

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Audited Financial Statements

Year Ended December 31, 2016
With Summarized Totals for 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wisconsin Philanthropy Network, Inc.
Brookfield, Wisconsin

We have audited the accompanying financial statements of Wisconsin Philanthropy Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Philanthropy Network, Inc. as of December 31, 2016, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Wisconsin Philanthropy Network, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

February 27, 2017
Brookfield, Wisconsin

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 537,384	\$ 422,794
Certificates of deposit	100,000	100,000
Accounts receivable	22,334	2,386
Promises to give	32,000	-
Prepaid expenses	5,648	5,658
Total current assets	<u>697,366</u>	<u>530,838</u>
Property and Equipment:		
Office furniture	24,655	27,727
Leasehold improvements	-	3,059
Total property and equipment	<u>24,655</u>	<u>30,786</u>
Less: Accumulated depreciation	<u>(21,682)</u>	<u>(20,697)</u>
Net property and equipment	2,973	10,089
Other Assets:		
Security deposit	-	1,052
Total assets	<u>\$ 700,339</u>	<u>\$ 541,979</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 3,663	\$ 1,905
Accrued payroll liabilities	11,414	12,014
Deferred membership dues	19,100	20,700
Current portion of capital lease obligation	-	2,375
Total current liabilities	<u>34,177</u>	<u>36,994</u>
Non-Current Liabilities:		
Capital Lease obligation	-	2,375
Less: Current portion of capital lease	-	(2,375)
Total non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	34,177	36,994
Net Assets:		
Unrestricted	277,024	306,800
Temporarily restricted	389,138	198,185
Total net assets	<u>666,162</u>	<u>504,985</u>
Total liabilities and net assets	<u>\$ 700,339</u>	<u>\$ 541,979</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statement of Activities

For the Year Ended December 31, 2016

With Summarized Information for the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>(Memorandum Only) 2015 Total</u>
Revenues:				
Contributions	\$ 133,396	\$ 35,000	\$ 168,396	\$ 217,122
Grants	-	633,090	633,090	355,295
Interest income	538	-	538	469
Membership dues	242,488	-	242,488	239,775
Program revenue	55,137	-	55,137	72,613
Net assets released from restrictions	<u>477,137</u>	<u>(477,137)</u>	<u>-</u>	<u>-</u>
Net revenues	<u>908,696</u>	<u>190,953</u>	<u>1,099,649</u>	<u>885,274</u>
Expenses:				
Program services	642,624	-	642,624	558,710
Management and supporting services	194,243	-	194,243	191,455
Fund-raising	<u>101,605</u>	<u>-</u>	<u>101,605</u>	<u>91,827</u>
Total expenses	<u>938,472</u>	<u>-</u>	<u>938,472</u>	<u>841,992</u>
Change in net assets	(29,776)	190,953	161,177	43,282
Net Assets, beginning of year	<u>306,800</u>	<u>198,185</u>	<u>504,985</u>	<u>461,703</u>
Net Assets, end of year	<u>\$ 277,024</u>	<u>\$ 389,138</u>	<u>\$ 666,162</u>	<u>\$ 504,985</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 161,177	\$ 43,282
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,116	8,112
Changes in assets and liabilities:		
Accounts receivable	(19,948)	6,624
Promises to give	(32,000)	-
Prepaid expenses	10	1,045
Security deposit	1,052	-
Accounts payable	1,758	(2,534)
Accrued payroll liabilities	(600)	2,581
Deferred membership dues	(1,600)	(24,525)
Total adjustments	<u>(44,212)</u>	<u>(8,697)</u>
Net cash provided by operating activities	116,965	34,585
Cash Flows from Financing Activities:		
Payment on capital lease	<u>(2,375)</u>	<u>(3,315)</u>
Net increase in cash and equivalents	<u>114,590</u>	<u>31,270</u>
Cash and cash equivalents, beginning of year	<u>422,794</u>	<u>391,524</u>
Cash and cash equivalents, end of year	<u>\$ 537,384</u>	<u>\$ 422,794</u>
Supplementary Disclosures:		
Interest paid	<u>\$ 240</u>	<u>\$ 339</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies

A. Organization

Wisconsin Philanthropy Network, Inc. (Organization) operates as a regional forum of grant makers whose members are engaged in making grants to nonprofit organizations.

B. Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

C. Basis of Presentation

The Organization presents its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, net assets, revenues, 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:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations. Donor-restricted revenue whose restrictions are met in the same reporting period are reported as unrestricted income.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-restricted stipulations that the net assets be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2016 and 2015.

D. Contributions and Donations

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

E. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
December 31, 2016
(Continued)

1. Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

Wisconsin Philanthropy Network, Inc. considers all cash and cash equivalents, including all highly liquid debt instruments with original maturities of three months or less, to be cash and cash equivalents. Certificates of deposit are not considered to be cash and cash equivalents.

G. Fixed Assets

Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes fixed assets with an original cost of \$2,500 or more.

H. Deferred Membership Dues

Income from membership dues is deferred and recognized over the period to which the dues relate.

I. Accounts Receivable

Receivables consist primarily of contributions from various private and public foundations. Receivables are stated at the amount management expects to collect from balances outstanding. Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

J. Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.

