

**United Migrant Opportunity
Services/UMOS INC.**

Milwaukee, Wisconsin

Audited Financial Statements

**For the Year Ended
June 30, 2016**

**Andrea & Orendorff LLP
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United Migrant Opportunity Services/UMOS INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Migrant Opportunity Services/UMOS INC.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of United Migrant Opportunity Services, Inc./UMOS (UMOS) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 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 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 UMOS as of June 30, 2016, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The required information for the Wisconsin Department of Health Services, starting on page 31, is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 November 18, 2016 on our consideration of UMOS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UMOS' internal control over financial reporting and compliance.

Andrea & Orendorff LLP

Andrea & Orendorff LLP
Kenosha, Wisconsin
November 18, 2016

United Migrant Opportunity Services/UMOS INC.
Statement of Financial Position
As of June 30, 2016

ASSETS

Current Assets

| | |
|---|------------------|
| Cash and Cash Equivalents | \$ 3,313,599 |
| Investments in Marketable Securities | 1,153,555 |
| Accounts Receivable | 45,369 |
| Grants Receivable | 2,490,595 |
| Prepaid Expenses and Other Current Assets | 111,350 |
| Restricted Cash | 398,464 |
| Total Current Assets | <u>7,512,932</u> |

| | |
|------------------------------------|-----------|
| Property and Equipment, Net | 9,850,442 |
|------------------------------------|-----------|

| | |
|---------------------|-----------------------------|
| Total Assets | <u><u>\$ 17,363,374</u></u> |
|---------------------|-----------------------------|

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|---|------------------|
| Notes Payable - Current Portion | \$ 393,490 |
| Accounts Payable and Other Accrued Expenses | 668,537 |
| Accrued Payroll and Related Expenses | 1,103,563 |
| Unearned Revenue | 202,594 |
| Total Current Liabilities | <u>2,368,184</u> |

| | |
|------------------------------------|------------------|
| Long Term Notes Payable | <u>5,423,276</u> |
| Total Long Term Liabilities | 5,423,276 |

| | |
|--------------------------|------------------|
| Total Liabilities | <u>7,791,460</u> |
|--------------------------|------------------|

| | |
|--|-----------|
| Total Net Assets - Unrestricted | 9,571,914 |
|--|-----------|

| | |
|---|-----------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 17,363,374</u></u> |
|---|-----------------------------|

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

United Migrant Opportunity Services/UMOS INC.

Statement of Activities

For the Year Ended June 30, 2016

| Revenues | Total |
|---|----------------------|
| Grants and Contracts | \$ 24,510,062 |
| Program Income | 122,193 |
| Rental Income | 831,554 |
| Other Income | 246,745 |
| Total Revenues | \$ 25,710,554 |
| Expenses | |
| Program Services | |
| Employment & Training | \$ 10,911,012 |
| Child Education | 5,585,656 |
| AIDS Programs | 92,365 |
| Homeless/Shelter/Food Programs | 1,417,991 |
| Community Based Programs | 3,097,253 |
| Housing Expenses | 608,900 |
| Supporting Services | |
| Supporting Services | 2,036,489 |
| Corporate Expenses | 1,169,523 |
| Total Expenses | \$ 24,919,189 |
| Change in Net Assets Before Accrued Vacation, Derivative Value, and Federal Depreciation | 791,365 |
| Change in Accrued Vacation | 8,705 |
| Change in Derivative Value | 194,792 |
| Change in Net Assets Before Federal Depreciation | 994,862 |
| Federal Depreciation | 185,707 |
| Increase/(Decrease) in Net Assets | 809,155 |
| Net Assets, June 30, 2015 | 8,762,759 |
| Net Assets, June 30, 2016 | \$ 9,571,914 |

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

United Migrant Opportunity Services/UMOS INC.
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash Flows from Operating Activities

Change in Net Assets \$ 809,155

Adjustments to reconcile change in net assets to cash provided/(used) by operating activities:

| | |
|--|-----------|
| Depreciation | 660,436 |
| Unrealized Gain in Market Value of Marketable Securities Investments | (26,258) |
| Change in Derivative Value | (194,792) |

Changes in Current Assets and Liabilities:

| | |
|---|-----------|
| Decrease in Accounts Receivable | 30,762 |
| Increase in Grants Receivable | (146,602) |
| Decrease in Prepaid Expenses and Other Current Assets | 1,247 |
| Increase in Accounts Payable and Other Accrued Expenses | 33,485 |
| Increase in Accrued Payroll and Related Expenses | 8,203 |
| Increase in Unearned Revenue | 131,353 |

Net Cash Provided/(Used) by Operating Activities \$ 1,306,989

Cash Flows from Investing Activities

| | |
|---|----------|
| Acquisition of Property and Equipment | (78,226) |
| Net Deposits to Restricted Cash | (20,514) |
| Purchase of Marketable Security Investments | (19,627) |

Net Cash Provided/(Used) by Investing Activities \$ (118,367)

Cash Flows from Financing Activity

| | |
|--------------------------|-----------|
| Payment on Notes Payable | (374,066) |
|--------------------------|-----------|

Net Cash Provided/(Used) by Financing Activity \$ (374,066)

Net Increase/(Decrease) in Cash and Cash Equivalents \$ 814,556

| | |
|--|------------------|
| Cash and Cash Equivalents, June 30, 2015 | <u>2,499,043</u> |
|--|------------------|

Cash and Cash Equivalents, June 30, 2016 \$ 3,313,599

Supplemental Schedule of Other Operating Activities

| | |
|---------------|--------------------------|
| Interest Paid | <u><u>\$ 284,316</u></u> |
|---------------|--------------------------|

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

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United Migrant Opportunity Services/UMOS INC. (UMOS) was organized as a nonprofit corporation in 1965. The organization was formed to develop and provide resources for the purpose of assisting farm workers, Hispanic, and low-income families through a variety of programs. The organization also owns five low income housing projects, Aurora Housing Center, Montello Housing Center, Claremont Housing Center, Jefferson Apartments, and Beaver Dam Apartments, which have been included in these statements. The organization is primarily supported through federal and state government grants.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and money market funds, with an original maturity of three months or less when purchased.

