

**Dane County Parent Council, Inc.**  
**d/b/a Reach Dane**

Madison, Wisconsin

Financial Statements and Supplementary Information  
Year Ended December 31, 2018

# Dane County Parent Council, Inc. d/b/a Reach Dane

Financial Statements and Supplementary Information  
Year Ended December 31, 2018

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## **Independent Auditor's Report**

Board of Directors  
Dane County Parent Council, Inc. d/b/a Reach Dane  
Madison, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Dane County Parent Council, Inc. d/b/a Reach Dane (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 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 Dane County Parent Council, Inc. d/b/a Reach Dane as of December 31, 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.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, Dane County Parent Council, Inc. d/b/a Reach Dane adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended December 31, 2018.

## Other Matters

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity, Schedules A-1 to A-3, schedule of expenditures of federal and state awards, Schedule B, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are 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. 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 July 4, 2019, on our consideration of Dane County Parent Council, Inc. d/b/a Reach Dane's internal control over financial reporting and 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 Dane County Parent Council, Inc. d/b/a Reach Dane's 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 Dane County Parent Council, Inc. d/b/a Reach Dane's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

July 4, 2019

Madison, Wisconsin

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Statement of Financial Position December 31, 2018

<i>Assets</i>	
Current assets:	
Cash	\$ 385,121
Grants receivable	333,588
Contract and other receivables	121,992
Accounts receivable	43,749
Other assets	23,379
<hr/>	
Total current assets	907,829
<hr/>	
Property and equipment, net	3,693,331
<hr/>	
<b>TOTAL ASSETS</b>	<b>\$ 4,601,160</b>
<hr/> <hr/>	
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Current portion of mortgages payable	\$ 64,507
Current portion of capital lease obligation	13,711
Accounts payable	159,546
Accrued payroll and related expenses	220,199
Accrued vacation and personal leave	259,497
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Total current liabilities	717,460
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Long-term liabilities:	
Mortgages payable	455,555
Capital lease obligation	912,289
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Total long-term liabilities	1,367,844
<hr/>	
Total liabilities	2,085,304
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Net assets:	
Without donor restrictions	2,402,673
With donor restrictions	113,183
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Total net assets	2,515,856
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,601,160</b>
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# Dane County Parent Council, Inc. d/b/a Reach Dane

Statement of Activities  
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 11,055,333	\$ 32,677	\$ 11,088,010
Donations	39,221	1,858	41,079
Child care fees	2,440,520	0	2,440,520
United Way revenue	11,983	13,272	25,255
Interest income	2,093	0	2,093
Other contract revenue - 4K	962,396	0	962,396
Other contract revenue	20,298	0	20,298
Miscellaneous income	203,432	0	203,432
In-kind contributions	309,225	0	309,225
<b>Total revenue</b>	<b>15,044,501</b>	<b>47,807</b>	<b>15,092,308</b>
Expenses:			
Program activity:			
Child education	10,871,796	0	10,871,796
Child care activities	2,540,777	0	2,540,777
Child improvement programs	304,172	0	304,172
Food programs	460,493	0	460,493
Corporate initiatives	230,336	0	230,336
<b>Total program activity</b>	<b>14,407,574</b>	<b>0</b>	<b>14,407,574</b>
Supporting services:			
Management and general	1,042,730	0	1,042,730
Fund-raising	12,553	0	12,553
<b>Total supporting services</b>	<b>1,055,283</b>	<b>0</b>	<b>1,055,283</b>
<b>Total expenses</b>	<b>15,462,857</b>	<b>0</b>	<b>15,462,857</b>
Change in net assets	(418,356)	47,807	(370,549)
Net assets - Beginning of the year	2,821,029	65,376	2,886,405
<b>Net assets - End of the year</b>	<b>\$ 2,402,673</b>	<b>\$ 113,183</b>	<b>\$ 2,515,856</b>

See accompanying notes to financial statements.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Statement of Functional Expenses Year Ended December 31, 2018

