

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

Milwaukee, Wisconsin

Audited Financial Statements

**For the Year Ended
June 30, 2018**

**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, 2018, 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, 2018, 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 schedule of the Settlement of DHS Cost Reimbursement Award is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal, State and Local 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 December 14, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the UMOS' 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
December 14, 2018

United Migrant Opportunity Services/UMOS INC.
Statement of Financial Position
As of June 30, 2018

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 2,820,301
Investments in Marketable Securities	1,318,853
Accounts Receivable	84,947
Grants Receivable	2,689,321
Prepaid Expenses and Other Current Assets	185,258
Restricted Cash	887,111
Total Current Assets	<u>7,985,791</u>

Property and Equipment, Net	8,907,952
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Total Assets	<u><u>\$ 16,893,743</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Notes Payable - Current Portion	\$ 437,990
Accounts Payable and Other Liabilities	778,416
Accrued Payroll and Related Expenses	688,694
Unearned Revenue	91,357
Total Current Liabilities	<u>1,996,457</u>

UMOS 457 Executive Plan Payable	487,487
Long Term Notes Payable	3,563,165
Total Long Term Liabilities	<u>4,050,652</u>

Total Liabilities	<u>6,047,109</u>
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Total Net Assets - Unrestricted	10,846,634
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Total Liabilities and Net Assets	<u><u>\$ 16,893,743</u></u>
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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, 2018

Revenues	<u>Total</u>
Grants and Contracts	\$ 25,297,388
Program Income	237,399
Rental Income	823,499
Other Income	216,894
Total Revenues	<u>\$ 26,575,180</u>
 Expenses	
Program Services	
Employment & Training	\$ 12,712,971
Child Education	5,631,250
AIDS Programs	66,450
Homeless/Shelter/Food Programs	1,178,533
Community Based Programs	2,663,154
Housing Expenses	477,861
Supporting Services	
Supporting Services	2,204,523
Corporate Expenses	1,149,910
Total Expenses	<u>\$ 26,084,652</u>
 Change in Net Assets Before Accrued Vacation, and Federal Capital Additions	 490,528
 Federal Capital Additions and Accrued Vacation	 23,072
 Change in Net Assets Before Federal Depreciation	 <u>513,600</u>
 Federal Depreciation	 <u>180,919</u>
 Increase/(Decrease) in Net Assets	 332,681
 Net Assets, June 30, 2017	 <u>10,513,953</u>
 Net Assets, June 30, 2018	 <u>\$ 10,846,634</u>

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, 2018

Cash Flows from Operating Activities

Change in Net Assets \$ 332,681

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

Depreciation	662,948
Unrealized Net Gain in Market Value of Marketable Securities Investments	(68,323)
Federal Assets Purchased	(27,991)

Changes in Current Assets and Liabilities:

Decrease in Accounts Receivable	2,615
Increase in Grants Receivable	(274,630)
Decrease in Prepaid Expenses and Other Current Assets	59,749
Increase in Accounts Payable and Other Liabilities	38,501
Decrease in Accrued Payroll and Related Expenses	(26,483)
Decrease in Unearned Revenue	(120,738)
Net Cash Provided/(Used) by Operating Activities	\$ 578,329

Cash Flows from Investing Activities

Acquisition of Property and Equipment	(327,086)
Increase in Long Term Liability - UMOS 457 Executive Plan	34,234
Net Deposits to Restricted Cash	(32,224)
Net Cash Provided/(Used) by Investing Activities	\$ (325,076)

Cash Flows from Financing Activity

Payment on Notes Payable	(1,422,126)
Net Cash Provided/(Used) by Financing Activity	\$ (1,422,126)

Net Increase/(Decrease) in Cash and Cash Equivalents \$ (1,168,873)

Cash and Cash Equivalents, June 30, 2017 3,989,174

Cash and Cash Equivalents, June 30, 2018 **\$ 2,820,301**

Supplemental Schedule of Other Operating Activities

Interest Paid \$ 104,675

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

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

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 USDA receivables related to the housing centers, receivables from companies related to earned revenue from the Transitional Jobs grants, and other miscellaneous receivables from corporate tenants.

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, 2018

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 in advance 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 \$180,919. Depreciation expense for assets purchased with non-grant funds was \$482,029 for total depreciation of \$662,948.

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, 2018, UMOS had a net profit of \$40,995 that will be added to the prior year's loss, making the total carry forward net operating loss \$91,079. For the year ended June 30, 2018, the Wisconsin State carry forward loss amount is \$120,750, 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, 2018

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.