Investments in Marketable Securities

Investments in marketable securities include cash and cash equivalents, mutual funds, and fixed income investments shown on the statement of financial position at market value. The primary objectives of UMOS investment activities are to preserve and protect investment principal that will provide sufficient liquidity to meet disbursement requirements which might reasonably be anticipated. And to manage the investment portfolio to maximize return consistent with the above objectives and other risk limitations as determined by management.

Receivables

Grants Receivable consists primarily of amounts due from various federal, state, and local funding sources with most grants receivable due from federal agencies and the state of Wisconsin. Accounts receivable consists of tenant rents and other income related to the housing projects, receivables from companies related to earned revenue from the Transform Milwaukee grant, and other miscellaneous receivables from corporate tenants. The accounts receivable amount of \$45,369 is net of a \$2,022 allowance for doubtful accounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant Awards/Unearned Revenue

Grant revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as unearned revenue.

Performance contracts reimburse based on the accomplishment of contract objectives without regard to expenditures. Performance revenue is recognized in the accounting period when the contracted services have been performed or claims submitted.

Property and Equipment, Net

For financial statement purposes, the cost of property and equipment with a unit cost of \$5,000 or more is recorded as an asset and is depreciated over its estimated useful life using the straight-line method. The cost of property and equipment with a unit cost of \$5,000 or more purchased with grant funds and expensed to the grants is added back in total to unrestricted net assets while the related depreciation calculated in accordance with generally accepted accounting principles is deducted from unrestricted net assets.

Federal depreciation expense for assets purchased with grant funds was \$185,707. Depreciation expense for assets purchased with non-grant funds was \$474,729 for total depreciation of \$660,436.

The accounting policies of UMOS are in accordance with the terms of grant agreements and funding sources' prescribed cost principles with respect to property and equipment. The property and equipment acquired with grant funds is owned by UMOS while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

Income Taxes

UMOS is a private nonprofit corporation generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also generally exempt from the franchise or income tax on state taxable incomes. However, UMOS is subject to income tax on its unrelated business activity which is debt-financed rental income.

UMOS is subject to Federal and Wisconsin corporate income taxes on unrelated business income related to net rental income received from the rental of commercial business property. For the year ended June 30, 2016, UMOS had a net loss of \$85,288 that will be added to the prior year's loss, making the total carry forward net operating loss \$161,763. For the year ended June 30, 2016, the Wisconsin State carry forward loss amount is \$191,434, leaving that amount of loss to offset the future years' Wisconsin State taxable income.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

UMOS believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

UMOS' Federal Exempt Organization Business Income Tax Returns and the Form 990T for 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed. The State of Wisconsin can also examine the state's returns for three years.

Indirect Facilities and Administrative Costs

UMOS does not elect to use the 10% de minimus cost rate. Rather, UMOS has a federally negotiated indirect cost rate.

Cost Allocation

Wherever possible, costs are assigned to the grants that benefit directly from the grant expenditures. Certain costs, such as occupancy and common office expenses, are recorded in cost pools for eventual assignment to activities that benefit in common from the expenditures. Those allocations are based on full-time equivalent employees.

Indirect administrative cost is applied using its federally approved rate.

Advertising

Advertising costs of \$44,535 were incurred and expensed in the fiscal year.

Basis of Presentation

Under generally accepted accounting principles, UMOS is required to report information regarding the financial position and activities according to three classes of net assets, defined as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of UMOS and/or the passage of time. UMOS has none at this time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of UMOS. UMOS has none at this time.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE B – RESTRICTED CASH

UMOS has five notes payable due to the U.S. Department of Agriculture which requires UMOS to make deposits annually into reserve accounts until the amount in the reserve accounts reaches \$403,420. Use of funds in the reserve accounts requires the consent of the U.S. Department of Agriculture. Restricted cash as of June 30, 2016 consists of reserve accounts in the amount of \$398,464.

NOTE C – INVESTMENTS

UMOS has implemented the accounting standard regarding fair value measurements. The standard defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1

Fair values are based on quoted prices (unadjusted) in active markets for identical assets that the plan has the ability to access at the measurement date (e.g. prices derived from NYSE, NASDAQ or Chicago Board of Trade).

Level 2

Fair values are based on inputs other than quoted price included in level 1 that are observable for valuing the asset or liability, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted price for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

Level 3

Fair values are based on unobservable inputs for valuing the asset or liability. Unobservable inputs are those that reflect the plan's own assumptions about the assumptions that market participant would use in pricing the asset, based on the best information available in the circumstances. An example could be real estate valuations, which require significant judgment.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE C – INVESTMENTS (continued)

UMOS' investments are reported at fair value using Level 1 inputs and consist of the following at June 30, 2016:

Marketable Securities Investments

| | |
|--|----------------------------|
| Cash and Cash Equivalents | \$ 10,702 |
| Mutual Funds | <u>1,142,853</u> |
| Total Marketable Securities Investments | <u>\$ 1,153,555</u> |

Unrealized gain on these investments for the year ending June 30, 2016 was \$26,258. Interest income on restricted cash funds and cash and cash equivalents as of June 30, 2016 was \$1,300. Investment administrative fees are \$562.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE D – WORKFORCE RESOURCES LLC

Workforce Resources, a LLC in which UMOS owned 50%, was reduced to a single member LLC as UMOS bought out the other partner. The entity still exists and due to the fact that it is a single member LLC, the account balances have been incorporated into UMOS' statements for this report.

**Workforce Resources, LLC
Balance Sheet
As of June 30, 2016**

| Assets | |
|---|-------------------------|
| Current Assets | |
| Cash | \$ 31,960 |
| Total Current Assets | <u>31,960</u> |
| Total Assets | <u><u>31,960</u></u> |
| Liabilities and Net Assets | |
| Total Net Assets-Unrestricted | <u>31,960</u> |
| Total Liabilities and Net Assets | <u><u>\$ 31,960</u></u> |

**Workforce Resources, LLC
Income Statement
For the Year Ended June 30, 2016**

| | |
|---------------------------|-------------------------|
| Total Revenues | \$ - |
| Total Expenses | <u>22</u> |
| Decrease in Net Assets | (22) |
| Net Assets, June 30, 2015 | <u>31,982</u> |
| Net Assets, June 30, 2016 | <u><u>\$ 31,960</u></u> |

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE E – PROPERTY AND EQUIPMENT, NET