2. Comparative Financial Information

The financial information shown for 2015 in the accompanying financial statements is included to provide a basis of comparison with 2016 and presents summarized totals only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

3. Concentration of Risk

The Organization maintains cash balances at a financial institution located in Milwaukee, Wisconsin. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balances exceeded the insured limit by \$296,715 at December 31, 2016.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
December 31, 2016
(Continued)

4. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Net unconditional promises to give were \$32,000 for the year ending December 31, 2016.

Payments on promises to give at December 31, 2016 are expected to be received as follows:

<u>Years Ending December 31,</u>	
2017	\$ <u>32,000</u>

There was no allowance for doubtful promises to give at December 31, 2016 based on management's estimate and past collection experience. Changes in the estimated uncollectible amounts are charged to bad debts expense. Promises to give that are ultimately determined to be uncollectible are charged against the allowance.

5. Operating Leases

The Organization leased office space under an agreement which expired May 31, 2016. The Organization entered into a new contract to lease office space under an agreement which expires May 31, 2021. Total lease expense was \$20,620 for the year ended December 31, 2016. The minimum amounts of the lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2017	\$ 19,560
2018	19,904
2019	20,149
2020	20,502
2021	<u>8,647</u>
Total	\$ <u>88,762</u>

The Organization entered into a lease for a copier beginning in June 2016. The lease term is for thirty-six months with monthly payments of \$68. Total lease expense was \$480 for the year ended December 31, 2016. The minimum amounts of lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2017	\$ 811
2018	<u>338</u>
Total	\$ <u>1,149</u>

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
December 31, 2016
(Continued)

6. Capital Leases

During 2014 the Organization entered into a capital lease obligation for a telephone system. The lease expired during the year ended December 31, 2016. The Organization purchased the telephone system at a bargain purchase price subsequent to the lease expiration and the value of \$5,405 is included in fixed assets. Total accumulated depreciation for the leased asset amounts to \$2,432 at December 31, 2016. Amortization of the capital lease of \$1,081 is included in depreciation expense for the year ended December 31, 2016.

During 2011 the Organization entered into a capital lease obligation for one copier. The lease expired during the year ended December 31, 2016 and was not renewed. The copier became fully depreciated and was disposed of during the year ended December 31, 2016. The net book value prior to disposal was \$3,072. Amortization of the capital lease of \$154 is included in depreciation expense for the year ended December 31, 2016.

7. Temporarily Restricted Net Assets

At December 31, 2016, the Organization had \$357,138 of temporarily purpose-restricted net assets and \$32,000 of temporarily time-restricted net assets.

Temporarily restricted net assets are available for the following purposes:

<u>Source</u>	<u>Amount</u>
Wisconsin Center for Family Philanthropy	\$ 5,104
Leadership Advanced Milwaukee	8,573
Sustainability and Impact	139,747
Endow WI Video	3,000
WILD	200,714
Time	<u>32,000</u>
Total	\$ <u>389,138</u>

8. Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not considered a private foundation by the Internal Revenue Service. The Organization does not consider any of its support and revenues to be unrelated business income and, accordingly, no provision for income taxes has been provided in the accompanying financial statements.

The Organization has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard describes 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. Management of the Organization evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. The Organization recognizes interest and penalties, if any, related to unrecognized tax liabilities 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 Organization's financial statements.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
December 31, 2016
(Continued)

9. Major Donors

For the year ended December 31, 2016, three major donors contributed more than 10% of total contributions. For the year ended December 31, 2015, one major donor contributed approximately 53% of total contributions.

10. Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2016 through February 27, 2017, the date the financial statements were available to be issued, for possible adjustments to the financial statements or disclosures. There were no subsequent events that required recognition or disclosure.

WISCONSIN PHILANTHROPY NETWORK, INC.
 Brookfield, Wisconsin

Statement of Functional Expenses
 Year Ended December 31, 2016 with Summarized Totals for 2015

		<u>Program Services</u>		<u>Management and General</u>		<u>Fund- Raising</u>		<u>2016 Total</u>		<u>(Memorandum Only) 2015 Total</u>
Salaries and wages	\$	114,047	\$	105,587	\$	72,302	\$	291,936	\$	290,682
Employee benefits		4,867		4,506		3,085		12,458		15,978
Payroll taxes		8,230		7,620		5,218		21,068		21,584
Grants		476,637		-		-		476,637		359,560
Supplies and maintenance		1,824		1,668		1,577		5,069		5,099
Communications		2,634		2,714		2,634		7,982		7,275
Postage		491		139		69		699		596
Occupancy		12,283		8,532		8,045		28,860		33,209
Printing and publications		4,137		-		1,773		5,910		1,304
Travel		3,239		-		810		4,049		2,795
Programs and conferences		10,286		675		1,491		12,452		28,599
Professional fees		635		39,222		37		39,894		51,640
Dues and fees		-		9,958		-		9,958		7,697
Website maintenance		158		-		-		158		227
Library resources		-		6,449		1,612		8,061		2,619
Depreciation		2,348		2,420		2,348		7,116		8,112
Professional development		-		4,094		-		4,094		3,275
Technology		604		623		604		1,831		1,402
Interest		204		36		-		240		339
Totals	\$	<u>642,624</u>	\$	<u>194,243</u>	\$	<u>101,605</u>	\$	<u>938,472</u>	\$	<u>841,992</u>

See Independent Auditors' Report