Indirect Cost Rates

UMOS does not elect to use the 10% de minimus cost rate. UMOS has a federally negotiated indirect cost rate that was approved with a four year extension. A predetermined rate is effective through June 30, 2019 and thereafter a provisional rate is in effect through June 30, 2022.

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 \$37,829 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, 2018

NOTE B – RESTRICTED CASH

UMOS' restricted cash accounts are as follows:

Housing Centers' Reserve Cash Accounts	\$399,624
UMOS' 457 Executive Plan	<u>487,487</u>
Total Restricted Cash	<u>\$ 887,111</u>

The U.S. Department of Agriculture notes payable provisions require UMOS to maintain reserve accounts until the balance reaches \$403,420. At June 30, 2018, its balance was \$399,624. The U.S. Department of Agriculture must consent and approve the use of these funds.

UMOS has an asset and corresponding liability related to its 457 Executive Plan with both having a balance of \$487,487. Refer to Note J for further information.

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, 2018

NOTE C – INVESTMENTS (continued)

UMOS' investments are reported at fair value using Level 1 inputs and consist of the following at June 30, 2018:

Marketable Securities Investments

Cash and Cash Equivalents	\$ 13,548
Mutual Funds	<u>1,305,305</u>
Total Marketable Securities Investments	<u>\$ 1,318,853</u>

Unrealized gain on these investments for the year ending June 30, 2018 was \$68,323. Interest income on restricted cash funds and cash and cash equivalents as of June 30, 2018 was \$13,640. Investment administrative fees are \$2,607.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

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, 2018**

Assets	
Current Assets	
Cash	\$ 31,957
Total Current Assets	<u>31,957</u>
Total Assets	<u>31,957</u>
Liabilities and Net Assets	
Total Net Assets-Unrestricted	<u>31,957</u>
Total Liabilities and Net Assets	<u>\$ 31,957</u>

**Workforce Resources, LLC
Income Statement
For the Year Ended June 30, 2018**

Total Revenues	\$ 3
Total Expenses	<u>-</u>
Increase in Net Assets	3
Net Assets, June 30, 2017	<u>31,954</u>
Net Assets, June 30, 2018	<u>\$ 31,957</u>

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE E – PROPERTY AND EQUIPMENT, NET

A summary of property and equipment as of June 30, 2018 is as follows. Federal fixed assets have a reversionary interest of \$6,855,867 less accumulated depreciation for a net value of \$1,809,813.

	<u>Non-Federal</u>	<u>Federal</u>	<u>Total</u>
Fixed Assets			
Construction in Progress	\$ 9,900	\$ 5,910	\$ 15,810
Land and Land Improvements	1,956,456	230,165	2,186,621
Buildings and Building Improvements	11,076,888	5,068,590	16,145,478
Equipment and Vehicles	<u>179,834</u>	<u>1,551,202</u>	<u>1,731,036</u>
Total Fixed Assets	13,223,078	6,855,867	20,078,945
Less: Accumulated Depreciation	<u>(6,124,939)</u>	<u>(5,046,054)</u>	<u>(11,170,993)</u>
Net Property and Equipment	<u>\$ 7,098,139</u>	<u>\$ 1,809,813</u>	<u>\$ 8,907,952</u>

NOTE F – NOTES PAYABLE

Notes Payable – The available bank line of credit at June 30, 2018 is \$500,000 bearing an interest rate of LIBOR spread of 2.0%. The line of credit balance was \$0 at June 30, 2018.

The amount of interest paid on the debt for the year ending June 30, 2018 was \$104,675. Long-term notes payable at June 30, 2018 consist of the following:

Note payable to U.S. Department of Agriculture due in annual payments of \$13,249, including interest of 1%, with all unpaid principal and interest due November 2031. The note is collateralized by the Aurora Housing Center.	\$ 139,940
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.	69,552
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.	140,845

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE F – NOTES PAYABLE (continued)

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.	174,686
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.	272,249
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>\$ 972,272</u>

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 proceeds used for purchase and renovation of its corporate offices and job center, with an interest rate based on the LIBOR index rate plus the applicable margin. Payments began on February 1, 2008 with scheduled maturity on June 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.

An additional principal payment was made with non-federal funds in the amount of \$1,007,050 during fiscal year 2018.