A summary of property and equipment as of June 30, 2016 is as follows. Federal fixed assets have a reversionary interest of \$6,853,120 less accumulated depreciation for a net value of \$2,149,572.

| | Non- <u>Federal</u> | | <u>Federal</u> | | <u>Total</u> |
|--|----------------------------|-----------|-------------------------|-----------|-------------------------|
| Land and Land Improvements | \$ 1,956,456 | \$ | 230,165 | \$ | 2,186,621 |
| Buildings and Improvements | 10,760,268 | | 5,079,609 | | 15,839,877 |
| Equipment and Vehicles | <u>185,334</u> | | <u>1,543,346</u> | | <u>1,728,680</u> |
| Subtotal | \$ 12,902,058 | \$ | 6,853,120 | \$ | 19,755,178 |
| Accumulated Depreciation | <u>(5,201,188)</u> | | <u>(4,703,548)</u> | | <u>(9,904,736)</u> |
| PROPERTY AND EQUIPMENT, NET | \$ <u>7,700,870</u> | \$ | <u>2,149,572</u> | \$ | <u>9,850,442</u> |

NOTE F – UMOS DERIVATIVE FINANCIAL INSTRUMENT

UMOS made limited use of a derivative financial instrument for the purpose of managing interest rate fluctuations. The initial intent of the interest rate swap agreement was to provide a cap or ceiling on the interest rate paid by UMOS on outstanding debt over a portion of the life of the debt and was not for investment purposes. It was the intent of UMOS to hold this interest rate swap agreement to maturity and final settlement at no additional profit or cost to UMOS.

The interest rate swap agreement with US Bank was used to convert UMOS' floating rate tax free revenue bond long term debt to a fixed rate of 5.89%. The principal amount outstanding on this debt to US Bank is \$ 4,742,876 at June 30, 2016.

The derivative financial instrument matured on June 1, 2016. UMOS has recorded a positive net market value revenue of \$194,792 for the year ended June 30, 2016.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE G – NOTES PAYABLE

Note Payable – The available bank line of credit at June 30, 2016 is \$500,000 bearing an interest rate of LIBOR spread of 2.0%. The line of credit balance was \$0 at June 30, 2016.

Long-term notes payable at June 30, 2016 consist of the following:

| | |
|---|---------------------|
| Note payable to U.S. Department of Agriculture due in annual payments of \$13,249, including interest of 1%, with unpaid principal and interest due November 2031. The note is collateralized by the Aurora Housing Center. | \$ 163,388 |
| Note payable to U.S. Department of Agriculture due in annual payments of \$7,156, including interest of 1%, with all unpaid principal and interest due April 2030. The note is collateralized by the Montello Housing Center. | 82,336 |
| Note payable to U.S. Department of Agriculture due in annual payments of \$13,103, including interest of 1%, with all unpaid principal and interest due July 2031. The note is collateralized by the Beaver Dam and Jefferson apartments. | 163,993 |
| Note payable to U.S. Department of Agriculture due in annual payments of \$11,637, including interest of 1%, with all unpaid principal and interest due June 2035. The note is collateralized by the Claremont Housing Center. | 194,254 |
| Promissory note to U.S. Department of Agriculture for the Jefferson Apartments acquired October 18, 2006. Interest rate is 1% with final payment due October 31, 2039. The note is collateralized by the Beaver Dam and Jefferson apartments. | 294,919 |
| Note payable to Minnesota Housing Finance Agency (MHFA) due in full on October 17, 2033 at 0% interest. The note is collateralized by the Claremont Housing project. | <u>175,000</u> |
| Subtotal Housing Notes Payable | <u>\$ 1,073,890</u> |

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE G – NOTES PAYABLE (continued)

Redevelopment Authority of the City of Milwaukee, Wisconsin Variable Rate Demand Redevelopment Revenue Bonds Series 2006 (United Migrant Opportunity Services/UMOS Inc. Project). Original face value of \$6,950,000, with an interest rate based on the LIBOR index rate plus the applicable margin. Payments began on February 1, 2008 with scheduled maturity on October 1, 2026. The Redevelopment Revenue bond agreement was amended on May 1, 2016. The amendment decreased the interest rate applicable margin from 1.65% to 1.20%.

The Revenue Bonds are collateralized mainly by a mortgage, security agreement, assignment of rents and leases, and a fixture financing statement. The security agreement, dated June 1, 2006, by UMOS to Redevelopment Authority of the City of Milwaukee, Wisconsin is assigned to US Bank.

Significant terms of the security agreement include:

- Restriction on additional indebtedness of not more than \$50,000
- Restriction on contingent liabilities
- Marketable Securities on hand of not less than \$500,000 with composition requirements
- Minimum profitability as defined for the Chase property of \$1 or more
- Minimum fixed charge coverage rates as defined not to be less than 1.0 to 1.0 calculated on an annual basis

| | |
|--------------------------------------|----------------------------|
| Total Revenue Bonds | <u>\$ 4,742,876</u> |
| TOTAL LONG-TERM NOTES PAYABLE | 5,816,766 |
| Less Current Portion | <u>393,490</u> |
| LONG-TERM NOTES PAYABLE | <u>\$ 5,423,276</u> |

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE G – NOTES PAYABLE (continued)

Principal payments due by year are as follows:

| | | |
|-----------|----|-------------------------|
| 2017 | \$ | 393,490 |
| 2018 | | 415,090 |
| 2019 | | 437,990 |
| 2020 | | 462,274 |
| 2021 | | 488,025 |
| 2022-2039 | | <u>3,619,897</u> |
| | \$ | <u>5,816,766</u> |

NOTE H – CONCENTRATION OF CREDIT RISK

UMOS maintains cash balances and money market accounts in more than one bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances in excess of FDIC coverage are not collaterally secured. Cash balances in excess of FDIC coverage are \$2,868,128 at June 30, 2016.

In addition, as of June 30, 2016, UMOS has \$1,000,817 invested in money market accounts.

