET ASSETS	
Contributions	67,057
Net assets released from restrictions	
Expiration of time restrictions	(95,045)
Satisfaction of purpose restrictions	(48,568)
Write-off of time-restricted net assets	(12,280)
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Change in temporarily restricted net assets	(88,836)
Change in net assets	263,685
Net assets - beginning of year	1,755,860
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Net assets - end of year	\$ 2,019,545
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See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended March 31, 2018

	Housing Assistance	Food Pantry and Clothing Center	Seniors Program	Seasonal and Other Programs	Management and General	Fundraising	Total
Personnel	\$ 41,940	\$ 88,404	\$ 30,699	\$ 29,460	\$ 92,749	\$ 123,083	\$ 406,335
Client assistance	94,222	3,496	-	85,744	-	-	183,462
Food	-	2,316,672	-	3,489	-	-	2,320,161
Clothing	-	649,997	-	-	-	-	649,997
Occupancy	1,387	34,135	1,450	1,324	4,224	17,823	60,343
Printing	1,925	3,277	1,840	1,800	3,192	43,909	55,943
Professional fees	-	-	-	-	27,711	5,829	33,540
Postage	250	250	250	250	3,000	12,856	16,856
Insurance	1,367	3,122	1,043	1,001	3,186	3,399	13,118
Telephone	509	1,162	388	373	1,186	1,265	4,883
Technology	1,972	4,503	1,505	1,444	4,595	4,903	18,922
Depreciation	1,719	31,924	1,719	1,719	6,017	6,016	49,114
Supplies	352	1,349	367	258	5,700	4,086	12,112
Banking and administrative fees	-	-	-	-	13,186	-	13,186
Equipment	869	5,447	745	2,123	2,111	2,207	13,502
Other	590	2,326	241	231	12,502	10,437	26,327
Total expenses	\$ 147,102	\$ 3,146,064	\$ 40,247	\$ 129,216	\$ 179,359	\$ 235,813	\$ 3,877,801

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 263,685
Adjustments to reconcile change in net assets to net cash from operating activities	
Contributions restricted for long-term purposes	(67,612)
Depreciation	49,114
Allowance for uncollectible promises to give	(3,750)
Donated materials and services capitalized	(28,546)
(Increase) decrease in assets	
Accounts receivable	(100)
Promises to give	57,027
Prepaid expenses	(953)
Increase in liabilities	
Accounts payable	18,323
Accrued payroll, payroll taxes, and benefits	713
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Net cash flows from operating activities	287,901
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land improvements	(102,620)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted for investment in property and equipment	67,612
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Net change in cash	252,893
Cash - beginning of year	462,566
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Cash - end of year	\$ 715,459
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SUPPLEMENTAL DISCLOSURES	
Noncash investing and financing transactions	
Donated materials and services capitalized	\$ 28,546

See accompanying notes.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

Middleton Outreach Ministry, Inc. (MOM) is a nonprofit charitable organization that provides services to members of the Middleton, Cross Plains, and west side of Middleton, Wisconsin area communities. MOM programs include: Housing Assistance, a free Food Pantry and Clothing Center, a Seniors Program, and Seasonal and Other Programs. MOM provides case management and referrals to clients, when appropriate. Seasonal and Other Programs consist of emergency grants for items such as car repair and medical assistance and seasonal programs such as a school supply drive and Sharing Christmas. The Seniors Program provides shopping assistance, transportation and home chore assistance to those age 60 and over within MOM's service area. MOM is supported by contributions from individuals, local businesses, churches, service clubs, the United Way of Dane County, and other grants and foundations. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

MOM is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by MOM in perpetuity.

Accounts Receivable

MOM considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

MOM provides for probable uncollectible promises through an allowance for doubtful accounts based on its assessment of the current status of individual promises. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value of the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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. 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.

Donated Services

Donated services are recognized at estimated market value if the services received (1) create or enhance non-financial assets, or (2) require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation.

Expense Allocation

The costs of providing programs and supporting activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Tax Status

MOM is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through May 18, 2018, the date which the financial statements were available to be issued.

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018

NOTE 2 – PROMISES TO GIVE

Promises to give at March 31, 2018 consisted of the following:

Receivable in less than one year	\$ 76,951
Less allowance for doubtful accounts	<u>1,250</u>
 Promises to give - net	 <u><u>\$ 75,701</u></u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2018 consisted of the following:

Land	\$ 324,765
Land improvements	125,715
Building and improvements	889,732
Equipment	125,336
Vehicles	43,123
Construction in progress	<u>3,867</u>
 Property and equipment	 1,512,538
Less accumulated depreciation	<u>246,404</u>
 Property and equipment - net	 <u><u>\$ 1,266,134</u></u>

NOTE 4 – LINE OF CREDIT

MOM has a \$250,000 revolving line of credit, which was unused at March 31, 2018. Advances on the credit line are payable in a single payment plus accrued monthly interest. The credit line carries an interest rate of 3.75%. The line matures on January 13, 2019 and is secured by a general business security agreement.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2018 are available for the following periods or purposes:

Campaign promises to give	\$ 11,951
For subsequent year's activities	58,126
Thanksgiving meals	3,274
School supplies	4,779
Other	<u>1,080</u>
 Temporarily restricted net assets	 <u><u>\$ 79,210</u></u>

MIDDLETON OUTREACH MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018

NOTE 6 – DONATED SERVICES

The value of donated services in the financial statements and the corresponding supporting activities for which the contributed services were used are as follows:

	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Marketing	\$ 2,793	\$ 57	\$ 2,850
Repairs and maintenance	6,195	-	6,195
Information technology	1,080	-	1,080
Event judges	-	750	750
Training	300	-	300
Legal	100	-	100
Total donated services	<u>\$ 10,468</u>	<u>\$ 807</u>	<u>\$ 11,275</u>

During the year ended March 31, 2018, MOM received \$5,413 of donated professional services that was capitalized.

During the year ended March 31, 2018, MOM received approximately 35,500 hours of volunteer time. No amounts have been recognized in the financial statements for these services because the criteria for recognition have not been satisfied.

NOTE 7 – RETIREMENT PLAN

MOM has a 401(k) plan for all employees who are 21 years of age or older. MOM will match up to 3% of employees' contributions to the plan. Retirement expense for the year ended March 31, 2018 was \$9,137.

NOTE 8 – LEASE

MOM has a lease for the use of two copy machines with a term of 60-months. The lease requires monthly payments of \$637.

Lease expense for the year ended March 31, 2018 was \$7,708.

Future minimum lease payments are as follows for the year ending March 31:

2019	\$ 7,644
2020	7,644
2021	7,644
2022	<u>6,370</u>
Total	<u>\$ 29,302</u>