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 as calculated for the 12 months ended December 31, 2017 and thereafter on a trailing 12 month basis for each fiscal year beginning with the fiscal year ending June 30, 2018.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE F – NOTES PAYABLE (continued)

Total Revenue Bonds	<u>\$ 3,028,883</u>
TOTAL LONG-TERM NOTES PAYABLE	4,001,155
Less Current Portion	<u>437,990</u>
LONG-TERM NOTES PAYABLE	<u>\$ 3,563,165</u>

Principal payments due by year are as follows:

2019	\$ 437,990
2020	462,274
2021	488,025
2022	515,332
2023	544,291
2024-2039	<u>1,553,243</u>
	<u>\$ 4,001,155</u>

NOTE G – 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 \$2,408,506 at June 30, 2018.

In addition, as of June 30, 2018, UMOS has \$1,003,431 invested in money market accounts.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE H – OPERATING LEASES

UMOS leases various facilities and equipment for operation of its programs. Operating lease payments for the year ended June 30, 2018 were \$569,646. These payments include copier maintenance and overage charges for the year. Future minimum lease, maintenance and copier payments beyond June 30, 2018 are as follows:

Year Ending June 30,	
2019	\$ 345,282
2020	127,058
2021	84,837
2022	45,012
2023	26,758
2024	12,509
	<u>\$ 641,456</u>

NOTE I – RETIREMENT PLAN

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 \$448,503 and incurred plan expenses of \$8,784 for the year ended June 30, 2018.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE J - 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, 2018.
- 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, 2018, the 457 Plan balance was \$487,487, of which UMOS contributed \$40,917 during the fiscal year. This balance is classified as restricted cash, also refer to Note B.

NOTE K – 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 79% of grant and housing revenues are from government agencies.

NOTE L – CONTINGENT RECEIVABLE / PAYABLE

Various UMOS grants are subject to monitoring by the grantor upon termination of the grant. UMOS does not record potential or uncertain revenues or 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. There were no revenues or unallowed expenditures related to grantor monitoring during 2018.

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE M – 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, 2017	\$ -	\$ 9,105,548	\$ 525,980	\$ 2,429	\$ 249,680	\$ 240,861	\$ 389,455	\$ 10,513,953
Change in Net Assets Before Accrued Vacation, Federal Asset Purchased and Federal Depreciation	709,099	(210,353)	5,158	(47,073)	16,317	6,532	10,847	490,527
Change in vacation accrual during fiscal 2018	-	(4,918)	-	-	-	-	-	(4,918)
Federal Asset Purchased	-	5,910	-	22,081	-	-	-	27,991
Depreciation of property and equipment purchased with grant funds	-	(119,446)	(18,606)	(295)	(5,277)	(9,144)	(28,151)	(180,919)
Transfer to UMOS Non-Federal Fund	(709,099)	709,099	-	-	-	-	-	-
Net Assets, June 30, 2018	\$ -	\$ 9,485,840	\$ 512,532	\$ (22,858)	\$ 260,720	\$ 238,249	\$ 372,151	\$ 10,846,634

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE N - PARTICIPANT DIRECT PAYMENTS

The Wisconsin Department of Children and Families made W-2 participant workers compensation direct payments totaling \$39,852 on behalf of UMOS for the year ended June 30, 2018. 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, 2018.

NOTE O – 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 \$411,828 for the year ended June 30, 2018. 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 P – 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 Q – RECENTLY ISSUED ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard clarifies GAAP principles for revenue recognition. Under the standard, an entity is required to recognize revenue to the extent that it expects to receive economic consideration to in exchange for goods or services. ASU 2014-09 supersedes all previous GAAP guidance on revenue recognition. Entities will likely need to use more judgment in recognizing revenue and provide further related disclosures. The standard takes effect for years beginning after December 15, 2018, and must be applied retrospectively. The entity is currently evaluating the impact of ASU 2014-09 on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) to increase transparency regarding lease arrangements. The standard will require lessees to record a right-of-use asset and a corresponding lease liability on its Statement of Financial Position. Amounts in the Statement of Activities are largely unaffected by the new standard. The criteria and accounting for sales-type and direct financing leases will be changed, and the real-estate specific provisions that currently exist under U.S. GAAP will be eliminated. The ASU takes effect for

United Migrant Opportunity Services/UMOS INC.