NOTE I – OPERATING LEASES

UMOS leases various facilities and equipment for operation of its programs. Operating lease payments for the year ended June 30, 2016 were \$445,525. Future minimum lease payments beyond June 30, 2016 are as follows:

| Year Ending June 30, | | |
|----------------------|----|-------------------------|
| 2017 | \$ | 419,515 |
| 2018 | | 328,961 |
| 2019 | | 206,063 |
| 2020 | | 83,896 |
| 2021 | | 69,722 |
| 2022-2025 | | <u>103,581</u> |
| | \$ | <u>1,211,738</u> |

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE J – RETIREMENT PLANS

UMOS has a defined contribution retirement plan authorized under IRS section 401(k) which covers substantially all regular and seasonal employees who have been employed by the organization for one year, work a minimum of 500 hours, and are at least 18 years of age. There are two elements to the plan consisting of employer and employee contributions. Both types of contributions vest immediately. Employee contributions are optional.

Effective January 1, 2009, the 401(k) retirement plan became a Safe Harbor 401(k) plan, whereas UMOS commits to making certain contributions. This commitment to make contributions enables UMOS to simplify the administration of the plan by ensuring that non-discrimination regulations are met. In order to maintain the “Safe Harbor” status, UMOS will make a contribution equal to 3% of eligible employees’ compensation. In addition, UMOS may also make an additional 2% contribution of the eligible employees’ compensation. UMOS made contributions of \$424,958 and incurred plan expenses of \$7,663 for the year ended June 30, 2016.

NOTE K - EXECUTIVE ADMINISTRATIVE STAFF BENEFIT PLAN

The UMOS Executive Plan was established by the UMOS Board for the benefit of members of its executive administrative staff. The UMOS CEO/President has the authority to update the list of eligible executive administrative staff. The plan provides for the following benefits:

- An additional 2% pension contribution on employee earnings that exceed 92% of the maximum Social Security wage base through December 31, 2016.
- 4% of annual employee earnings to be used for long-term care insurance, long-term disability insurance, life insurance, and/or contributions to the Section 125 flex benefit plan, 457 Plan and Health Savings Account.
- At June 30, 2016, \$395,141 has been accumulated in the executive administrative staffs’ 457 Plan. UMOS contributed \$29,051 during the fiscal year. The investment asset and related potential liability for the executive administrative staff is not recorded on the UMOS balance sheet at June 30, 2016.

NOTE L – CONCENTRATION OF RISK

UMOS receives grants from various Federal, State, and Local agencies whose programs rely on the availability of funding from the Federal, State, and Local governments. Approximately 95% of grant and housing revenues are from government agencies.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE M – CONTINGENT RECEIVABLE/PAYABLE

Various UMOS grants are subject to audit by the grantor upon termination of the grant. UMOS does not record potential or uncertain liabilities in its financial statements that may result from grantor’s monitoring until the amounts are known, at which time they are recorded in the current year. \$84,888 of expenses were recorded in 2016 related to the 2014 W2 claims review.

NOTE N – CHANGES IN NET ASSETS

To comply with generally accepted accounting principles, UMOS records in its financial records the cost, less accumulated depreciation of property and equipment which was purchased with grant funds. In addition, the accrued vacation pay due employees is reflected in net assets and current liabilities. Specifically by fund, center, or apartments, the following summary of changes to net assets is presented:

| | UMOS Grant Operating Fund | UMOS Non- Federal Fund | Aurora Housing Center | Montello Housing Center | Beaver Dam Apartments | Claremont Housing Center | Jefferson Apartments | Total |
|--|---------------------------------|---------------------------|-----------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------------|--------------|
| Net Assets, June 30, 2015 | \$ - | \$ 7,187,467 | \$ 517,484 | \$ (3,759) | \$ 258,909 | \$ 281,144 | \$ 521,514 | \$ 8,762,759 |
| Change in Net Assets Before Federal Depreciation, Accrued Vacation, Derivative, and Disposition of Federal Assets | 1,116,166 | (271,491) | 14,949 | (11,602) | (13,566) | (14,808) | (28,283) | 791,365 |
| Change in vacation accrual during fiscal 2016 | - | 8,705 | - | - | - | - | - | 8,705 |
| Change in Derivative Value | - | 194,792 | - | - | - | - | - | 194,792 |
| Depreciation of property and equipment purchased with grant funds | - | (125,149) | (18,606) | (295) | (5,277) | (8,229) | (28,151) | (185,707) |
| Transfer to UMOS Non-Federal Fund | (1,116,166) | 1,116,166 | - | - | - | - | - | - |
| Net Assets, June 30, 2016 | \$ - | \$ 8,110,490 | \$ 513,827 | \$ (15,656) | \$ 240,066 | \$ 258,107 | \$ 465,080 | \$ 9,571,914 |

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2016

NOTE O - PARTICIPANT DIRECT PAYMENTS

The Wisconsin Department of Children and Families made W-2 participant workers compensation direct payments totaling \$50,715 on behalf of UMOS for the year ended June 30, 2016. This information is excluded from the Schedule of Expenditures of Federal and State Awards, Statement of Activities, and the Statement of Cash Flows for the year ended June 30, 2016.

NOTE P – IN KIND CONTRIBUTIONS

In-kind contributions are not recorded in the Statement of Activities because it does not meet the definition of professional services as defined according to accounting standards. The value of in-kind contributions totaled \$406,974 for the year ended June 30, 2016. This is primarily related to Head Start and consists of volunteer services, a reduction of fair market value of space costs and special reduced pricing from service contractors. The Latina Resource Center also records in-kind for volunteer services for a small number of programs.

NOTE Q – RELATED PARTY

UMOS leased office space to another 501 (c) (3) corporation whose president is on its Board of Directors. Rent is charged at cost. UMOS performs limited record keeping and payment services for a community event that one of its Board of Directors coordinates. UMOS charges a financial administrative portion of the indirect rate.

NOTE R – SUBSEQUENT EVENTS

UMOS has evaluated subsequent events through November 18, 2016 the date the financial statements were available to be issued and none were noted.

