

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC

FINANCIAL STATEMENTS

For the Years Ended December 31, 2008 and 2007

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Citizen Advocacy of Washington County, Inc

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of Citizen Advocacy of Washington County, Inc (a not-for-profit organization) as of December 31, 2008 and 2007, and the related statements of revenue and expenses - modified cash basis and the statements of functional expenses - modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Citizen Advocacy of Washington County, Inc. as of December 31, 2008 and 2007, and its support, revenue, and expenses for the years then ended, in conformity with the basis of accounting described in Note 1.

*Kieckhafer, Dietzler, Hauser, LLP*

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Kieckhafer, Dietzler, Hauser, LLP  
West Bend, Wisconsin

June 1, 2009

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC  
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -  
 MODIFIED CASH BASIS  
 December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash	\$ 47,583.90	\$ 37,860.97
Cash - restricted	1,000.00	8,000.00
Prepaid expenses	-	45.00
Office equipment - net	<u>4,410.15</u>	<u>6,637.14</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 52,994.05</u></u>	<u><u>\$ 52,543.11</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Payroll liabilities	\$ 2,181.56	\$ 2,587.58
Deferred revenue	1,900.00	1,603.75
<b>Net assets</b>		
Unrestricted net assets	47,912.49	40,351.78
Temporarily restricted net assets	<u>1,000.00</u>	<u>8,000.00</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 52,994.05</u></u>	<u><u>\$ 52,543.11</u></u>

See accompanying notes

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC  
 STATEMENTS OF REVENUE AND EXPENSES - MODIFIED CASH BASIS  
 For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Revenue and other support:		
United Way	\$ 29,184.42	\$ 29,930.80
Contributions	56,351.88	56,016.69
Fundraising events	37,633.75	37,664.94
Less: cost of direct benefit to donors	(6,791.79)	(10,195.49)
Interest	1,199.44	1,177.96
Net assets released from restrictions	<u>13,000.00</u>	<u>13,669.30</u>
 TOTAL REVENUE AND OTHER SUPPORT	 130,577.70	 128,264.20
Expenses.		
Program services	74,330.33	72,752.03
Fundraising	21,716.10	21,451.11
Management and general	<u>26,970.56</u>	<u>28,653.10</u>
 TOTAL EXPENSES	 <u>123,016.99</u>	 <u>122,856.24</u>
 INCREASE IN UNRESTRICTED NET ASSETS	 7,560.71	 5,407.96
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants and matching contributions	6,000.00	10,350.00
Net assets released from restrictions	<u>(13,000.00)</u>	<u>(13,669.30)</u>
 DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(7,000.00)</u>	 <u>(3,319.30)</u>
 INCREASE IN NET ASSETS	 560.71	 2,088.66
 BEGINNING NET ASSETS	 <u>48,351.78</u>	 <u>46,263.12</u>
 ENDING NET ASSETS	 <u>\$ 48,912.49</u>	 <u>\$ 48,351.78</u>

See accompanying notes

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
For the Year Ended December 31, 2008

	Program Services	Fundraising	Management and General	Direct benefit to Donor	Total
Salary expense	\$ 42,546.48	\$ 9,712.20	\$ 18,961.92	-	\$ 71,220.60
Payroll taxes	3,255.03	743.04	1,450.69	-	5,448.76
Insurance	1,265.65	-	223.35	-	1,489.00
Advertising	-	-	81.00	-	81.00
License and permits	-	-	28.00	-	28.00
Occupancy	6,120.00	-	1,080.00	-	7,200.00
Utilities	784.02	-	138.36	-	922.38
Telephone	2,494.71	-	-	-	2,494.71
Office supplies and expenses	4,549.22	-	802.80	-	5,352.02
Repairs	908.65	-	-	-	908.65
Travel expenses and conferences	1,872.24	-	330.39	-	2,202.63
Publicity	2,959.22	-	-	-	2,959.22
Postage	1,732.79	-	-	-	1,732.79
Printing and publications	3,949.38	-	-	-	3,949.38
Fundraising expense	-	11,260.86	-	6,791.79	18,052.65
Professional services	-	-	3,540.00	-	3,540.00
Depreciation	1,892.94	-	334.05	-	2,226.99
	74,330.33	21,716.10	26,970.56	6,791.79	129,808.78
Less expenses included with revenue on the statements of activities	-	-	-	(6,791.79)	(6,791.79)
Total expenses included in the expense section of the statement of activities	\$ 74,330.33	\$ 21,716.10	\$ 26,970.56	\$ -	\$ 123,016.99