Notes to Financial Statements
June 30, 2018

NOTE Q – RECENTLY ISSUED ACCOUNTING STANDARDS (continued)

years beginning after December 15, 2019. The entity is currently evaluating the impact of ASU 2016-02 on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This standard aims to improve the usefulness of financial information from Not-for-Profit entities, especially in relation to liquidity, financial performance, and cash flow reporting. The guidance also simplifies the presentation of net assets on the face of the financial statements. This standard is effective for years beginning after December 15, 2017. The entity is currently evaluating the impact of ASU 2016-14 on its financial statements.

NOTE R – SUBSEQUENT EVENT

UMOS has evaluated subsequent events through December 14, 2018 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, 2018

Grantor Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	Contract Period		Pass Through Agency	Passed Through Pass Through Agency ID	Passed Through to Subrecipients	Total Expenditures
U.S Department of Agriculture							
CACFP	10.558	07/01/2016	06/30/2017	MO Dept of Health & Senior Serv.	ERS4611152		\$ 12,622
CACFP	10.558	07/01/2016	06/30/2017	DPI	70-6817		<u>70,832</u>
Total 10.558							83,454
Rural Rental Assistance	10.427	07/01/2017	06/30/2018	US Dept Agriculture	N/A		<u>337,922</u>
Total 10.427							337,922
Farm Labor Housing Loans	10.405	07/01/2017	06/30/2018	US Dept Agriculture	N/A		<u>848,330</u>
Total 10.405							848,330
Child Nutrition Cluster							
SFSP	10.559	07/01/2016	06/30/2017	DPI	70-6817		<u>5,981</u>
Total 10.559							5,981
SNAP Cluster							
Supplemental Nutrition Assistance Program	10.561	07/01/2017	09/30/2017	Careersource South Florida	N/A		<u>7,365</u>
Total 10.561							7,365
Total U.S Department of Agriculture							<u><u>1,283,052</u></u>
U.S Department of Housing and Urban Development							
CDBG-Entitlement Grants Cluster							
CDBG-Entitlement Grant	14.218	01/01/2017	12/31/2018	City of Milwaukee	C15117B251		<u>107,661</u>
Total 14.218							107,661
Total U.S Department of Housing and Urban Development							<u><u>107,661</u></u>
U.S Department of Justice							
US DOJ OVW CLSSP PROJECT BUTTERFLY	16.016	10/01/2015	01/30/2018	US Dept Justice	2015-UW-AX-0008		<u>66,836</u>
Total 16.016							66,836
HUMAN TRAFFICKING SOJOURNER	16.320	10/01/2016	09/30/2018	Sojourner Family Peace	N/A		<u>43,387</u>
Total 16.320							43,387

See accompanying notes to the Schedule of Expenditures of Federal, State and Local Awards.

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2018

Grantor Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	Contract Period		Pass Through Agency	Passed Through Pass Through Agency ID	Passed Through to Subrecipients	Total Expenditures
U.S Department of Justice (continued)							
VOCA	16.575	10/01/2016	09/30/2017	WI Dept Justice	2015-VO-01-12015		27,066
VOCA	16.575	10/01/2017	09/30/2018	WI Dept Justice	2016-VA-GX-0065		96,237
Total 16.575							123,303
OJA VIOLENCE AGAINST WOMEN	16.588	10/01/2016	09/30/2017	WI Dept Justice	2016-VA-05D-12112		20,091
OJA VIOLENCE AGAINST WOMEN	16.588	01/01/2018	12/31/2018	WI Dept Justice	2017-VA-05D-12652		25,261
Total 16.588							45,352
TRANSITIONAL HOUSING	16.736	10/01/2016	09/30/2019	US Dept Justice	2016-WH-AX-0041		86,923
Total 16.736							86,923
Total U.S Department of Justice							365,801
U.S Department of Labor							
WIOA Cluster							
UNEMPLOYMENT COMPENSATION - FLORI	17.258	07/01/2017	09/30/2017	Careersource South Florida	N/A		332
REEMPLOYMENT ASSESSMENT - FLORIDA	17.258	07/01/2017	09/30/2017	Careersource South Florida	N/A		2,741
MILW WORKFORCE DEV - WIA	17.258	07/01/2016	06/30/2017	MAWIB	U001-WIOAATUMOS-151-17-8110-41		3,352
Total 17.258							6,425
WIA YOUTH	17.259	10/01/2016	06/30/2017	MAWIB	U001-WIOAOSYUMOS-140-17-8110-41		3,715
Total 17.259							3,715
WIOA DISLOCATED WORKER - FLORIDA	17.278	07/01/2017	09/30/2017	Careersource South Florida	N/A		2,579
Total 17.278							2,579
Total WIOA Cluster							12,719
WIOA FARM WORKER - WI	17.264	07/01/2017	06/30/2018	US Dept Labor	AC-30335-17-60-A-55		707,613
WIOA FARM WORKER - MISSOURI	17.264	07/01/2017	06/30/2018	US Dept Labor	AC-30334-17-60-A-55		776,947
WIOA ADULT - FLORIDA	17.264	07/01/2017	09/30/2017	Careersource South Florida	N/A		234,273
WIOA FARM WORKER - WI	17.264	07/01/2016	06/30/2017	US Dept Labor	AC-29526-16-60-A-55		247,474
WIOA FARM WORKER - MISSOURI	17.264	07/01/2016	06/30/2017	US Dept Labor	AC-29510-16-60-A-55		59,852
MIGRANT SEASONAL FARMWORKER	17.264	07/01/2017	06/30/2018	US Dept Labor	MH-30330-17-60-A-55		365,729
MIGRANT SEASONAL FARMWORKER	17.264	07/01/2016	06/30/2017	US Dept Labor	MH-29484-16-60-A-55		50,195
Total 17.264							2,442,083