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2016

| Grantor Agency/ Pass-Through Agency/ Program Title | Federal CFDA Number | Grant Beg. | Grant End | Passed Through Agency | Passed Through Agency ID | Expenditures |
|--|---------------------------|------------|------------|----------------------------------|--------------------------------|------------------|
| U.S Department of Agriculture | | | | | | |
| Child Nutrition Cluster | | | | | | |
| CACFP | 10.558 | 07/01/2015 | 06/30/2016 | MO Dept of Health & Senior Serv. | 70-6817/ERS46111552 | \$ 5,885 |
| Total Child Nutrition Cluster | | | | | | <u>5,885</u> |
| AURORA HOUSING | 10.427 | 07/01/2015 | 06/30/2016 | US Dept Agriculture | N/A | 119,298 |
| MONTELLO HOUSING | 10.427 | 07/01/2015 | 06/30/2016 | US Dept Agriculture | N/A | 45,404 |
| BEAVER DAM HOUSING | 10.427 | 07/01/2015 | 06/30/2016 | US Dept Agriculture | N/A | 41,396 |
| CLAREMONT HOUSING | 10.427 | 07/01/2015 | 06/30/2016 | US Dept Agriculture | N/A | 88,374 |
| JEFFERSON HOUSING | 10.427 | 07/01/2015 | 06/30/2016 | US Dept Agriculture | N/A | 34,489 |
| SFSP | 10.559 | 07/01/2015 | 06/30/2016 | DHSS | 69-2608 | 80,971 |
| Total U.S Department of Agriculture | | | | | | <u>415,817</u> |
| U.S Department of Housing and Urban Development | | | | | | |
| COMMUNITY DEVELOPMENT BLOCK GRANT | 14.218 | 05/13/2014 | 12/31/2015 | City of Milwaukee | C15114B251 | 53,562 |
| COMMUNITY DEVELOPMENT BLOCK GRANT | 14.218 | 01/01/2015 | 12/31/2015 | City of Milwaukee | C15115B251 | 89,509 |
| COMMUNITY DEVELOPMENT BLOCK GRANT | 14.218 | 01/01/2016 | 12/31/2016 | City of Milwaukee | C15116B251 | 28,983 |
| Total U.S Department of Housing and Urban Development | | | | | | <u>172,054</u> |
| U.S Department of Justice | | | | | | |
| US DOJ OVW CLSSP PROJECT BUTTERFLY | 16.016 | 10/01/2015 | 09/30/2017 | US Dept Justice | 2015-UA-AX-0008 | 62,468 |
| VOCA SUPPLEMENT | 16.575 | 10/01/2015 | 09/30/2016 | WI Dept Justice | 2014-VO-01-11334 | 34,301 |
| VOCA | 16.575 | 10/01/2014 | 09/30/2015 | WI Dept Justice | 2011-087-14 | 14,462 |
| VOCA | 16.575 | 10/01/2015 | 09/30/2016 | WI Dept Justice | 2014-VO-01-11334 | 70,635 |
| OJA VIOLENCE AGAINST WOMEN | 16.588 | 10/01/2014 | 09/30/2015 | WI Dept Justice | 2014-VA-05D10928 | 11,203 |
| OJA VIOLENCE AGAINST WOMEN | 16.588 | 10/01/2015 | 09/30/2016 | WI Dept Justice | 2015-VA-05D-11414 | 31,345 |
| TRANSITIONAL HOUSING | 16.736 | 10/01/2013 | 09/30/2016 | US Dept Justice | 2013-WH-AX-0048 | 90,318 |
| Total U.S Department of Justice | | | | | | <u>314,732</u> |
| U.S Department of Labor | | | | | | |
| WIA Cluster | | | | | | |
| MILW WORKFORCE DEV - WIA | 17.258 | 10/01/2015 | 09/30/2016 | MAWIB | U001-WIAADTUMOS-151-15-8110 | 252,018 |
| MILW WORKFORCE DEV - WIA | 17.258 | 07/01/2014 | 09/30/2015 | MAWIB | 14-WIAADT-41 M1 | 51,284 |
| WIA YOUTH | 17.259 | 11/0/2014 | 09/30/2015 | MAWIB | 14-WIAOSY-41 | 32,064 |
| WIA YOUTH | 17.259 | 10/01/2015 | 09/30/2016 | MAWIB | U001-WIA0SYUMOS-140-16-8110 | 163,923 |
| Total WIA Cluster | | | | | | <u>499,289</u> |
| WIOA FARM WORKER - WI | 17.264 | 07/01/2015 | 06/30/2016 | US Dept Labor | AC240451355A55 | 1,069,977 |
| WIOA FARM WORKER - MISSOURI | 17.264 | 07/01/2015 | 06/30/2016 | US Dept Labor | AC240441355A55 | 955,904 |
| WIOA FARM WORKER - WI | 17.264 | 07/01/2014 | 06/30/2015 | US Dept Labor | AC240451355A55 | 54,014 |
| WIOA FARM WORKER - MISSOURI | 17.264 | 07/01/2014 | 06/30/2015 | US Dept Labor | AC240441355A55 | 46,843 |
| MIGRANT SEASONAL FARMWORKER | 17.264 | 07/01/2015 | 06/30/2016 | US Dept Labor | MH-240631355A55 | 418,105 |
| MIGRANT SEASONAL FARMWORKER | 17.264 | 07/01/2014 | 06/30/2015 | US Dept Labor | MH-240631355A55 | (1,326) |
| Total U.S Department of Labor | | | | | | <u>3,042,806</u> |

