

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Audited Financial Statements

December 31, 2018

Table of Contents

| | <u>Page(s)</u> |
|--|----------------|
| Independent Auditors' Report | 1 - 2 |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Cash Flows | 5 |
| Statement of Functional Expenses | 6 |
| Notes to Financial Statements | 7 - 13 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the <i>Wisconsin DHS Audit Guide</i> | 14 - 15 |
| Schedule of Expenditures of Federal and State Awards | 16 |
| Notes to Schedule of Expenditures of Federal and State Awards | 17 |
| Summary Schedule of Prior Audit Findings | 18 |
| Schedule of Findings and Responses | 19 - 20 |
| Schedule of Revenues and Expenses by Program – Without Donor Restriction | 21 |
| Schedules of Program Revenues and Expenses - Milwaukee County | 22 - 23 |



Independent Auditors' Report

Board of Directors
Broadscope Disability Services, Inc.
Greenfield, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Broadscope Disability Services, Inc. ("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 of America ("U.S. GAAP"); 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.

Auditors' 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 auditors' 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

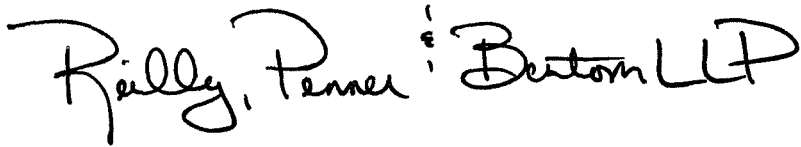
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Broadscope Disability Services, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards on page 16 and the supplemental information on pages 21-23 are presented for purposes of additional analysis as required by the Wisconsin DHS Audit Guide and Milwaukee County, 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 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 April 23, 2019 on our consideration of Broadscope Disability Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Broadscope Disability Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Riley, Penner & Burton LLP". The signature is written in a cursive, flowing style.

April 23, 2019
Milwaukee, Wisconsin

BROADSCOPE DISABILITY SERVICES

Greenfield, Wisconsin

Statement of Financial Position

December 31, 2018

| ASSETS | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|----------------------------|
| Cash and equivalents | \$ 220,357 | \$ 52,706 | \$ 273,063 |
| Receivables: | | | |
| General | 9,211 | --- | 9,211 |
| Government grants and contracts | 197,994 | --- | 197,994 |
| Total receivables | <u>207,205</u> | <u>---</u> | <u>207,205</u> |
| Prepaid expenses | 8,745 | --- | 8,745 |
| Investments | 419,438 | --- | 419,438 |
| Property and equipment (net) | 5,690 | --- | 5,690 |
| Other assets: | | | |
| Greater Milwaukee Foundation - Investments | 135,322 | --- | 135,322 |
| Total assets | <u>\$ 996,757</u> | <u>\$ 52,706</u> | <u>\$ 1,049,463</u> |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities: | | | |
| Accounts payable | \$ 69,469 | \$ --- | \$ 69,469 |
| Deferred revenue | 6,406 | --- | 6,406 |
| Accrued payroll and related liabilities | 33,608 | --- | 33,608 |
| Accrued vacation payable | 38,007 | --- | 38,007 |
| Fiduciary account - PFM | 475 | --- | 475 |
| Total liabilities | <u>147,965</u> | <u>---</u> | <u>147,965</u> |
| Net Assets: | | | |
| Without donor restrictions | 848,792 | --- | 848,792 |
| With donor restrictions | --- | 52,706 | 52,706 |
| Total net assets | <u>848,792</u> | <u>52,706</u> | <u>901,498</u> |
| Total liabilities and net assets | <u>\$ 996,757</u> | <u>\$ 52,706</u> | <u>\$ 1,049,463</u> |

The accompanying notes to financial statements
are an integral part of these statements.