See accompanying notes to the Schedule of Expenditures of Federal, State and Local Awards.

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2018

Grantor Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	Contract Period		Pass Through Agency	Passed Through Pass Through Agency ID	Passed Through to Subrecipients	Total Expenditures
U.S Department of Labor (continued)							
TechHire Eastern WI	17.268	07/01/2016	06/30/2020	US Dept Labor	HG-29367-16-60A-55	123,647	640,517
Total 17.268						123,647	640,517
Total U.S Department of Labor						123,647	3,095,319
U.S Department of Education							
MPS COMMUNITY LEARNING CENTERS	84.287	08/08/2017	06/10/2018	MPS	CO26662		19,763
MPS CLC SUMMER PROGRAM	84.287	06/17/2017	08/05/2017	MPS	CO26304		44,000
MPS CLC SUMMER PROGRAM	84.287	06/17/2018	08/05/2018	MPS	N/A		165,626
Total 84.287							229,389
Total U.S Department of Education						229,389	229,389
U.S Department of Health and Human Services							
TEEN PREGNANCY PREV UNITED WAY	93.297	07/01/2017	06/30/2018	United Way	N/A		44,183
TEEN PREGNANCY PREV UNITED WAY	93.297	07/01/2016	06/30/2017	United Way	N/A		(668)
Total 93.297							43,515
TANF Cluster							
W-2 SOUTHEASTERN REGION	93.558	01/01/2018	12/31/2018	WI DCF	437001-M15-CFB0144-R01		543,117
W-2 SOUTHERN REGION	93.558	01/01/2017	12/31/2017	WI DCF	437001-M15-CFB0144-R01-06		1,255,156
EMERGENCY ASSISTANCE PAYMENTS	93.558	07/01/2017	06/30/2018	WI DCF	437001-M15-CFB0144-R01		876,130
W-2 TRIAL EMPLOYMENT MATCH DCF	93.558	01/01/2018	12/31/2018	WI DCF	437001-M15-CFB0144-R01		21,459
W-2 TRIAL EMPLOYMENT MATCH DCF	93.558	01/01/2017	12/31/2017	WI DCF	437001-M15-CFB0144-R01-06		705
TANF SOUTH FLORIDA	93.558	07/01/2017	09/30/2017	Careersource South Florida	N/A		2,688
MIGRANT DAY CARE	93.558	01/01/2018	12/31/2018	WI DCF	437001-G15-CFE0448-R01-01		124,538
MIGRANT DAY CARE	93.558	01/01/2017	12/31/2017	WI DCF	437001-G15-CFE0448-R01-01		349,286
TRANSITIONAL JOBS NorthEast	93.558	07/01/2016	12/31/2019	WI DCF	437004-G16-0000742-000-03		333,082
TRANSITIONAL JOBS SouthEast	93.558	07/01/2016	12/31/2019	WI DCF	437004-G16-0000742-000-02		193,658
TRANSFORM MILWAUKEE	93.558	01/01/2015	06/30/2017	WI DCF	437001-G15-CFD0356-R01-02		(736)
TRANSFORM MILWAUKEE	93.558	01/01/2017	12/31/2017	WI DCF	437004-G16-0000742-000-02		3,264,494
TRANSFORM MILWAUKEE	93.558	01/01/2018	12/31/2018	WI DCF	437001-G15-CFD0356-R02-02		1,836,701
VOCATIONAL ASSESSEMENT	93.558	01/01/2018	12/31/2018	WI DCF	437001-M15-CFB0144-R01		2,750
VOCATIONAL TRAINING	93.558	01/01/2018	12/31/2018	WI DCF	437001-G15-CFD0356-R01-02		38,885
TRANSITIONAL JOBS EDUCATION	93.558	01/01/2017	12/31/2017	WI DCF	437001-M15-CFB0144-R01-06		166,448
TRANSITIONAL JOBS MILWAUKEE INITIATIVE	93.558	01/01/2016	06/30/2017	WI DCF	437001-G15-CFD0356-R01-02		(3,925)
Total 93.558 TANF Cluster							9,004,436