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2016

| Grantor Agency/ Pass-Through Agency/ Program Title | Federal CFDA Number | Grant Beg. | Grant End | Passed Through Agency | Passed Through Agency ID | Expenditures |
|--|---------------------------|------------|------------|-----------------------------|--------------------------------|-------------------|
| U.S Department of Education | | | | | | |
| MPS COMMUNITY LEARNING CENTERS | 84.287 | 09/01/2015 | 06/15/2016 | MPS | CR010068 | 125,688 |
| MPS CLC SUMMER PROGRAM | 84.287 | 06/17/2015 | 08/05/2015 | MPS | CO23366 | 48,016 |
| MPS CLC SUMMER PROGRAM | 84.287 | 09/01/2015 | 06/30/2016 | MPS | CO24181 | 13,080 |
| Total U.S Department of Education | | | | | | 186,784 |
| U.S Department of Health and Human Services | | | | | | |
| HEALTHY MARRIAGE | 93.086 | 09/30/2014 | 09/29/2015 | Center Self Suff. | N/A | 80,214 |
| PATHWAYS TO RESPONSIBLE FATHERHOOD | 93.086 | 09/30/2015 | 09/29/2016 | Mil Child Support | N/A | 39,807 |
| PATHWAYS TO RESPONSIBLE FATHERHOOD | 93.086 | 09/30/2014 | 09/29/2015 | Mil Child Support | N/A | 28,599 |
| TANF Cluster | | | | | | |
| W-2 SOUTHEASTERN REGION | 93.558 | 01/01/2016 | 12/31/2016 | WI DCF | 437001-M15-CFB0144-000-06 | 2,735,703 |
| W-2 SOUTHEASTERN REGION | 93.558 | 01/01/2014 | 12/31/2014 | WI DCF | CF00144A8 | (84,888) |
| W-2 SOUTHERN REGON | 93.558 | 01/01/2015 | 12/31/2015 | WI DCF | CFB00144A11 | 4,441,996 |
| EMERGENCY ASSISTANCE PAYMENTS | 93.558 | 01/01/2016 | 12/31/2016 | WI DCF | 437001-M15-CFB0144-000-06 | 1,046,015 |
| W-2 TRIAL EMPLOYMENT MATCH DCF | 93.558 | 01/01/2016 | 12/31/2016 | WI DCF | 437001-M15-CFB0144-000-06 | 4,908 |
| TRANSFORM MILWAUKEE | 93.558 | 01/01/2015 | 12/31/2016 | WI DCF | 437001-G15-CFD0356-R01-02 | 1,593,271 |
| TRANSITIONAL JOBS EDUCATION | 93.558 | 01/01/2015 | 12/31/2016 | WI DCF | 437001-G15-CFD0356-R01-02 | 1,092 |
| TRANSFORM MILWAUKEE | 93.558 | 01/01/2014 | 12/31/2015 | WI DCF | CFD00356 | 1,548,226 |
| Total TANF Cluster | | | | | | 11,286,323 |
| REFUGEE ASSISTANCE | 93.566 | 07/01/2015 | 06/30/2016 | WI DCF | 437001-M15-CFB0144-000-06 | 923,517 |
| MILWAUKEE CO ENERGY ASSISTANCE | 93.568 | 08/01/2015 | 09/30/2015 | County of Milwaukee | 40-16822-300 | 125,555 |
| MILWAUKEE CO ENERGY ASSISTANCE | 93.568 | 10/01/2015 | 09/30/2016 | County of Milwaukee | 40-16822-300 | 629,212 |
| KENOSHA ENERGY ASSISTANCE | 93.568 | 10/01/2015 | 09/30/2016 | Kenosha DHSS | DWD-UMOS-WHEAP-15-16 | 268,087 |
| KENOSHA ENERGY ASSISTANCE | 93.568 | 10/01/2014 | 09/30/2015 | Kenosha DHSS | DWD-UMOS-WHEAP-14-15 | 74,445 |
| CSBG Cluster | | | | | | |
| COMPREHENSIVE CRISIS RELIEF | 93.569 | 01/01/2015 | 12/31/2015 | WI DCF | CF00491a1 | 142,741 |
| COMPREHENSIVE CRISIS RELIEF | 93.569 | 01/01/2016 | 12/31/2016 | WI DCF | 437004-G16-0000764-000-16 | 158,125 |
| Total CSBG Cluster | | | | | | 300,866 |
| CCDF Cluster | | | | | | |
| W-2 CONTRACTED CHILD CARE | 93.596 | 01/01/2016 | 12/31/2016 | WI DCF | 437001-M15-CFB0144-000-06 | 214,488 |
| W-2 CONTRACTED CHILD CARE | 93.596 | 01/01/2015 | 12/31/2015 | WI DCF | CFB00144A11 | 176,381 |
| Total CCDF Cluster | | | | | | 390,869 |
| HUMAN TRAFFICKING MISSOURI | 93.598 | 07/01/2015 | 06/30/2016 | Inter Inst St Louis | 90ZV0109-02-00 | 52,923 |
| HUMAN TRAFFICKING MISSOURI | 93.598 | 07/01/2014 | 06/30/2015 | Inter Inst St Louis | 90ZV0109-01-00 | (977) |
| HUMAN TRAFFICKING WISCONSIN | 93.598 | 07/01/2015 | 06/30/2016 | US DHSS | 90ZV0107-02-00 | 117,372 |
| HUMAN TRAFFICKING WISCONSIN | 93.598 | 07/01/2014 | 06/30/2015 | US DHSS | 90ZV02V0107 | 82 |