	Child Education	Child Care Activities	Child Improvement Programs	Food Programs	Corporate Initiatives	Total Program Activity	Management and General	Fund-raising	Total Expenses
Salaries and wages	\$ 5,577,413	\$ 1,429,395	\$ 130,755	\$ 116,934	\$ 114,846	\$ 7,369,343	\$ 667,032	\$ 12,553	\$ 8,048,928
Fringe benefits	2,036,648	524,494	57,050	56,227	41,366	2,715,785	182,255	0	2,898,040
Contractual and consultants	1,206,664	101,769	13,939	0	32,715	1,355,087	93,701	0	1,448,788
Occupancy	394,662	243,709	50,137	0	(14,186)	674,322	19,643	0	693,965
Transportation expense	464,984	19,121	2,332	0	10,177	496,614	2,793	0	499,407
Supplies/food	171,155	76,830	21,579	287,332	24,249	581,145	25,892	0	607,037
Depreciation and amortization expense	348,260	0	0	0	0	348,260	8,400	0	356,660
Other-child care support	362,785	145,459	28,380	0	21,169	557,793	43,014	0	600,807
In-kind expenses	309,225	0	0	0	0	309,225	0	0	309,225
<b>Total Expenses</b>	<b>\$ 10,871,796</b>	<b>\$ 2,540,777</b>	<b>\$ 304,172</b>	<b>\$ 460,493</b>	<b>\$ 230,336</b>	<b>\$ 14,407,574</b>	<b>\$ 1,042,730</b>	<b>\$ 12,553</b>	<b>\$ 15,462,857</b>

See accompanying notes to financial statements.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Statement of Cash Flows Year Ended December 31, 2018

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Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets (\$ 370,549)

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Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

Depreciation and amortization expense 356,660

Changes in operating assets and liabilities:

Grants receivable 28,817

Contract and other receivables 88,170

Accounts receivable (4,433)

Other assets (14,917)

Accounts payable 70,757

Accrued payroll and related expenses 16,858

Accrued vacation and personal leave (7,829)

Unearned contract revenue (804)

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Net cash provided by operating activities 162,730

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Cash flows from investing activities:

Capital expenditures (159,530)

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Net cash used in investing activities (159,530)

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Cash flows from financing activities:

Principal payments on mortgages payable (58,104)

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Net cash used in financing activities (58,104)

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Change in cash (54,904)

Cash - Beginning of the year 440,025

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Cash - End of the year \$ 385,121

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### Supplemental schedule of noncash and financing activities:

Interest paid and expensed \$ 28,000

Capital lease obligation incurred to lease equipment 926,000



# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

#### **Nature of Operations**

Dane County Parent Council, Inc. d/b/a Reach Dane (the “Organization”) was organized as a nonprofit corporation in 1969. The Organization was formed to engage in, coordinate, and sponsor educational and related programs and services for children and their families in Dane and Green Counties. The Organization is primarily supported through federal and state government grants. The Organization receives approximately 75% of its revenue (exclusive of in-kind) from federal and state Head Start and Early Head Start grants.

#### **Basis of Presentation**

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### **Classification of Net Assets**

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Use of Estimates**

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

#### **In-Kind Contributions**

The Organization has recorded in-kind contributions for space, supplies and professional services in the statement of activities in accordance with financial accounting standards. These accounting standards require that only contributions of services received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of these financial standards are different than the in-kind requirements of the Organization’s grant awards. The Organization received contributions of nonprofessional volunteers and other grant match during the year with a value of \$2,341,312 for its Head Start program which are not recorded in the statement of activities. The Organization received contributions of professional volunteers during the year with a value of \$210,141 and space and supplies of \$99,084 for its Head Start program.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions assets are reclassified as net assets without donor restriction and reported in the statement of activities as released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Child care fees and contract revenue are recognized as revenue when earned. Child care fees received in advance of services provided are recorded as unearned contract revenue until earned.

Grants are either recorded as contributions or exchange transaction based on criteria contained in the grant award.

#### **A. Grant Awards That Are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

#### **B. Grant Awards That Are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized as other income in the period the service is performed.

#### **Contract and Other Receivables**

Contract and other receivables consist primarily of 4K contract receivables. The receivables are due from various school districts through South Central Wisconsin. The Organization considers the contract and other receivables to be fully collectible. Accordingly, no allowance for doubtful contract and other receivables is recorded.