See accompanying notes to the Schedule of Expenditures of Federal, State and Local Awards.

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2018

Grantor Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	Contract Period		Pass Through Agency	Passed Through Pass Through Agency ID	Passed Through to Subrecipients	Total Expenditures
U.S Department of Health and Human Services (continued)							
REFUGEE ASSISTANCE	93.566	07/01/2017	06/30/2018	WI DCF	437001-M15-CFB0144-R01		384,307
Total 93.566							384,307
MILWAUKEE CO ENERGY ASSISTANCE	93.568	10/01/2016	09/30/2017	County of Milwaukee	40-17822-300		224,948
MILWAUKEE CO ENERGY ASSISTANCE	93.568	10/01/2017	09/30/2018	County of Milwaukee	40-18822-300		737,559
KENOSHA ENERGY ASSISTANCE	93.568	10/01/2017	09/30/2018	Kenosha DHSS	DWD-UMOS-WHEAP-17-18		282,959
KENOSHA ENERGY ASSISTANCE	93.568	10/01/2016	09/30/2017	Kenosha DHSS	DWD-UMOS-WHEAP-16-17		88,758
Total 93.568							1,334,224
COMPREHENSIVE CRISIS RELIEF	93.569	01/01/2017	12/31/2017	WI DCF	437004-G17-0000940-16		205,202
COMPREHENSIVE CRISIS RELIEF	93.569	01/01/2018	12/31/2018	WI DCF	437004-G18-0001160-16		127,441
Total 93.569							332,643
CCDF Cluster							
W-2 CONTRACTED CHILD CARE	93.596	01/01/2018	12/31/2018	WI DCF	437001-M15-CFB0144-R01		248,136
W-2 CONTRACTED CHILD CARE	93.596	01/01/2017	12/31/2017	WI DCF	437001-M15-CFB0144-R01-06		213,937
Total 93.596 CCDF Cluster							462,073
HUMAN TRAFFICKING MISSOURI	93.598	07/01/2016	06/30/2017	Inter Inst St Louis	90ZV0109-02-00		(202)
HUMAN TRAFFICKING WISCONSIN	93.598	09/30/2017	09/28/2018	US DHSS	90ZV0129-01-00		81,474
HUMAN TRAFFICKING WISCONSIN	93.598	07/01/2016	06/30/2017	US DHSS	90ZV0107-03-00		1,934
Total 93.598							83,206
MIGRANT HEAD START GRANTEE	93.600	04/01/2018	03/31/2019	US DHSS	90CM9814-05-00		794,921
MIGRANT HEAD START GRANTEE	93.600	04/01/2017	03/31/2018	US DHSS	90CM9814-04-00		2,149,556
MIGRANT HEAD START DISTRICT 6	93.600	04/01/2018	03/31/2019	US DHSS	90CM009824-01-00		500,571
MIGRANT HEAD START INTERM GRANTEE	93.600	02/01/2017	03/31/2018	US DHSS	90CM009823-01-00		1,386,869
Total 93.600							4,831,917
DOM. ABUSE IMMIGRANT/REFUGEE	93.671	01/01/2017	12/31/2017	WI DCF	437001-G15-CFE0477-RO2-02		38,123
DOMESTIC ABUSE	93.671	06/02/2017	06/30/2018	End Abuse	201719 Prevention Project 2017-18		72,688
DOMESTIC VIOLENCE PREV END ABUSE	93.671	07/02/2018	06/30/2019	End Abuse	WAITING FOR CONTRACT		500
DOM. ABUSE IMMIGRANT/REFUGEE	93.671	01/01/2018	12/31/2018	WI DCF	437001-G15-CFE0477-RO3-02		21,905
Total 93.671							133,216
HIV PREVENTION TARGETED	93.940	01/01/2017	12/31/2017	WI Dept Health	36209		27,324
HIV PREVENTION TARGETED	93.940	01/01/2018	12/31/2018	WI Dept Health	435100-G-18-10537-112615-890		45,844
Total 93.940							73,168
Total U.S Department of Health and Human Services							16,682,705
Total Expenditures of Federal Programs						123,647	21,763,927

See accompanying notes to the Schedule of Expenditures of Federal, State and Local Awards.