BROADSCOPE DISABILITY SERVICES

Greenfield, Wisconsin

Statement of Activities
Year Ended December 31, 2018

| | <u>Without Donor</u> <u>Restrictions</u> | <u>With Donor</u> <u>Restrictions</u> | <u>Total</u> |
|---|---|--|-------------------|
| Public Support and Grant Revenue: | | | |
| Milwaukee County: | | | |
| Disability Services Division | \$ 275,330 | \$ --- | \$ 275,330 |
| COP/CIP | 784,316 | --- | 784,316 |
| Waukesha County | 149,470 | --- | 149,470 |
| State of Wisconsin: | | | |
| Division of Vocational Rehabilitation | 2,350 | --- | 2,350 |
| Ozaukee County | 220,099 | --- | 220,099 |
| Care Wisconsin | 44,260 | --- | 44,260 |
| Milwaukee Family Care | 152,498 | --- | 152,498 |
| Community Care | 233,012 | --- | 233,012 |
| Independent Care Health Plan | 18,236 | --- | 18,236 |
| IRIS | 186,588 | --- | 186,588 |
| Other grants | 12,581 | --- | 12,581 |
| Private pay | 15,451 | --- | 15,451 |
| Contributions | 64,815 | 42,500 | 107,315 |
| In-kind contributions | 15,897 | --- | 15,897 |
| Special events revenues | 163,652 | --- | 163,652 |
| Special events expenses | (49,170) | --- | (49,170) |
| Total public support and grant revenue | <u>2,289,385</u> | <u>42,500</u> | <u>2,331,885</u> |
| Other Revenue: | | | |
| Investment loss (net) | (26,106) | --- | (26,106) |
| Other revenue | 9,468 | --- | 9,468 |
| Total other revenue | <u>(16,638)</u> | <u>---</u> | <u>(16,638)</u> |
| Net assets released from restrictions | 44,000 | (44,000) | --- |
| Total revenue | <u>2,316,747</u> | <u>(1,500)</u> | <u>2,315,247</u> |
| Expenses: | | | |
| Program service: | | | |
| Independent living | 263,292 | --- | 263,292 |
| Representative payee | 71,403 | --- | 71,403 |
| Respite care | 1,493,148 | --- | 1,493,148 |
| Employment | 228,039 | --- | 228,039 |
| Total program service | <u>2,055,882</u> | <u>---</u> | <u>2,055,882</u> |
| Fund-raising and development | 203,272 | --- | 203,272 |
| General and administrative | 119,010 | --- | 119,010 |
| Total expenses | <u>2,378,164</u> | <u>---</u> | <u>2,378,164</u> |
| Change in net assets | <u>(61,417)</u> | <u>(1,500)</u> | <u>(62,917)</u> |
| Net assets, beginning of year | <u>910,209</u> | <u>54,206</u> | <u>964,415</u> |
| Net assets, end of year | <u>\$ 848,792</u> | <u>\$ 52,706</u> | <u>\$ 901,498</u> |

The accompanying notes to financial statements
are an integral part of these statements.

BROADSCOPE DISABILITY SERVICES
Greenfield, Wisconsin

Statement of Cash Flows
Year Ended December 31, 2018

| | |
|---|--------------------------|
| Cash Flows from Operating Activities: | |
| Change in net assets | \$ (62,917) |
| Adjustments to reconcile change in net assets to net cash and equivalents provided by operating activities | |
| Depreciation | 2,467 |
| Realized gain on investments | (14,347) |
| Unrealized loss on investments | 43,385 |
| Changes in operating accounts: | |
| Receivables | 26,926 |
| Prepaid expenses | (1,213) |
| Accounts payable | 8,792 |
| Deferred revenue | 856 |
| Accrued payroll and related liabilities | 3,959 |
| Accrued vacation payable | 2,755 |
| | <hr/> |
| Net cash and equivalents provided by operating activities | 10,663 |
| Cash Flows from Investing Activities: | |
| Purchase of investments | (75,467) |
| Proceeds from investment sales | 76,250 |
| | <hr/> |
| Net cash and equivalents provided by investing activities | 783 |
| | <hr/> |
| Net change in cash and equivalents | 11,446 |
| Cash and equivalents - Beginning of year | 261,617 |
| | <hr/> |
| Cash and equivalents - End of year | <u><u>\$ 273,063</u></u> |

The accompanying notes to financial statements
are an integral part of these statements.