Accounts receivable consist primarily of child care fee receivables. The receivables are due primarily from Wisconsin Shares Child Care Subsidy program. The Organization considers the accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts receivable is recorded.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Property and Equipment**

Property and equipment purchased are capitalized at cost and depreciated using the straight-line method over the estimated useful life of the asset. The Organization considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment. Leasehold improvements are amortized over the shorter of the useful life of the assets or the lease term. Amortization expense for the leasehold improvements is included in depreciation and amortization expense in the statement of functional expenses.

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were 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 net book proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment paid for with grant funds at December 31, 2018, was \$1,995,399.

#### **Capital Lease Obligation**

The Organization leases a building that qualifies as a capital lease. The capital lease building and capital lease obligation are recorded at the present value of the minimum lease payments, less amounts representing interest. The capital lease building is amortized over its estimated useful life and is computed using the straight-line method.

#### **Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Functional Allocation of Costs**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

#### **Change in Accounting Policy**

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective January 1, 2018.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **New Accounting Pronouncements**

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASU Topic 606.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organization is currently evaluating the impact of the provisions of ASU Topic 842.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider. Early application of the amendments in this update is permitted. The Organization is still evaluating the impact of the provisions of ASU Topic 958.

#### **Subsequent Events**

In 2019, the Organization received additional funding of \$5,244,239 from the U.S. Department of Health and Human Services to construct and operate a new facility in South Madison. Subsequent events have been evaluated through July 4, 2019, which is the date the financial statements were available to be issued.

### **Note 2: Concentration of Credit Risk**

The Organization maintains its cash balances in three financial institutions. Balances in the bank accounts are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. The Organization maintains an Insured Cash Sweep (ICS)/Certificate of Deposit Account Registry Service (CDARS) sweep account to provide full FDIC insurance of all cash balances.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### Note 3: Grants Receivable

The grants receivable balance represents amounts due from the various funding sources as follows:

Direct federal programs	\$ 87,672
State programs	186,054
Other programs	59,862
<u>Total</u>	<u>\$ 333,588</u>

### Note 4: Property and Equipment

A summary of property and equipment is as follows:

Land	\$ 435,500
Buildings and building improvements	5,620,404
Equipment	2,640,505
Construction in progress – Milwaukee Street renovations	77,337
Subtotal	8,773,746
Accumulated depreciation and amortization	( 5,080,415)
<u>Property and equipment, net</u>	<u>\$ 3,693,331</u>

### Note 5: Mortgages Payable

The mortgages payable consists of the following:

Mortgage payable at 5.35% annual interest with monthly payments of \$4,024; the mortgage is due May 2, 2021, and is collateralized by real estate.	\$ 248,551
Mortgage payable at 5.35% interest with monthly payments of \$2,555; the mortgage is due May 2, 2021, and is collateralized by real estate.	260,052
Mortgage payable to the City of Madison at 2.00% interest with monthly payments of \$965; the note is due December 1, 2019 and is collateralized by real estate.	11,459
Total mortgages payable	520,062
Less - Current maturities	64,507
<u>Mortgages payable - Long-term</u>	<u>\$ 455,555</u>

Future maturities are as follows:

2019	64,507
2020	55,957
2021	399,598
<u>Total</u>	<u>\$ 520,062</u>

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### Note 5: Mortgages Payable (Continued)

The Organization has a \$150,000 line of credit with Oak Bank in Fitchburg, Wisconsin at prime plus 1.0% interest. As of December 31, 2018, the Organization has not drawn on the line of credit. Maturity date was July 2, 2019. The line of credit is secured by rents and leases on 315 Mandt Parkway, Stoughton, Wisconsin.

### Note 6: Capital Lease

The Organization entered into a capital lease for a building. The obligation under the capital lease is as follows:

Total minimum lease payments	\$ 1,802,421
Amount representing interest	( 876,421)
Present value of net minimum lease payments	926,000
Current portion of capital lease obligation	( 13,711)
<u>Long-term portion</u>	<u>\$ 912,289</u>

Aggregate annual payments on the capital lease obligation at December 31, 2018, are:

2019	\$ 13,711
2020	9,473
2021	9,508
2022	12,434
2023	15,617
Thereafter	865,257
<u>Total</u>	<u>\$ 926,000</u>

Property and equipment include the following under the capital lease at December 31:

