

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Audited Financial Statements

Year Ended December 31, 2015
With Summarized Totals for 2014

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 9
Statement of Functional Expenses	10

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wisconsin Philanthropy Network, Inc.
Milwaukee, 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, 2015, and the related statements of activities and cash flows for the years 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 2015 financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Philanthropy Network, Inc. as of December 31, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 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 12, 2016
Milwaukee, Wisconsin

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Statements of Financial Position
December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 422,794	\$ 391,524
Certificates of deposit	100,000	100,000
Accounts receivable	2,386	9,010
Prepaid expenses	5,658	6,703
Total current assets	<u>530,838</u>	<u>507,237</u>
Property and Equipment:		
Office furniture	27,727	27,727
Leasehold improvements	3,059	3,059
Less: Accumulated depreciation	<u>(20,697)</u>	<u>(12,585)</u>
Net property and equipment	10,089	18,201
Other Assets:		
Security deposit	<u>1,052</u>	<u>1,052</u>
Total Assets	<u>\$ 541,979</u>	<u>\$ 526,490</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,905	\$ 4,439
Accrued payroll liabilities	12,014	9,433
Deferred membership dues	20,700	45,225
Current portion of capital lease obligation	<u>2,375</u>	<u>3,314</u>
Total current liabilities	36,994	62,411
Non-Current Liabilities		
Capital Lease obligation	2,375	5,690
Less: Current portion of capital lease	<u>(2,375)</u>	<u>(3,314)</u>
Total non-current liabilities	<u>-</u>	<u>2,376</u>
Total Liabilities	36,994	64,787
Net Assets:		
Unrestricted	306,800	255,454
Temporarily restricted	<u>198,185</u>	<u>206,249</u>
Total net assets	<u>504,985</u>	<u>461,703</u>
Total Liabilities and Net Assets	<u>\$ 541,979</u>	<u>\$ 526,490</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Statement of Activities

For the Year Ended December 31, 2015

With Summarized Information for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>(Memorandum Only) 2014 Total</u>
Revenue:				
Contributions	\$ 217,122	\$ -	\$ 217,122	\$ 102,655
Grants	-	355,295	355,295	290,165
Interest income	469	-	469	573
Membership dues	239,775	-	239,775	208,050
Program revenue	72,613	-	72,613	29,431
Net assets released from restrictions	363,359	(363,359)	-	-
Total revenues	893,338	(8,064)	885,274	630,874
Expenses:				
Program services	558,710	-	558,710	591,855
Management and supporting services	191,455	-	191,455	178,119
Fund-raising	91,827	-	91,827	90,708
Total expenses	841,992	-	841,992	860,682
Change in net assets	51,346	(8,064)	43,282	(229,808)
Net Assets, beginning of year	255,454	206,249	461,703	691,511
Net Assets, end of year	\$ 306,800	\$ 198,185	\$ 504,985	\$ 461,703

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

WISCONSIN PHILANTHROPY NETWORK, INC.

Milwaukee, Wisconsin

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 43,282	\$ (229,808)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,112	7,301
Changes in assets and liabilities:		
Accounts receivable	6,624	(7,630)
Prepaid expenses	1,045	(1,932)
Accounts payable	(2,534)	(7,779)
Accrued payroll liabilities	2,581	6,029
Member accounts	-	(2,277)
Deferred membership dues	(24,525)	9,075
Net cash provided (used) by operating activities	<u>34,585</u>	<u>(227,021)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(5,405)
Redemption of certificate of deposit	-	100,000
Net cash provided by investing activities	<u>-</u>	<u>94,595</u>
Cash Flows from Financing Activities:		
Proceeds on capital lease	-	5,405
Payment on capital lease	(3,315)	(1,366)
Net cash provided (used) by financing activities	<u>(3,315)</u>	<u>4,039</u>
Net increase (decrease) in cash and cash equivalents	31,270	(128,387)
Cash and cash equivalents, Beginning of year	<u>391,524</u>	<u>519,911</u>
Cash and cash equivalents, End of year	<u>\$ 422,794</u>	<u>\$ 391,524</u>
Supplemental Cash Flow Information:		
Interest paid	<u>\$ 339</u>	<u>\$ 228</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2015

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

Wisconsin Philanthropy Network, Inc.'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

Wisconsin Philanthropy Network, Inc. presents its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Under 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.