See accompanying notes

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS  
For the Year Ended December 31, 2007

	Program Services	Fundraising	Management and General	Direct benefit to Donor	Total
Salary expense	\$ 43,049.40	\$ 14,140.98	\$ 20,956.10	-	\$ 78,146.48
Payroll taxes	3,293.63	1,081.90	1,603.31	-	5,978.84
Insurance	1,267.35	-	223.65	-	1,491.00
Advertising	-	-	50.00	-	50.00
License and permits	-	-	30.00	-	30.00
Occupancy	6,120.00	-	1,080.00	-	7,200.00
Utilities	583.18	-	102.91	-	686.09
Telephone	2,473.65	-	-	-	2,473.65
Office supplies and expenses	4,315.72	-	761.60	-	5,077.32
Repairs	216.46	-	-	-	216.46
Travel expenses and conferences	2,190.06	-	386.48	-	2,576.54
Publicity	3,009.27	-	-	-	3,009.27
Postage	1,503.42	-	-	-	1,503.42
Printing and publications	2,836.95	-	-	-	2,836.95
Fundraising expense	-	6,228.23	-	10,195.49	16,423.72
Professional services	1,892.94	-	3,125.00	-	3,125.00
Depreciation	72,752.03	21,451.11	334.05	-	2,226.99
	<u>72,752.03</u>	<u>21,451.11</u>	<u>28,653.10</u>	<u>10,195.49</u>	<u>133,051.73</u>
Less expenses included with revenue on the statements of activities	-	-	-	(10,195.49)	(10,195.49)
Total expenses included in the expense section of the statement of activities	<u>\$ 72,752.03</u>	<u>\$ 21,451.11</u>	<u>\$ 28,653.10</u>	<u>\$ -</u>	<u>\$ 122,856.24</u>

See accompanying notes

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies affecting the financial statements of Citizen Advocacy of Washington County, Inc (the Organization):

a) Business Activity

The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U. S Internal Revenue Code and is not a private foundation. The Organization was organized to provide for one-on-one relationships of volunteers matched with people with disabilities

b) Method of Accounting

The Organization uses the modified cash basis of accounting. The cash method of accounting is an other comprehensive basis of accounting which recognizes revenue when cash is received rather than when earned and expenses when paid rather than when incurred. The only modification of the cash basis of accounting is that depreciation is recognized on capitalized fixed assets, that amounts owed related to payroll are recorded as liabilities, and that revenue and expenses received or paid in 2008 related to a 2009 event are deferred or prepaid. Therefore, the financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles

c) Property, Equipment and Depreciation

Property and equipment is stated at cost or if donated, at the approximate fair value at the date of donation. Minor additions and repairs are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using straight-line and accelerated methods.

d) Functional Expenses

The costs of providing programs and supporting services have been reported on a functional basis in the statements of revenue and expenses – modified cash basis and in the statements of functional expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates made by management.

e) Advertising

Advertising costs are expensed as incurred.

f) Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board (FASB) has issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 addresses the accounting and disclosure of uncertain tax positions. For certain nonpublic enterprises, including not-for-profit organizations, the effective date of FIN 48 may be deferred until fiscal years beginning after December 15, 2008. The Organization has elected to defer the application of FIN 48. The Organization's current accounting policy regarding uncertain tax positions is to evaluate, at least annually, the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization believes that the adoption of FIN 48 will not have a material effect on its financial position, results of activities or cash flows.

NOTE 2 - REVENUE AND OTHER SUPPORT

A major portion of the operating funds are obtained from donations through United Way agencies of various communities as well as Foundation gifts and private donations. Most contributions received are from individuals or organizations in southeastern Wisconsin. The Organization also held fundraising events.

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC  
 NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LEASES

The Organization has an occupancy agreement for office space with monthly payments of \$600 00. The lease has been extended to April 30, 2010. Rent expense was \$7,200 00 for both the years ended December 31, 2008 and 2007.