Property and equipment	\$ 926,000
Less: accumulated amortization	( 0)
<u>Total</u>	<u>\$ 926,000</u>

### Note 7: Retirement Plan

The Organization has a defined contribution retirement plan. The plan is open to all employees who have been employed by the Organization for two years and work 20 hours or more a week. The plan requires a 4% wage contribution from the employer if the employee contributes a minimum of 1% of earnings. Employees are fully and immediately vested after contributions are made to the plan. The employer contribution to the retirement plan in 2018 was \$230,677.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### Note 8: Operating Leases

The Organization leases various sites and office space under operating leases. Rent expense in 2018 was \$509,738. Future minimum lease payments on leases having terms beyond one year are as follows:

2019	\$ 370,549
2020	218,571
2021	222,043
2022	184,320
2023	145,843
Thereafter	85,756
<u>Total</u>	<u>\$ 1,227,082</u>

### Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following activities at December 31, 2018:

Hope House	\$ 15,058
Rennebohm NECZ	52,870
Homeless Case Management	14,151
United Way Bridges for Education	19,648
Anonymous	11,456
<u>Totals</u>	<u>\$ 113,183</u>

### Note 10: Grant Awards

At December 31, 2018, the Organization had received commitments for future funding under various grants of approximately \$1,103,000. The commitments are not recognized in the accompanying financial statements as receivables and revenue as they are conditional awards.

### Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of December 31, 2018:

Cash	\$ 385,121
<u>Grants, contract and accounts receivable, to be collected in less than one year</u>	<u>499,329</u>
Subtotal financial assets	884,450
Less: Accounts payable	( 159,546)
Less: Accrued payroll and related expenses	( 220,199)
Less: Accrued vacation and personal leave	( 259,497)
<u>Less: Net assets with donor restrictions included in cash and cash equivalents</u>	<u>( 113,183)</u>
<u>Total financial assets available</u>	<u>\$ 132,025</u>

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Notes to Financial Statements

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### **Note 11: Liquidity and Availability (Continued)**

The Organization does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash for approximately 1-2 months of operating expenses. The Organization can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. The Organization also has a \$150,000 line of credit available for liquidity needs.



# **Supplementary Information**

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# Dane County Parent Council, Inc. d/b/a Reach Dane

Schedule A-1  
 Schedule of Program Activity  
 Year Ended December 31, 2018

FEDERAL PROGRAMS									
Department of Health and Human Services (DHHS)									
	Dept. of Ag. 10.558	93.505			93.600				
	Child and Adult Care Food Program	Home Visiting Program 18 Green County CFA #0064	Home Visiting Program 19 Green County CFA #0064R3	Subtotal 93.505	Head Start 05CH010298/03	Early Head Start 05CH010298/03	Early Head Start Childcare Partnership 05HP0031/02	Early Head Start Childcare Partnership 05HP0031/03	
Total	(1)	(2)	(3)	(4)	(5)	(6)	(7)		
<b>REVENUE</b>									
Grant revenue	\$ 11,088,010	\$ 487,634	\$ 213,669	\$ 81,676	\$ 295,345	\$ 7,210,788	\$ 2,343,972	\$ 671,325	\$ 361,035
Donations	41,079	0	0	0	0	0	0	0	0
Child care fees	2,440,520	0	0	0	0	0	0	0	0
United Way revenue	25,255	0	0	0	0	0	0	0	0
Interest income	2,093	0	0	0	0	0	0	0	0
Other contract revenue - 4K	962,396	0	0	0	932,624	0	0	0	0
Other contract revenue	20,298	0	0	0	0	0	0	0	0
Miscellaneous income	203,432	0	0	0	1,037	0	0	0	0
Corporate support to programs	0	0	0	0	25,241	0	0	0	0
In-kind contributions	309,225	0	0	0	1,802,038	585,993	172,247	90,259	
<b>Total Revenue</b>	<b>15,092,308</b>	<b>487,634</b>	<b>213,669</b>	<b>81,676</b>	<b>295,345</b>	<b>9,971,728</b>	<b>2,929,965</b>	<b>843,572</b>	<b>451,294</b>
<b>EXPENSES</b>									
Salaries and wages	8,048,928	127,500	78,072	29,415	107,487	4,076,460	1,366,503	121,563	66,001
Fringe benefits	2,898,040	60,000	32,236	12,056	44,292	1,400,882	521,630	52,769	27,798
Contractual and consultants	1,448,788	0	85,992	31,939	117,931	395,957	121,067	401,688	202,840
Occupancy	693,965	0	1,064	352	1,416	1,641,810	142,035	967	339
Transportation expense	499,407	0	3,810	1,628	5,438	382,642	48,593	13,308	4,161
Supplies/food	607,037	300,134	8,979	5,140	14,119	97,862	61,101	10,735	4,633
Depreciation and amortization expense	356,660	0	0	0	0	8,400	0	0	0
Other-child care support	600,807	0	3,516	1,146	4,662	165,677	83,043	70,295	55,263
In-kind expenses	309,225	0	0	0	0	1,802,038	585,993	172,247	90,259
<b>Total Expenses</b>	<b>15,462,857</b>	<b>487,634</b>	<b>213,669</b>	<b>81,676</b>	<b>295,345</b>	<b>9,971,728</b>	<b>2,929,965</b>	<b>843,572</b>	<b>451,294</b>
<b>Change in Net Assets</b>	<b>(\$ 370,549)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net assets - Beginning of the year	2,886,405	0	0	0	0	0	0	0	0
<b>NET ASSETS - END OF THE YEAR</b>	<b>\$ 2,515,856</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Dane County Parent Council, Inc. d/b/a Reach Dane