BROADSCOPE DISABILITY SERVICES
Greenfield, Wisconsin

Statement of Functional Expenses
Year Ended December 31, 2018

| | <u>Independent Living</u> | <u>Representative Payee</u> | <u>Respite Care</u> | <u>Community Supported Employment</u> | <u>Total Program Services</u> | <u>Fund-raising and Development</u> | <u>General and Administrative</u> | <u>Total</u> |
|-----------------------------------|-------------------------------|---------------------------------|---------------------|---|---------------------------------------|---|---------------------------------------|---------------------|
| Expenses: | | | | | | | | |
| Salaries and wages | \$ 166,432 | \$ 44,192 | \$ 204,190 | \$ 149,669 | \$ 564,483 | \$ 128,137 | \$ 77,304 | \$ 769,924 |
| Employee benefits | 14,227 | 3,656 | 15,060 | 12,950 | 45,893 | 8,861 | 6,951 | 61,705 |
| Payroll taxes | 12,026 | 3,405 | 14,983 | 11,247 | 41,661 | 9,489 | 5,940 | 57,090 |
| Professional fees | 21,117 | 5,371 | 24,922 | 17,540 | 68,950 | 12,657 | 9,935 | 91,542 |
| Supplies | 1,808 | --- | 1,085 | 1,050 | 3,943 | 978 | 440 | 5,361 |
| Telephone | 3,690 | 1,516 | 2,683 | 2,568 | 10,457 | 1,826 | 1,337 | 13,620 |
| Postage and shipping | 2,011 | 505 | 2,737 | 1,655 | 6,908 | 1,335 | 899 | 9,142 |
| Occupancy | 14,555 | 3,699 | 13,182 | 12,081 | 43,517 | 8,749 | 6,680 | 58,946 |
| Repairs and maintenance | 9,279 | 2,350 | 8,399 | 7,684 | 27,712 | 21,531 | 4,228 | 53,471 |
| Equipment rental and maintenance | 880 | 184 | 666 | 603 | 2,333 | 3,776 | 599 | 6,708 |
| Depreciation | 609 | 154 | 551 | 503 | 1,817 | 374 | 276 | 2,467 |
| Printing and publications | 337 | 70 | 1,636 | 234 | 2,277 | 517 | 189 | 2,983 |
| Travel | 12,931 | 81 | 4,993 | 9,338 | 27,343 | 488 | 557 | 28,388 |
| Subscriptions and membership | 330 | 90 | 302 | 289 | 1,011 | 154 | 176 | 1,341 |
| Conferences and seminars | 1,810 | --- | 1,498 | 197 | 3,505 | 432 | 355 | 4,292 |
| Specific assistance | 956 | 6,056 | 1,195,806 | --- | 1,202,818 | --- | --- | 1,202,818 |
| License and fees | --- | --- | --- | --- | --- | 3,742 | 1,427 | 5,169 |
| Marketing activities | 6 | 2 | 171 | 5 | 184 | 3 | 3 | 190 |
| Miscellaneous | 288 | 72 | 284 | 426 | 1,070 | 223 | 1,714 | 3,007 |
| Expenses before allocation | 263,292 | 71,403 | 1,493,148 | 228,039 | 2,055,882 | 203,272 | 119,010 | 2,378,164 |
| Allocation: | | | | | | | | |
| Administration | 33,172 | 8,480 | 30,089 | 27,649 | 99,390 | 19,620 | (119,010) | --- |
| Total expenses | \$ 296,464 | \$ 79,883 | \$ 1,523,237 | \$ 255,688 | \$ 2,155,272 | \$ 222,892 | \$ --- | \$ 2,378,164 |

The accompanying notes to financial statements
are an integral part of these statements.

BROADSCOPE DISABILITY SERVICES, INC.

Greenfield, Wisconsin

Notes to Financial Statements

December 31, 2018

(Continued)

1. Summary of Significant Accounting Policies

Nature of Activities

Broadscope Disability Services, Inc. ("Organization") is a not-for-profit corporation whose mission is to advance opportunities for people with disabilities and their families. The Organization serves people with a broad scope of disabilities and their families by fostering inclusion and empowering freedom of choice. We envision a world where people with disabilities and their families have the same opportunities as everyone else. The Organization fulfills its mission by focusing efforts in four primary areas.

Respite Care Services – Respite care is a service that provides a break for people who are caring for an individual or child with a disability. The Organization provides funding for in-home respite care at an hourly, overnight or multiple-day basis.

Community Supported Employment – Employment services assists adults with diverse abilities to secure and retain competitive employment. The Organization partners with businesses in the community to expand job opportunities, empower productivity and advance independence.

Independent Living Services – Independent living provides a broad scope of individualized services for adults with disabilities, to create opportunities for a successful life in the community. The Organization provides life skills education, community integration and budgeting and financial management assistance.

Representative Payee – The Organization's Representative Payees manage the assets and benefits of individuals with disabilities who have been deemed unable to manage them on their own.

Basis of Accounting

The Organization follows the accrual basis of accounting, wherein public support, revenues and expenses are reflected in the period earned or incurred.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under these principles, the Organization is required to report information regarding its financial position and activities according to classes of net assets 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 donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource 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. The Organization does not have any restrictions that are required to be held in perpetuity.

BROADSCOPE DISABILITY SERVICES, INC.