United Migrant Opportunity Services/UMOS Inc.
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2018

Grantor Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	Contract Period		Pass Through Agency	Passed Through Pass Through Agency ID	Passed Through to Subrecipients	Total Expenditures
State and Local Programs							
WDPI HEAD START-PLYMOUTH	N/A	07/01/2017	06/01/2018	WI DPI	18-706817 Head Start-399		64,439
WE ENERGIES LOW INCOME ENERGY PILOT	N/A	01/01/2016	12/31/2017	WE Energies	4700004511		206,568
WE ENERGIES LOW INCOME ENERGY PILOT	N/A	01/01/2018	12/31/2018	WE Energies	N/A		40,424
DOM. ABUSE IMMIGRANT/REFUGEE	N/A	01/01/2017	12/31/2017	WI DCF	437001-G15-CFE0477-RO2-02		9,531
DOM. ABUSE IMMIGRANT/REFUGEE	N/A	01/01/2018	12/31/2018	WI DCF	437001-G15-CFE0477-RO3-02		5,476
W-2 SOUTHEASTERN REGION	N/A	01/01/2018	12/31/2018	WI DCF	437001-M15-CFB0144-R01		1,506,286
W-2 SOUTHERN REGION	N/A	01/01/2017	12/31/2017	WI DCF	437001-M15-CFB0144-R01-06		2,135,484
GREATER MILWAUKEE FOUNDATION	N/A	01/01/2018	03/31/2018	Greater Milwaukee F.	20172443		6,000
SEXUAL ASSAULT SERVICES	N/A	01/01/2017	12/31/2017	WI Dept Justice	2017/18-SV-01-12163		18,230
SEXUAL ASSAULT SERVICES	N/A	01/01/2018	12/31/2018	WI Dept Justice	2018/19-52100/SV-01-12666		17,996
WIS TOBACCO CNTRL	N/A	1/01/2017	12/31/2017	WI Dept Health	07/29/1998		57,444
WIS TOBACCO CNTRL	N/A	1/01/2018	12/31/2018	WI Dept Health	N/A		58,174
DOMESTIC VIOLENCE UNDER SERVED	N/A	07/01/2016	12/31/2017	WI DCF	437003-G16-0000844-000-09		44,146
DOMESTIC VIOLENCE UNDER SERVED	N/A	01/01/2018	12/31/2018	WI DCF	437003-G16-0000844-R01-09		31,134
DOMESTIC VIOLENCE CHILDRENS PROG	N/A	07/01/2016	12/31/2017	WI DCF	437001-G16-0000729-000-47		24,774
DOMESTIC VIOLENCE CHILDRENS PROG	N/A	01/01/2018	12/31/2018	WI DCF	437001-G16-0000729-R01-47		12,801
UNITED WAY HUMAN TRAFFICKING	N/A	07/01/2017	06/30/2018	United Way	N/A		49,175
UNITED WAY HEALTHY GIRLS INITIATIVE	N/A	07/01/2016	06/30/2017	United Way	N/A		(760)
UNITED WAY HEALTHY GIRLS INITIATIVE	N/A	07/01/2017	06/30/2018	United Way	N/A		30,310
MI ARCOS IRIS CHILDREN LATINA RESOURC	N/A	01/01/2018	12/31/2018	WI DCF	437003-G17-0000889-R01-03		27,352
MI ARCOS IRIS CHILDREN LATINA RESOURC	N/A	01/01/2017	12/31/2017	WI DCF	437003-G17-0000889-000-03		29,869
GED NORTHWESTERN FOUNDATION	N/A	07/01/2013	06/30/2017	Northwestern	N/A		20,593
Total State and Local Programs							4,395,446
Total Expenditures of Federal, State and Local Programs						\$ 123,647	\$ 26,159,373

See accompanying notes to the Schedule of Expenditures of Federal, State and Local Awards.

United Migrant Opportunity Services/UMOS INC.

**Notes to the Schedule of Expenditures of Federal, State and Local Awards
June 30, 2018**

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 governments for the year ended June 30, 2018. 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 \$39,852 on behalf of UMOS for the year ended June 30, 2018. 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, 2018.