Schedule A-2  
 Schedule of Program Activity  
 Year Ended December 31, 2018

	FEDERAL		STATE & LOCAL PROGRAMS					OTHER	
	DHHS 93.600		Wisconsin Head Start 18-136813- HSSS-399 (8)	Wisconsin Head Start 19-136813- Head Start-399 (9)	City ABCD Satellite/ Child Care (10)	City Accreditation (11)	Hope House Foundation (12)	Total State and Local Programs	GAAP Eliminations (13)
	Subtotal 93.600	Total Federal Programs							
<b>REVENUE</b>									
Grant revenue	\$ 10,587,120	\$ 11,370,099	\$ 224,248	\$ 250,458	\$ 298,570	\$ 26,832	\$ 0	\$ 800,108	(\$ 1,266,398)
Donations	0	0	0	0	0	0	0	0	0
Child care fees	0	0	0	0	0	0	0	0	0
United Way revenue	0	0	0	0	0	0	0	0	0
Interest income	0	0	0	0	0	0	0	0	0
Other contract revenue - 4K	932,624	932,624	3,979	25,793	0	0	0	29,772	0
Other contract revenue	0	0	0	0	0	0	0	0	0
Miscellaneous income	1,037	1,037	0	0	0	0	0	0	0
Corporate support to programs	25,241	25,241	85,284	0	0	0	0	85,284	0
In-kind contributions	2,650,537	2,650,537	0	0	0	0	0	0	(2,341,312)
<b>Total Revenue</b>	<b>14,196,559</b>	<b>14,979,538</b>	<b>313,511</b>	<b>276,251</b>	<b>298,570</b>	<b>26,832</b>	<b>0</b>	<b>915,164</b>	<b>(3,607,710)</b>
<b>EXPENSES</b>									
Salaries and wages	5,630,527	5,865,514	173,776	169,601	142,570	0	0	485,947	0
Fringe benefits	2,003,079	2,107,371	63,261	62,694	60,879	0	0	186,834	0
Contractual and consultants	1,121,552	1,239,483	33,787	16,832	14,903	0	0	65,522	0
Occupancy	1,785,151	1,786,567	21,480	5,606	51,597	0	0	78,683	(1,266,398)
Transportation expense	448,704	454,142	6,918	6,539	2,345	0	0	15,802	0
Supplies/food	174,331	488,584	6,677	10,769	12,968	9,572	0	39,986	0
Depreciation and amortization expense	8,400	8,400	0	0	0	0	0	0	0
Other-child care support	374,278	378,940	7,612	4,210	13,308	17,260	0	42,390	0
In-kind expenses	2,650,537	2,650,537	0	0	0	0	0	0	(2,341,312)
<b>Total Expenses</b>	<b>14,196,559</b>	<b>14,979,538</b>	<b>313,511</b>	<b>276,251</b>	<b>298,570</b>	<b>26,832</b>	<b>0</b>	<b>915,164</b>	<b>(3,607,710)</b>
<b>Change in Net Assets</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net assets - Beginning of the year	0	0	0	0	0	0	15,058	15,058	0
<b>NET ASSETS - END OF THE YEAR</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 15,058</b>	<b>\$ 15,058</b>	<b>\$ 0</b>