Greenfield, Wisconsin

Notes to Financial Statements

December 31, 2018

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash and equivalents, excluding money market funds held as investments.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. U.S. GAAP clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. U.S. GAAP emphasizes that fair value is a market-based measurement and not an entity-specific measurement. U.S. GAAP establishes a hierarchy that prioritizes the inputs for measuring fair value. Those inputs are summarized as follows:

Level 1 – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlations with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Held in Trust: Valued at the net asset value provided by the trust for investments held by the trust at year-end.

BROADSCOPE DISABILITY SERVICES, INC.

Greenfield, Wisconsin

Notes to Financial Statements

December 31, 2018

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Receivables are recorded at contract value. The Organization has elected to record bad debts using the direct write-off method. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost if purchased or fair value at date of the gift if donated. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair market value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Functional Expenses

Salaries and related expenses are allocated to functional activities based on the time spent in each area. Expenses specifically identifiable with an activity are charged to that activity. Other expenses not specifically identifiable with functions are allocated to functional activities using percentages based on actual experience.

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Donated Services

A substantial number of volunteers have donated time to the Organization's program services and fund-raising campaigns during the year. These donated services are not reflected in the financial statements since the services do not require specialized skills and do not meet the requirements of U.S. GAAP.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization was incorporated under the nonprofit statutes of the State of Wisconsin and is not liable for Wisconsin income tax. Accordingly, no provision for income taxes has been provided.

The Organization has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosures required. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

In management's opinion, the Organization has not taken any uncertain tax positions, and accordingly, has not reported a corresponding liability in the financial statements.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (April 23, 2019). There were no subsequent events that required recognition or disclosure.

Change in Accounting Principle

On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

2. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risks include cash and equity securities. The Organization places its cash and deposits with credit-worthy, high-quality financial institutions and attempts to keep its various accounts under FDIC limits at all times.

3. Retirement Plan

The Organization offers a 401(k) retirement plan with an incentive match of 50% for each employee dollar contributed up to 4% of pay. The Organization's maximum match amount is 2%. The plan has a six-year graded vesting schedule. The plan is available to all employees over 21 years of age who have been employed for at least six months. Employer contributions for 2018 were \$8,822.

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

4. Liquidity and Availability

The following table reflects the Organization's financial assets, reduced by amounts that are not available to meet general expenditures and current contractual obligations within one year of the statement of financial position date because of contractual restrictions, certain donor restrictions, or internal board designations at December 31, 2018:

| | |
|--|--------------------------|
| Cash and equivalents | \$ 273,063 |
| Investments | 419,438 |
| Greater Milwaukee Foundation investments | 135,322 |
| Accounts receivable | <u>207,205</u> |
| Total financial assets | 1,035,028 |
| Less amounts not available to be used within one year for general expenditures: | |
| Cash and equivalents | <u>(52,706)</u> |
| Financial assets available to meet general expenditures within one year | \$ <u>982,322</u> |

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash, and shows positive cash generated by operations for the year ended December 31, 2018.

5. Property and Equipment

Property and equipment is comprised of the following for the year ended December 31, 2018:

| | |
|--------------------------------|------------------------|
| Equipment | \$ 40,925 |
| Less: Accumulated depreciation | <u>(35,235)</u> |
| Total | \$ <u>5,690</u> |

Depreciation expense for the year ended December 31, 2018 was \$2,467.

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

6. Investments

The following summarizes the classification of investments by classification and method of valuation as of December 31, 2018 in accordance with U.S. GAAP:

| <u>Description</u> | <u>Fair Value Measurement at Reporting Date Using</u> | | | |
|---|---|-------------------|----------------|----------------|
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Fixed income mutual funds | \$ 177,147 | \$ 177,147 | \$ --- | \$ --- |
| Equity mutual funds | 207,185 | 207,185 | --- | --- |
| Money market funds | 35,106 | 35,106 | --- | --- |
| Total | \$ 419,438 | \$ 419,438 | \$ --- | \$ --- |
| Investments held by the Greater Milwaukee Foundation | \$ 135,322 | \$ --- | \$ 135,322 | \$ --- |

Investment loss is comprised of the following for the year ended December 31, 2018:

| | |
|------------------------|--------------------|
| Dividends and interest | \$ 9,211 |
| Net realized gain | 14,347 |
| Net unrealized loss | (43,385) |
| Less investment fees | (6,279) |
| Total | \$ (26,106) |

7. Greater Milwaukee Foundation Fund

The Organization has adopted U.S. GAAP, which requires that if a community foundation accepts a contribution from an Agency and agrees to transfer those assets, the return on investment of those assets or both back to the Agency, then these contributions are presented as a liability (instead of as a net asset) on the financial statements of the community foundation and as an asset on the financial statements of the donor. As a result, assets transferred by the Organization to the Greater Milwaukee Foundation, a community foundation, for which the Organization, as donor, is the beneficiary of the transferred assets, have been reflected on the Organization's statement of financial position as an asset entitled "Greater Milwaukee Foundation - Investments." The Board of Trustees of the Greater Milwaukee Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

8. Lease Commitment

The Organization has a long-term operating lease for office space in Greenfield, Wisconsin. The lease runs from April 1, 2013 through June 30, 2020, with fixed monthly payments which increase each year. Rental expense, including base rent and common area maintenance charges, for the year ended December 31, 2018 was \$43,956.