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2016

| Grantor Agency/ Pass-Through Agency/ Program Title | Federal CFDA Number | Grant Beg. | Grant End | Passed Through Agency | Passed Through Agency ID | Expenditures |
|--|---------------------------|------------|------------|-----------------------------|--------------------------------|-------------------|
| Head Start Cluster | | | | | | |
| MIGRANT HEAD START GRANTEE | 93.600 | 04/01/2016 | 03/31/2017 | US DHSS | 90CM9814-03-00 | 773,986 |
| MIGRANT HEAD START GRANTEE | 93.600 | 04/01/2015 | 03/31/2016 | US DHSS | 90CM981402 | 2,110,555 |
| MIGRANT HEAD START DELEGATE | 93.600 | 02/01/2016 | 01/31/2017 | TMC | 7373 | 580,397 |
| MIGRANT HEAD START DELEGATE | 93.600 | 02/01/2015 | 01/31/2016 | TMC | 7042 | 1,308,657 |
| Total Head Start Cluster | | | | | | 4,773,595 |
| DOM. ABUSE IMMIGRANT/REFUGEE | 93.671 | 01/01/2015 | 12/31/2015 | WI DCF | N/A | 42,013 |
| DOM. ABUSE IMMIGRANT/REFUGEE | 93.671 | 01/01/2016 | 12/31/2016 | WI DCF | 437001-G15-CFE0477-Ro1-02 | 31,472 |
| HIV PREVENTION SE WI | 93.940 | 01/01/2015 | 12/31/2015 | WI Dept Health | 26682 | 17,463 |
| HIV PREVENTION TARGETED | 93.940 | 01/01/2015 | 12/31/2015 | WI Dept Health | 28542 | 28,541 |
| HIV PREVENTION TARGETED | 93.940 | 01/01/2016 | 12/31/2016 | WI Dept Health | 12/19/1986 | 32,667 |
| HIV COMMUNITY PLANNING | 93.940 | 01/01/2015 | 12/31/2015 | WI Dept Health | 28542 | 7,734 |
| HIV COMMUNITY PLANNING | 93.940 | 01/01/2016 | 12/31/2016 | WI Dept Health | 31765 | 3,702 |
| Total U.S Department of Health and Human Services | | | | | | 19,254,081 |
| Total Federal Programs | | | | | | 23,386,274 |
| State and Local Programs | | | | | | |
| WDPI HEAD START-PLYMOUTH | N/A | 07/01/2015 | 06/01/2016 | WI DPI | 16-706817-HS | 64,439 |
| MIGRANT DAY CARE | N/A | 01/01/2016 | 12/31/2016 | WI DCF | CFE00448 | 180,411 |
| SNAP | N/A | 10/01/2015 | 09/30/2016 | HTF | N/A | 15,494 |
| HIV/AID AWARENESS DAY WI HEALTH SERV. | N/A | 01/08/2016 | 02/07/2016 | WI Dept Health | 43500-0000001769 | 4,000 |
| WE ENERGIES LOW INCOME ENERGY PILOT | N/A | 01/01/2016 | 12/31/2017 | WE Energies | 4700004511 | 8,857 |
| MIGRANT DAY CARE | N/A | 01/01/2015 | 12/31/2015 | WI DCF | CF00448 | 339,274 |
| SEXUAL ASSULT SERVICES | N/A | 01/01/2015 | 12/31/2015 | WI Dept Justice | 2015SV0110946 | 20,670 |
| SEXUAL ASSULT SERVICES | N/A | 01/01/2016 | 12/31/2016 | WI Dept Justice | 2016-SV-01-11540 | 17,008 |
| WIS TOBACCO CNTRL | N/A | 1/01/2015 | 12/31/2015 | WI Dept Health | F00765 | 52,363 |
| WIS TOBACCO CNTRL | N/A | 1/01/2016 | 12/31/2016 | WI Dept Health | F00765 | 57,641 |
| DOMESTIC VIOLENCE UNDER SERVED | N/A | 01/01/2015 | 12/31/2015 | WI DCF | 30316 | 21,232 |
| DOMESTIC VIOLENCE UNDER SERVED | N/A | 01/01/2016 | 06/30/2016 | WI DCF | 437001-G15-CFD0344-R02-06 | 9,075 |
| DOMESTIC VIOLENCE CHILDRENS PROG | N/A | 01/01/2015 | 12/31/2015 | WI DCF | CFD00281R1 | 9,695 |
| DOMESTIC VIOLENCE CHILDRENS PROG | N/A | 01/01/2016 | 06/30/2016 | WI DCF | 437001-G15-CFC0281-R02-45 | 10,000 |
| UNITED WAY HEALTHY GIRLS INITIATIVE | N/A | 07/01/2015 | 06/30/2016 | United Way | N/A | 37,376 |
| TEEN PREGNANCY PREV UNITED WAY | N/A | 07/01/2015 | 06/30/2016 | United Way | N/A | 18,498 |
| CELEBRATING FAMILIES | N/A | 01/01/2015 | 12/31/2015 | Milwaukee Co. | N/A | 49,574 |
| CELEBRATING FAMILIES | N/A | 01/01/2016 | 12/31/2016 | Comm. Advocates | N/A | 11,559 |
| MI ARCOS IRIS CHILDREN LATINA RESOURCE | N/A | 01/01/2016 | 12/31/2016 | WI DCF | 437001-G15-CFC0313-R02-04 | 26,530 |
| MI ARCOS IRIS CHILDREN LATINA RESOURCE | N/A | 01/01/2015 | 12/31/2015 | WI DCF | CFC00313R1 | 28,238 |
| REACH GREATER MILWAUKEE FOUNDATION | N/A | 10/01/2014 | 11/30/2015 | GREATER MIL | N/A | 10,220 |
| GED NORTHWESTERN FOUNDATION | N/A | 07/01/2013 | 06/30/2016 | Northwestern | N/A | 4,107 |

**United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2016**

| Grantor Agency/ Pass-Through Agency/ Program Title | Federal CFDA Number | Grant Beg. | Grant End | Passed Through Agency | Passed Through Agency ID | Expenditures |
|--|---------------------------|------------|------------|-----------------------------|--------------------------------|-----------------------------|
| SNAP | N/A | 01/01/2015 | 09/30/2015 | HTF | N/A | 2,437 |
| CHILDREN FIRST | N/A | 01/01/2016 | 12/31/2016 | Milwaukee Co. | N/A | 18,000 |
| CHILDREN FIRST | N/A | 01/01/2015 | 12/31/2015 | Milwaukee Co. | N/A | 22,000 |
| HELEN BADER FOUNDATION PROJECT ALCANCE | N/A | 01/01/2015 | 12/31/2015 | Helen Bader Foundation | N/A | 10,188 |
| Total State and Local Programs | | | | | | <u>1,048,886</u> |
| Total Federal, State and Local Programs | | | | | | <u>\$ 24,435,160</u> |

United Migrant Opportunity Services/UMOS INC.

**Notes to the Schedule of Expenditures of Federal, State and Local Awards
June 30, 2016**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal, State and Local awards (the Schedule) includes the award activity of UMOS under programs of the federal, State and local government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of UMOS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UMOS.

NOTE 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 limited to reimbursement or grant stipulations.

NOTE 3 – PARTICIPANT DIRECT PAYMENTS

The Wisconsin Department of Children and Families made W-2 participant workers compensation direct payments totaling \$50,715 on behalf of UMOS for the year ended June 30, 2016. This information is not included in the Schedule of Expenditures of Federal, State and Local Awards, the Statement of Activities, or the Statement of Cash Flows for the year ended June 30, 2016.

NOTE 4 – INDIRECT COST RATE

UMOS uses their approved Federal Indirect Cost Rate.



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INDEPENDENT AUDITOR'S 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
United Migrant Opportunity Services/UMOS INC.

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 United Migrant Opportunity Services/UMOS INC. (UMOS) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UMOS' 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 UMOS' internal control. Accordingly, we do not express an opinion on the effectiveness of UMOS' 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.

**INDEPENDENT AUDITOR'S 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***

(continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UMOS' 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 the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Andrea & Orendorff LLP
Kenosha, Wisconsin
November 18, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES

Board of Directors
United Migrant Opportunity Services/UMOS INC.