# Dane County Parent Council, Inc. d/b/a Reach Dane

Schedule A-3  
 Schedule of Program Activity  
 Year Ended December 31, 2018

	<b>CORPORATE</b>			
	<b>Total Federal, State, and Local Activities</b>	<b>Corporate Funds (14)</b>	<b>Grant Funded Property &amp; Equipment (15)</b>	<b>Total Corporate Activity</b>
<b>REVENUE</b>				
Grant revenue	\$ 10,903,809	\$ 184,201	\$ 0	\$ 184,201
Donations	0	41,079	0	41,079
Child care fees	0	2,440,520	0	2,440,520
United Way revenue	0	25,255	0	25,255
Interest income	0	2,093	0	2,093
Other contract revenue - 4K	962,396	0	0	0
Other contract revenue	0	20,298	0	20,298
Miscellaneous income	1,037	202,395	0	202,395
Corporate support to programs	110,525	(110,525)	0	(110,525)
In-kind contributions	309,225	0	0	0
<b>Total Revenue</b>	<b>12,286,992</b>	<b>2,805,316</b>	<b>0</b>	<b>2,805,316</b>
<b>EXPENSES</b>				
Salaries and wages	6,351,461	1,697,467	0	1,697,467
Fringe benefits	2,294,205	603,835	0	603,835
Contractual and consultants	1,305,005	143,783	0	143,783
Occupancy	598,852	236,209	(141,096)	95,113
Transportation expense	469,944	29,463	0	29,463
Supplies/food	528,570	105,582	(27,115)	78,467
Depreciation and amortization expense	8,400	0	348,260	348,260
Other-child care support	421,330	179,477	0	179,477
In-kind expenses	309,225	0	0	0
<b>Total Expenses</b>	<b>12,286,992</b>	<b>2,995,816</b>	<b>180,049</b>	<b>3,175,865</b>
<b>Change in Net Assets</b>	<b>\$ 0</b>	<b>(\$ 190,500)</b>	<b>(\$ 180,049)</b>	<b>(\$ 370,549)</b>
Net assets - Beginning of the year	15,058	695,899	2,175,448	2,871,347
<b>NET ASSETS - END OF THE YEAR</b>	<b>\$ 15,058</b>	<b>\$ 505,399</b>	<b>\$ 1,995,399</b>	<b>\$ 2,500,798</b>

See Independent Auditor's Report.

# Dane County Parent Council, Inc. d/b/a Reach Dane

## Schedule B-1

### Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2018

	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA/State ID Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>					
<b>Passed through State of Wisconsin Department of Public Instruction</b>					
( 1 )	Child and Adult Care Food Program	10.558	13-6813	\$ 0	\$ 487,634
<b>Total Federal Expenditures CFDA #10.558</b>				<b>0</b>	<b>487,634</b>
<b>TOTAL DEPARTMENT OF AGRICULTURE PROGRAMS</b>				<b>0</b>	<b>487,634</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Direct Funding - Maternal, Infant, and Early Home Visiting Program Cluster</b>					
( 2 )	Maternal, Infant & Early Childhood Home Visiting Program Green County	93.505	CFA #0064	83,689	213,669
( 3 )	Maternal, Infant & Early Childhood Home Visiting Program Green County	93.505	CFA #0064R3	31,239	81,676
<b>Total Federal Expenditures - Maternal, Infant, and Early and Home Visiting Program Cluster CFDA #93.505 and #93.872</b>				<b>114,928</b>	<b>295,345</b>
<b>Direct Funding</b>					
( 4 )	Head Start	93.600	05CH010298/03	0	7,210,788
( 5 )	Early Head Start	93.600	05CH010298/03	0	2,343,972
( 6 )	Early Head Start - Child Care Partnership	93.600	05HP0031/02	0	671,325
( 7 )	Early Head Start - Child Care Partnership	93.600	05HP0031/03	0	361,035
<b>Total Federal Expenditures CFDA #93.600</b>				<b>0</b>	<b>10,587,120</b>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>114,928</b>	<b>10,882,465</b>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b>\$ 114,928</b>	<b>\$ 11,370,099</b>
<b>STATE AND LOCAL PROGRAMS</b>					
<b>Passed through State of Wisconsin Department of Public Instruction</b>					<b>State Expenditures</b>
( 8 )	Wisconsin Head Start	255.327	18-136813-HSSSS-399	0	\$ 224,248
( 9 )	Wisconsin Head Start	255.327	19-136813-HSSSS-399	0	250,458
<b>Total State of Wisconsin Department of Public Instruction Expenditures</b>				<b>0</b>	<b>\$ 474,706</b>