Future minimum lease payments under operating office leases for years ending December 31 are:

| | |
|--------------|-------------------------|
| 2019 | \$ 47,818 |
| 2020 | <u>24,267</u> |
| Total | \$ <u>72,085</u> |

9. Line of Credit

The Organization maintains a line of credit of \$200,000 with Tri-City National Bank bearing interest at 1% over the prime rate, with a 5% floor. At December 31, 2018, there was nothing outstanding, and interest expense for the year ended December 31, 2018 amounted to \$0. The line of credit expires February 16, 2021, and is secured by a general business security agreement.

10. Net Assets with Donor Restrictions

The following schedule summarizes activity and balances related to net assets with donor restrictions, and the purposes to which they are restricted:

| <u>Subjected to expenditure for specified purpose:</u> | <u>Restricted Balance 01/01/18</u> | <u>Current Period Contributions</u> | <u>Expended or Released</u> | <u>Restricted Balance 12/31/18</u> |
|--|--|---|-------------------------------------|--|
| Greatest Needs Fund | \$ 10,206 | \$ --- | \$ --- | \$ 10,206 |
| Respite Care | 24,000 | 32,500 | (24,000) | 32,500 |
| Employment Services | 20,000 | 10,000 | (20,000) | 10,000 |
| Total | \$ 54,206 | \$ 42,500 | \$ (44,000) | \$ 52,706 |

11. Contingencies

The Organization has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.



**INDEPENDENT AUDITORS' 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
AND THE WISCONSIN DHS AUDIT GUIDE**

Board of Directors
Broadscope Disability Services, Inc.
Greenfield, Wisconsin

We have audited, in accordance with the 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 *Wisconsin DHS Audit Guide*, the financial statements of Broadscope Disability Services, Inc. ("the Organization"), which comprise the statements 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, and have issued our report thereon dated April 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

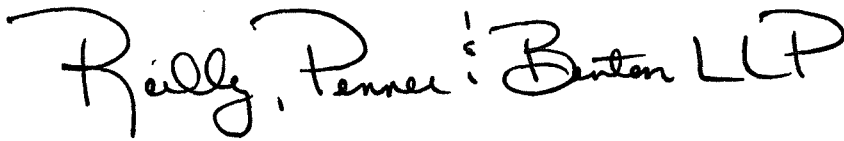
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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* or the *Wisconsin DHS Audit Guide*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Riley, Penner & Benton LLP". The signature is written in a cursive, flowing style.

April 23, 2019
Milwaukee, Wisconsin

BROADSCOPE DISABILITY SERVICES
Greenfield, Wisconsin

Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2018

| FEDERAL AWARDS | CFDA | Contract | Federal | Amounts |
|---|---------------|-----------------|---------------------|----------------------------------|
| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Number</u> | <u>Number</u> | <u>Expenditures</u> | <u>Provided to Subrecipients</u> |
| U.S. Department of Health and Human Services | | | | |
| Passed through Milwaukee County Department of Health and Human Services | | | | |
| Employment Programs | 93.558 | 40-18927-100 | \$ 4,728 | \$ --- |
| Community Living Support - Respite | 93.558 | 40-18927-100 | 15,537 | --- |
| Passed through Waukesha County Department of Health and Human Services | | | | |
| Community Living Support - Respite | 93.558 | - | 11,001 | --- |
| Total | | | <u>31,266</u> | --- |
| Passed through Milwaukee County Department of Health and Human Services | | | | |
| Employment Programs | 93.667 | 40-18927-100 | 8,864 | --- |
| Community Living Support - Respite | 93.667 | 40-18927-100 | 29,131 | --- |
| Passed through Waukesha County Department of Health and Human Services | | | | |
| Community Living - Respite | 93.667 | - | 20,627 | --- |
| Total | | | <u>58,622</u> | --- |
| Passed through Ozaukee County Department of Community Programs | | | | |
| Respite Services | 93.778 | - | 128,780 | --- |
| Total U.S. Department of Health and Human Services | | | <u>218,668</u> | --- |
| U.S. Department of Education | | | | |
| Passed through Wisconsin Department of Workforce Development | | | | |
| Employment Programs | 84.126 | - | 1,849 | --- |
| Total expenditures of federal awards | | | <u>\$ 220,517</u> | <u>\$ ---</u> |