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.

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (continued)

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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.

2. Comparative Financial Information

The financial information shown for 2014 in the accompanying financial statements is included to provide a basis of comparison with 2015 and presents summarized totals only. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, 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 \$176,977 at December 31, 2015.

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

4. Operating Lease

The Organization leases office space under an agreement which expires May 31, 2016. The Organization entered into a new contract to lease office space subsequent to year ended December 31, 2015 under an agreement which expires May 31, 2021. Total lease expense was \$21,289 for the year ended December 31, 2015. The minimum amounts of the lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 20,620
2017	19,560
2018	19,904
2019	20,149
2020	20,502
2021	<u>8,647</u>
Total	\$ <u>109,382</u>

5. Capital Leases

During 2014 the Organization entered into a capital lease obligation for a telephone system. The value of \$5,405 is included in fixed assets. Total accumulated depreciation for the leased asset amounts to \$1,351 at December 31, 2015. The telephone system is depreciated over the life of the lease. Amortization of the capital lease of \$1,081 is included in depreciation expense for the year ended December 31, 2015.

During 2011 the Organization entered into a capital lease obligation for one copier. The value of \$3,072 is included in fixed assets. Total accumulated depreciation for the leased asset amounts to \$2,918 at December 31, 2015. The copier is depreciated over the life of the lease. Amortization of the capital lease of \$614 is included in depreciation expense for the year ended December 31, 2015.

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ <u>2,376</u>

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

6. Temporarily Restricted Net Assets

At December 31, 2015, the Organization had \$197,685 of temporarily purpose-restricted net assets and \$500 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	\$ 25,000
Leadership Advanced Milwaukee	130
Teen Pregnancy Prevention	28,755
Sustainability and Impact	143,800
Time Restricted	<u>500</u>
Total	\$ <u>198,185</u>

7. Income Taxes

Wisconsin Philanthropy Network, Inc. has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

The Committee has implemented accounting for uncertainty in income taxes in accordance with accounting principles generally accepted in the United States of America. 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 Committee recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense.

Generally, for United States Federal income taxes, the Organization is only subject to examination for the current year's tax return and the preceding three years' returns. Generally, for Wisconsin income taxes, the Organization is only subject to examinations for the current year's tax return and the preceding four years' returns.

8. Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2015 through February 12, 2016, the date the financial statements were available to be issued, for possible adjustments to the financial statements or disclosures. See Footnote 4 for subsequent event disclosure.

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Statement of Functional Expenses
Year Ended December 31, 2015 with Summarized Totals for 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2015 Total</u>	<u>(Memorandum Only) 2014 Total</u>
Salaries and wages	\$ 112,696	\$ 106,210	\$ 71,776	\$ 290,682	\$ 285,581
Employee benefits	13,581	1,598	799	15,978	15,112
Payroll taxes	18,347	2,158	1,079	21,584	20,134
Grants	359,560	-	-	359,560	403,089
Supplies and maintenance	2,041	1,603	1,455	5,099	5,436
Communications	2,401	2,473	2,401	7,275	5,762
Postage	417	119	60	596	944
Occupancy	13,528	10,088	9,593	33,209	30,193
Printing and publications	913	-	391	1,304	2,033
Travel	2,236	-	559	2,795	5,541
Programs and conferences	28,489	110	-	28,599	21,353
Professional fees	847	50,743	50	51,640	41,927
Dues and fees	-	7,697	-	7,697	7,225
Web site maintenance	227	-	-	227	189
Library resources	-	2,095	524	2,619	4,759
Depreciation	2,677	2,758	2,677	8,112	7,301
Professional development	-	3,275	-	3,275	1,862
Technology	462	477	463	1,402	2,013
Interest	288	51	-	339	228
Totals	<u>\$ 558,710</u>	<u>\$ 191,455</u>	<u>\$ 91,827</u>	<u>\$ 841,992</u>	<u>\$ 860,682</u>

See Independent Auditors' Report