#### Notes to Schedule of Expenditures of Federal and State Awards

##### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Dane County Parent Council, Inc. d/b/a Reach Dane under programs of the federal government for the year ended December 31, 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 Dane County Parent Council, Inc. d/b/a Reach Dane, it is not intended to and does not present the financial position, changes in net assets or cash flows of Dane County Parent Council, Inc. d/b/a Reach Dane.

##### 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 not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

##### Note 3 - Indirect Cost Rate

Dane County Parent Council, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Dane County Parent Council, Inc. d/b/a Reach Dane  
Madison, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Dane County Parent Council, Inc. d/b/a Reach Dane, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 4, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Dane County Parent Council, Inc. d/b/a Reach Dane's 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 Dane County Parent Council, Inc. d/b/a Reach Dane's internal control. Accordingly, we do not express an opinion on the effectiveness of Dane County Parent Council, Inc. d/b/a Reach Dane's 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 the 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dane County Parent Council, Inc. d/b/a Reach Dane's 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 Dane County Parent Council, Inc. d/b/a Reach Dane's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dane County Parent Council, Inc. d/b/a Reach Dane's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

*Wipfli LLP*

Wipfli LLP

July 4, 2019  
Madison, Wisconsin



## **Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance**

Board of Directors  
Dane County Parent Council, Inc. d/b/a Reach Dane  
Madison, Wisconsin

### **Report on Compliance for Each Major Federal and State Program**

We have audited Dane County Parent Council, Inc. d/b/a Reach Dane's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2018. Dane County Parent Council, Inc. d/b/a Reach Dane's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility for Compliance**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Dane County Parent Council, Inc. d/b/a Reach Dane's major federal and state 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. 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 or state program occurred. An audit includes examining, on a test basis, evidence about Dane County Parent Council, Inc. d/b/a Reach Dane's 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 and state program. However, our audit does not provide a legal determination on Dane County Parent Council, Inc. d/b/a Reach Dane's compliance.

### **Opinion**

In our opinion, Dane County Parent Council, Inc. d/b/a Reach Dane complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2018.



## Report on Internal Control Over Compliance

Management of Dane County Parent Council d/b/a Reach Dane 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 Dane County Parent Council d/b/a Reach Dane's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, 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 Dane County Parent Council d/b/a Reach Dane's 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 or state 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 or state 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 or state 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 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

*Wipfli LLP*

Wipfli LLP

July 4, 2019  
Madison, Wisconsin

# Dane County Parent Council, Inc. d/b/a Reach Dane

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2019

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## Section I - Summary of Auditor's Results

### Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

### Federal and State Awards

Internal control over major federal and state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Head Start	93.600

<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
State Head Start	255.327

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	250,000

Auditee qualified as low-risk auditee?	Yes
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# Dane County Parent Council, Inc. d/b/a Reach Dane

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2019

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## Section II - Financial Statement Findings

None

## Section III - Federal and State Award Findings and Questioned Costs

None

## Section IV - Summary Schedule of Prior Year Findings

None

## Section V - 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*?

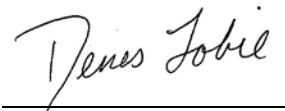
Department of Health Services

No

Was a management letter or other document conveying audit comments issued as a result of this audit?

No

Name and signature of partner



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Denes L.

Tobie, CPA

Date of report

July 4, 2019