| STATE AWARDS | State ID | State | Amounts |
|---|-----------------|---------------------|----------------------------------|
| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Number</u> | <u>Expenditures</u> | <u>Provided to Subrecipients</u> |
| Wisconsin Department of Health Services | | | |
| Passed through Milwaukee County Department of Health and Human Services | | | |
| Employment Programs | 435.561 | 40-18927-100 | \$ 50,643 |
| Community Living Support - Respite | 435.561 | 40-18927-100 | 166,427 |
| Passed through Waukesha County Department of Health and Human Services | | | |
| Community Living - Respite | 435.561 | - | 117,842 |
| Total | | | <u>334,912</u> |
| Passed through Waukesha County Department of Health and Human Services | | | |
| Community Living - Respite | 435.377 | - | 2,191 |
| Passed through Ozaukee County Department of Community Programs | | | |
| Respite Services | 435.460 | - | 91,319 |
| Passed through Respite Care Association of Wisconsin, Inc. | | | |
| Lifespan Respite Project | 435.532 | - | 9,996 |
| Total Wisconsin Department of Health Services | | | <u>438,418</u> |
| U.S. Department of Education | | | |
| Passed through Wisconsin Department of Workforce Development | | | |
| Employment Programs | Unknown | - | 501 |
| Total expenditures of state awards | | | <u>\$ 438,919</u> |

See Independent Auditors' Report

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2018

1. Basis of Presentation

The accompanying "Schedule of Expenditures of Federal and State Awards" (the Schedule) includes the federal and state award activity of the Organization under programs of the federal and state government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of the *Wisconsin DHS Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

There were no prior year audit findings.

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Schedule of Findings and Responses
Year Ended December 31, 2018

Section I. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None noted |
| B. Material weaknesses identified? | No |
| 3. Noncompliance material to financial statements? | None noted |

State Awards

- | | |
|--|------------|
| 4. Internal control over financial reporting: | |
| A. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None noted |
| B. Material weaknesses identified? | No |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported | None noted |
| 7. Identification of major state programs: | |

Name of State Program or Cluster

Milwaukee County Department of Health and Human Services – Community Living Support – Respite
Milwaukee County Department of Health and Human Services – Employment Programs

Section II. Financial Statement Findings

No matters were reported

Section III. State Award Findings and Questioned Costs

No matters were reported

BROADSCOPE DISABILITY SERVICES, INC.
Greenfield, Wisconsin

Schedule of Findings and Responses
Year Ended December 31, 2018
(Continued)

Section IV. Other Issues

1. Does the auditors' 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

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *Government Auditing Standards*:

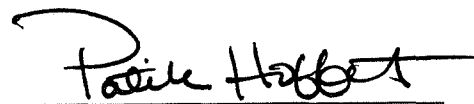
Department of Health Services

No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?

No

4. Name and signature of partner


Patrick G. Hoffert, CPA

5. Date of Report

April 23, 2019

BROADSCOPE DISABILITY SERVICES
Greenfield, Wisconsin

Schedule of Revenues and Expenses by Program - Without Donor Restriction
Year Ended December 31, 2018