NOTE 4 – INDIRECT COST RATE

UMOS uses their approved Federal Indirect Cost Rate.

NOTE 5 – FEDERAL LOANS

UMOS was approved by the USDA Rural Development to receive loans for their housing developments totaling \$848,330. The amounts listed for these loans includes the proceeds used during the year and the outstanding loan balances from prior year. The current loan balances are also reported on UMOS' Statement of Financial Position – Liability section.

United Migrant Opportunity Services/UMOS INC.

**Notes to the Schedule of Expenditures of Federal, State and Local Awards
June 30, 2018**

NOTE 5 – FEDERAL LOANS (continued)

Balances as of June 30,	<u>2017</u>	<u>2018</u>
Aurora	\$ 151,721	\$ 139,940
Beaver Dam	152,477	140,845
Claremont	184,516	174,686
Jefferson	283,641	272,249
Montello	<u>75,975</u>	<u>69,552</u>
	<u>\$ 848,330</u>	<u>\$ 797,272</u>



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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, 2018, 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 December 14, 2018.

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.

Board of Directors
United Migrant Opportunity Services/UMOS INC.

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

Andrea & Orendorff LLP
Kenosha, Wisconsin
December 14, 2018



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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, 2018. 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, 2018.

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 a 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 & Orendorff LLP
Kenosha, Wisconsin
December 14, 2018

United Migrant Opportunity Services/UMOS INC.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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 2 CFR section 200.516(a):	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.405	Farm Labor Housing Loans
	TANF Cluster
93.558	Temporary Assistance for Needy Families
93.569	Community Service Block Grant

United Migrant Opportunity Services/UMOS INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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.

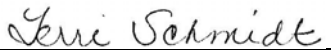
Section IV – Other Issues

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
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Does the audit report show audit issues related to grants/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> :	
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
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Name and signature of partner



Terri Schmidt, CPA

Date of Report

December 14, 2018

Supplementary Information

United Migrant Opportunity Services/UMOS, INC.
Settlement of DHS Cost Reimbursement Award
For the Year Ending June 30, 2018

DHS identification number	155958	155958	181015	181015
Award Name	HIV Prevention	HIV Targeted	WI Tobacco	WI Tobacco
Award Amount	104,204	65,000	113,038	116,400
Award Period	1/1/18-12/31/18	1/1/17-12/31/17	1/1/17-12/31/17	1/1/18-12/31/18
Period of the award within audit period	<u>1/1/18-06/30/18</u>	<u>7/1/17-12/31/17</u>	<u>7/1/17-12/31/17</u>	<u>1/1/18-06/30/18</u>
A. Expenditures reported to DHS for payment	\$ 45,844	\$ 27,754	\$ 57,497	\$ 57,983
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	24,716	15,974	30,838	30,222
8. Pension plan contributions	1,236	799	1,542	1,511
9. Other employee benefits	8,688	5,471	10,604	10,570
10. Participant expense	959	1,131	-	484
11. Space and related expense	3,572	652	4,497	4,546
12. Travel expense	83	275	617	515
13. Supplies expense	1,729	537	1,123	1,366
14. Purchase services expense	628	-	3,000	3,620
Total Program Expenses	<u>\$ 41,611</u>	<u>\$ 24,839</u>	<u>\$ 52,221</u>	<u>\$ 52,834</u>
Management and general expenses allocated to program				
1. Compensation of current officers, directors, trustees, and key employees, allocated based on Indirect Cost Plan	\$ 397	\$ 148	\$ 421	\$ 513
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	20	7	21	26
5. Other employee benefits benefits, allocated based on rate	139	52	147	179
6. Other cost	3,677	2,277	4,633	4,622
Total management and general expense allocated to program	<u>\$ 4,233</u>	<u>\$ 2,484</u>	<u>\$ 5,222</u>	<u>\$ 5,340</u>
C. Less Program Revenue and other offset to cost	-	-	-	-
D. Total allowable cost before profit (for profit only)	<u>\$ 45,844</u>	<u>\$ 27,323</u>	<u>\$ 57,443</u>	<u>\$ 58,174</u>
E. Allowable profit(for-profit only)	-	-	-	-
F. Total allowable cost	<u><u>\$ 45,844</u></u>	<u><u>\$ 27,323</u></u>	<u><u>\$ 57,443</u></u>	<u><u>\$ 58,174</u></u>