Rental obligations for future periods are as follows:

Year Ending December 31,

2009	\$ 7,200 00
2010	2,400 00

NOTE 4 - EQUIPMENT AND DEPRECIATION

The Organization maintains property and equipment at December 31, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Office equipment	\$ 11,621.93	\$ 11,621.93
Accumulated depreciation	<u>(7,211.78)</u>	<u>(4,984.79)</u>
	<u>\$ 4,410.15</u>	<u>\$ 6,637.14</u>

Depreciation expense was \$2,226 99 for both the years ended December 31, 2008 and 2007.

NOTE 5 - DONATED SERVICES

A significant portion of the Organization's functions are conducted by unpaid officers, board members, and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition.

NOTE 6 - RESTRICTED NET ASSETS

Temporarily restricted net assets are made up of grants and contributions received for a specific purpose, but not yet expended. Cash is restricted for the amount received but not yet expended.

NOTE 7 - FASB STATEMENT NO 157, FAIR VALUE MEASUREMENTS (FAS 157)

In September 2006, the Financial Accounting Standards Board (FASB) issued FAS 157. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FAS 157 does not require any new fair value measurements but applies to assets and liabilities that are required to be recorded at fair value under other accounting standards. In February 2008, the FASB staff issued Staff Position No. 157-2, "Effective Date of FASB Statement No. 157" (FSP FAS 157-2). FSP FAS 157-2 delayed the effective date of FAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until January 1, 2009. The implementation of FAS 157 for financial assets and financial liabilities did not have a material effect on the Organization's results of operations or financial position. Adoption of FAS 157 for nonfinancial assets and nonfinancial liabilities is deferred until 2009, as allowed by FSP FAS 157-2.

ADDITIONAL INFORMATION

INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Board of Directors of  
Citizen Advocacy of Washington County, Inc

Our report on our audits of the basic financial statements of Citizen Advocacy of Washington County, Inc for 2008 and 2007 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information contained in schedule 1 – schedule of revenues and expenses - modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kieckhafer, Dietzler, Hauser, LLP*

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Kieckhafer, Dietzler, Hauser, LLP  
West Bend, Wisconsin

June 1, 2009

CITIZEN ADVOCACY OF WASHINGTON COUNTY, INC  
 SCHEDULE 1 - SCHEDULE OF REVENUES AND EXPENSES - MODIFIED CASH BASIS  
 For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
NET ASSETS		
REVENUES		
United Way:		
Greater Milwaukee	\$ 7,655.16	\$ 8,930.80
Washington County	21,529.26	21,000.00
Donations:		
Businesses	8,453.68	6,327.38
Clubs and organizations	1,050.70	1,432.18
Individuals	11,172.00	11,407.13
Foundations	35,675.50	36,850.00
Grants and matching contribution	6,000.00	10,350.00
Fundraising	37,633.75	37,664.94
Less. cost of direct benefit to donors	(6,791.79)	(10,195.49)
Interest income	1,199.44	1,177.96
	<u>123,577.70</u>	<u>124,944.90</u>
TOTAL PUBLIC SUPPORT AND REVENUE		
EXPENSES		
Salary expense	71,220.60	78,146.48
Payroll taxes	5,448.76	5,978.84
Insurance	1,489.00	1,491.00
Advertising	81.00	50.00
License and permits	28.00	30.00
Occupancy	7,200.00	7,200.00
Utilities	922.38	686.09
Telephone	2,494.71	2,473.65
Office supplies and expenses	5,352.02	5,077.32
Repairs	908.65	216.46
Travel expense and conferences	2,202.63	2,576.54
Publicity	2,959.22	3,009.27
Postage	1,732.79	1,503.42
Printing and publications	3,949.38	2,836.95
Fundraising expense	11,260.86	6,228.23
Professional services	3,540.00	3,125.00
Depreciation	2,226.99	2,226.99
	<u>123,016.99</u>	<u>122,856.24</u>
TOTAL EXPENSES		
INCREASE IN NET ASSETS	<u>\$ 560.71</u>	<u>\$ 2,088.66</u>

See accountant's report on additional information