| | Independent Living | Representative Pavee | Respite Care | Community Supported Employment | Total Program Services | Fund-raising and Development | General and Administrative | Total |
|--|-----------------------|-------------------------|--------------|--------------------------------------|------------------------------|------------------------------------|-------------------------------|-------------|
| Public Support and Grant Revenue: | | | | | | | | |
| Milwaukee County: | | | | | | | | |
| Disability Services Division | \$ --- | \$ --- | \$ 211,095 | \$ 64,235 | \$ 275,330 | \$ --- | \$ --- | \$ 275,330 |
| COP/CIP | --- | --- | 784,316 | --- | 784,316 | --- | --- | 784,316 |
| Waukesha County | --- | --- | 149,470 | --- | 149,470 | --- | --- | 149,470 |
| State of Wisconsin: | | | | | | | | |
| Division of Vocational Rehabilitation | --- | --- | --- | 2,350 | 2,350 | --- | --- | 2,350 |
| Ozaukee County | --- | --- | 220,099 | --- | 220,099 | --- | --- | 220,099 |
| Care Wisconsin | --- | --- | 44,260 | --- | 44,260 | --- | --- | 44,260 |
| Milwaukee Family Care | 11,613 | --- | 95,408 | 45,477 | 152,498 | --- | --- | 152,498 |
| Community Care | 27,011 | 94,582 | 82,332 | 29,087 | 233,012 | --- | --- | 233,012 |
| Independent Care Health Plan | --- | --- | 18,236 | --- | 18,236 | --- | --- | 18,236 |
| IRIS | 81,852 | --- | 81,510 | 23,226 | 186,588 | --- | --- | 186,588 |
| Other grants | --- | --- | 12,581 | --- | 12,581 | --- | --- | 12,581 |
| Private pay | 15,328 | 123 | --- | --- | 15,451 | --- | --- | 15,451 |
| Contributions | --- | --- | --- | 50 | 50 | 64,765 | --- | 64,815 |
| in-kind contributions | --- | --- | --- | --- | --- | 15,897 | --- | 15,897 |
| Special events revenue | --- | --- | --- | --- | --- | 163,652 | --- | 163,652 |
| Special events expense | --- | --- | --- | --- | --- | (49,170) | --- | (49,170) |
| Public support and grant revenue: | 135,804 | 94,705 | 1,699,307 | 164,425 | 2,094,241 | 195,144 | --- | 2,289,385 |
| Other Revenue | | | | | | | | |
| Investment loss | --- | --- | --- | --- | --- | (26,106) | --- | (26,106) |
| Other revenue | 2,447 | 5,764 | 540 | 197 | 8,948 | 520 | --- | 9,468 |
| Total other revenue | 2,447 | 5,764 | 540 | 197 | 8,948 | (25,586) | --- | (16,638) |
| Net assets released from restrictions | --- | --- | --- | --- | --- | 44,000 | --- | 44,000 |
| Total revenue | 138,251 | 100,469 | 1,699,847 | 164,622 | 2,103,189 | 213,558 | --- | 2,316,747 |
| Expenses: | | | | | | | | |
| Salaries and wages | 166,432 | 44,192 | 204,190 | 149,669 | 564,483 | 128,137 | 77,304 | 769,924 |
| Employee benefits | 14,227 | 3,656 | 15,060 | 12,950 | 45,893 | 8,861 | 6,951 | 61,705 |
| Payroll taxes | 12,026 | 3,405 | 14,983 | 11,247 | 41,661 | 9,489 | 5,940 | 57,090 |
| Professional fees | 21,117 | 5,371 | 24,922 | 17,540 | 68,950 | 12,657 | 9,935 | 91,542 |
| Supplies | 1,808 | --- | 1,085 | 1,050 | 3,943 | 978 | 440 | 5,361 |
| Telephone | 3,690 | 1,516 | 2,683 | 2,568 | 10,457 | 1,826 | 1,337 | 13,620 |
| Postage and shipping | 2,011 | 505 | 2,737 | 1,655 | 6,908 | 1,335 | 899 | 9,142 |
| Occupancy | 14,555 | 3,699 | 13,182 | 12,081 | 43,517 | 8,749 | 6,680 | 58,946 |
| Repairs and maintenance | 9,279 | 2,350 | 8,399 | 7,684 | 27,712 | 21,531 | 4,228 | 53,471 |
| Equipment rental and maintenance | 880 | 184 | 666 | 603 | 2,333 | 3,776 | 599 | 6,708 |
| Depreciation | 609 | 154 | 551 | 503 | 1,817 | 374 | 276 | 2,467 |
| Printing and publications | 337 | 70 | 1,636 | 234 | 2,277 | 517 | 189 | 2,983 |
| Travel | 12,931 | 81 | 4,993 | 9,338 | 27,343 | 488 | 557 | 28,388 |
| Subscriptions and membership | 330 | 90 | 302 | 289 | 1,011 | 154 | 176 | 1,341 |
| Conferences and seminars | 1,810 | --- | 1,498 | 197 | 3,505 | 432 | 355 | 4,292 |
| Specific assistance | 956 | 6,056 | 1,195,806 | --- | 1,202,818 | --- | --- | 1,202,818 |
| License and fees | --- | --- | --- | --- | --- | 3,742 | 1,427 | 5,169 |
| Marketing activities | 6 | 2 | 171 | 5 | 184 | 3 | 3 | 190 |
| Miscellaneous | 288 | 72 | 284 | 426 | 1,070 | 223 | 1,714 | 3,007 |
| Expenses before allocation | 263,292 | 71,403 | 1,493,148 | 228,039 | 2,055,882 | 203,272 | 119,010 | 2,378,164 |
| Allocation: | | | | | | | | |
| Administration | 33,172 | 8,480 | 30,089 | 27,649 | 99,390 | 19,620 | (119,010) | --- |
| Total expenses | 296,464 | 79,883 | 1,523,237 | 255,688 | 2,155,272 | 222,892 | --- | 2,378,164 |
| Change in net assets | \$ (158,213) | \$ 20,586 | \$ 176,610 | \$ (91,066) | \$ (52,083) | \$ (9,334) | \$ --- | \$ (61,417) |