Report on Compliance for Each Major Federal Program

We have audited United Migrant Opportunity Services/UMOS INC.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of UMOS' major federal programs for the year ended June 30, 2016. UMOS' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of UMOS' 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) and the *State Single Audit Guidelines*. 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 UMOS' 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 UMOS' compliance.

Opinion on Each Major Federal Program

In our opinion, UMOS 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 June 30, 2016.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES** (continued)

Report on Internal Control over Compliance

Management of UMOS 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 UMOS' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UMOS' 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 in internal control 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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Andrea E. Orendorff LLP

Andrea & Orendorff LLP
Kenosha, Wisconsin
November 18, 2016

United Migrant Opportunity Services/UMOS INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|---|---------------|
| Type of Auditor’s report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness identified? | No |
| • Significant deficiencies identified | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| • Material weakness identified? | No |
| • Significant deficiencies identified | None reported |
| Type of Auditor’s report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No |

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|--|
| 17.264 | National Farmworker Jobs Program |
| 93.566 | Refugee and Entrant Assistance – State Administered Programs |
| 93.568 | Low-Income Home Energy Assistance |
| WIA/WIOA Cluster | |
| 17.258 | WIA/WIOA Adult Program |
| 17.259 | WIA/WIOA Youth Activities |

United Migrant Opportunity Services/UMOS INC.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

Section I – Summary of Auditors’ Results (continued)

Dollar threshold used to distinguish between Type A and Type B: \$ 750,000
Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.


Section IV – Other Issues

Does the auditor’s report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern? No

Does the audit report show audit issues related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
Department of Health and Family Services No
Department of Workforce Development No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



Terri Schmidt, CPA

Date of Report

November 18, 2016

Supplementary Information

United Migrant Opportunity Services/UMOS, INC.
Settlement of DHS Cost Reimbursement Award
For the Year Ending June 30, 2016

| DHS identification number | 155994 | 155958 | 155958 | 155941 | 155941 | 181015 | 181015 |
|--|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Award Name | HIV Prevention | HIV Prevention | HIV Targeted | HIV Planning | HIV Planning | WI Tobacco | WI Tobacco |
| Award Amount | 60,000 | 65,000 | 57,400 | 10,000 | 10,000 | 116,400 | 116,400 |
| Award Period | 1/1/15-12/31/15 | 1/1/16-12/31/16 | 1/1/15-12/31/15 | 1/1/15-12/31/15 | 1/1/16-12/31/16 | 1/1/15-12/31/15 | 1/1/16-12/31/16 |
| Period of the award within audit period | 7/1/15-12/31/15 | 1/1/16-06/30/16 | 7/1/15-12/31/15 | 7/1/15-12/31/15 | 1/1/16-06/30/16 | 7/1/15-12/31/15 | 1/1/16-06/30/16 |
| A. Expenditures reported to DHS for payment | \$ 17,358 | \$ 33,152 | \$ 28,625 | \$ 7,357 | \$ 3,747 | \$ 52,511 | \$ 57,969 |
| B. Actual allowable cost of award program exp. | | | | | | | |
| Program Expenses | | | | | | | |
| 1. Grants and other assistance to governments and organizations in the US | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2. Grants and other assistance to individuals in the US | - | - | - | - | - | - | - |
| 3. Grants and other assistance to governments and organizations outside the US | - | - | - | - | - | - | - |
| 4. Benefits paid to or for members | - | - | - | - | - | - | - |
| 5. Compensation of current officers, directors, trustees and key employees | - | - | - | - | - | - | - |
| 6. Compensation not included above, to disqualified persons | - | - | - | - | - | - | - |
| 7. Other salaries and wages | 8,340 | 17,859 | 16,916 | - | - | 27,284 | 29,819 |
| 8. Pension plan contributions | 417 | 893 | 846 | - | - | 1,364 | 1,491 |
| 9. Other employee benefits | 2,808 | 6,341 | 5,636 | - | - | 9,159 | 10,591 |
| 10. Participant expense | - | 210 | 3,872 | 7,128 | 2,981 | 469 | 250 |
| 11. Space and related expense | 1,668 | 3,351 | 2,549 | 31 | 384 | 4,486 | 8,105 |
| 12. Travel expense | 1,015 | - | 124 | - | - | 1,195 | 625 |
| 13. Supplies expense | 3,049 | 1,034 | 1,222 | - | - | 1,455 | 1,519 |
| 14. Purchase services expense | - | - | - | - | - | 2,500 | - |
| Total Program Expenses | \$ 17,297 | \$ 29,688 | \$ 31,165 | \$ 7,159 | \$ 3,365 | \$ 47,912 | \$ 52,400 |
| Management and general expenses allocated to program | | | | | | | |
| 1. Compensation of current officers, directors, trustees, and key employees, allocated based on Indirect Cost Plan | \$ 99 | \$ 290 | \$ 278 | \$ 49 | \$ 34 | \$ 367 | \$ 500 |
| 2. Compensation not included above, to disqualified person, allocated based on Indirect Cost Plan | - | - | - | - | - | - | - |
| 3. Other salaries and wages, allocated based on rate | - | - | - | - | - | - | - |
| 4. Pension plan contributions, allocated based on rate | 5 | 14 | 14 | 2 | 2 | 18 | 25 |
| 5. Other employee benefits benefits, allocated based on rate | 35 | 101 | 97 | 17 | 12 | 128 | 175 |
| 6. Other cost | 1,177 | 2,573 | 2,210 | 507 | 289 | 3,938 | 4,541 |
| Total management and general expense allocated to program | \$ 1,316 | \$ 2,978 | \$ 2,599 | \$ 575 | \$ 337 | \$ 4,451 | \$ 5,241 |
| C. Less Program Revenue and other offset to cost | 1,150 | - | 500 | - | - | - | - |
| D. Total allowable cost before profit (for profit only) | \$ 17,463 | \$ 32,666 | \$ 33,264 | \$ 7,734 | \$ 3,702 | \$ 52,363 | \$ 57,641 |
| E. Allowable profit(for-profit only) | - | - | - | - | - | - | - |
| F. Total allowable cost | \$ 17,463 | \$ 32,666 | \$ 33,264 | \$ 7,734 | \$ 3,702 | \$ 52,363 | \$ 57,641 |