See Independent Auditors' Report

BROADSCOPE DISABILITY SERVICES

Greenfield, Wisconsin

Schedule of Program Revenues and Expenses - Milwaukee County

Year Ended December 31, 2018

Program Name: Respite Care

| | <u>Actual</u> | <u>Approved Budget</u> | <u>Variance from Budget</u> |
|---|----------------|----------------------------|---------------------------------|
| Revenues: | | | |
| Milwaukee County: | | | |
| Disability Services Division | \$ 211,095 | \$ 211,095 | \$ --- |
| Total revenues | <u>211,095</u> | <u>211,095</u> | <u>---</u> |
| Expenses: | | | |
| Salaries and wages | 87,844 | 88,721 | 877 |
| Employee benefits | 5,070 | 6,700 | 1,630 |
| Payroll taxes | 6,627 | 5,900 | (727) |
| Professional fees | 6,565 | 10,000 | 3,435 |
| Supplies | 390 | 700 | 310 |
| Telephone | 939 | 1,000 | 61 |
| Postage and shipping | 872 | 1,000 | 128 |
| Occupancy | 7,444 | 9,500 | 2,056 |
| Equipment rental and maintenance | 431 | 800 | 369 |
| Printing and publications | 1,364 | 800 | (564) |
| Travel | 1,075 | 1,000 | (75) |
| Conferences and seminars | 122 | 200 | 78 |
| Specific assistance | 91,270 | 100,000 | 8,730 |
| Expenses before allocation | <u>210,013</u> | <u>226,321</u> | <u>16,308</u> |
| Allocation: | | | |
| Administration | 10,311 | 9,319 | (992) |
| Total expenses | <u>220,324</u> | <u>235,640</u> | <u>15,316</u> |
| Change in net assets | <u>(9,229)</u> | <u>\$ (24,545)</u> | <u>\$ 15,316</u> |
| Allowable profit - Milwaukee County funds | <u>21,110</u> | | |
| Net profit in excess of allowable cost | <u>\$ ---</u> | | |

See Independent Auditors' Report

BROADSCOPE DISABILITY SERVICES

Greenfield, Wisconsin

Schedule of Program Revenues and Expenses - Milwaukee County

Year Ended December 31, 2018

Program Name: Community Supported Employment

| | <u>Actual</u> | <u>Approved Budget</u> | <u>Variance from Budget</u> |
|---|----------------|----------------------------|---------------------------------|
| Revenues: | | | |
| Milwaukee County: | | | |
| Disability Services Division | \$ 64,235 | \$ 64,235 | \$ --- |
| Total revenues | <u>64,235</u> | <u>64,235</u> | <u>---</u> |
| Expenses: | | | |
| Salaries and wages | 149,669 | 155,776 | 6,107 |
| Employee benefits | 12,167 | 17,200 | 5,033 |
| Payroll taxes | 12,029 | 13,400 | 1,371 |
| Professional fees | 17,540 | 18,850 | 1,310 |
| Supplies | 1,254 | 1,700 | 446 |
| Telephone | 2,568 | 2,500 | (68) |
| Postage and shipping | 1,655 | 1,500 | (155) |
| Occupancy | 19,765 | 21,800 | 2,035 |
| Equipment rental and maintenance | 1,107 | 2,000 | 893 |
| Printing and publications | 234 | 500 | 266 |
| Travel | 9,335 | 13,000 | 3,665 |
| Conferences and seminars | 289 | 400 | 111 |
| Expenses before allocation | <u>227,612</u> | <u>248,626</u> | <u>21,014</u> |
| Allocation: | | | |
| Administration | 28,067 | 28,703 | 636 |
| Total expenses | <u>255,679</u> | <u>277,329</u> | <u>21,650</u> |
| Change in net assets | (191,444) | <u>\$ (213,094)</u> | <u>\$ 21,650</u> |
| Allowable profit - Milwaukee County funds | <u>6,424</u> | | |
| Net profit in excess of allowable cost | <u>\$ ---</u> | | |

See Independent Auditors' Report