

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Audited Financial Statements

Years Ended December 31, 2018 and 2017

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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. ("Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the Organization as of December 31, 2018 and 2017, 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.

March 11, 2019
Milwaukee, Wisconsin

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 499,845	\$ 449,590
Certificates of deposit	100,000	100,000
Accounts receivable	17,850	6,462
Promises to give, current portion	32,000	32,000
Prepaid expenses	16,565	10,852
Total current assets	<u>666,260</u>	<u>598,904</u>
Property and Equipment:		
Office furniture	24,655	24,655
Less: Accumulated depreciation	<u>(23,845)</u>	<u>(22,763)</u>
Net property and equipment	<u>810</u>	<u>1,892</u>
Non-current Assets:		
Promises to give, less current portion	<u>14,633</u>	<u>-</u>
Total assets	<u>\$ 681,703</u>	<u>\$ 600,796</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 5,994	\$ 9,743
Accrued payroll liabilities	9,343	8,977
Deferred membership dues	48,450	29,235
Total current liabilities	<u>63,787</u>	<u>47,955</u>
Net Assets:		
Without donor restriction	276,263	278,922
With donor restriction	<u>341,653</u>	<u>273,919</u>
Total net assets	<u>617,916</u>	<u>552,841</u>
Total liabilities and net assets	<u>\$ 681,703</u>	<u>\$ 600,796</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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions	\$ 137,670	\$ 47,000	\$ 184,670
Grants	-	330,690	330,690
Interest income	738	-	738
Membership dues	237,619	-	237,619
Program revenue	47,800	-	47,800
Net assets released from restrictions	<u>309,956</u>	<u>(309,956)</u>	<u>-</u>
Net revenues	<u>733,783</u>	<u>67,734</u>	<u>801,517</u>
Expenses:			
Program services	437,921	-	437,921
Management and general	198,542	-	198,542
Fund-raising	<u>99,979</u>	<u>-</u>	<u>99,979</u>
Total expenses	<u>736,442</u>	<u>-</u>	<u>736,442</u>
Change in net assets	(2,659)	67,734	65,075
Net Assets, beginning of year	<u>278,922</u>	<u>273,919</u>	<u>552,841</u>
Net Assets, end of year	<u>\$ 276,263</u>	<u>\$ 341,653</u>	<u>\$ 617,916</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, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions	\$ 152,212	\$ -	\$ 152,212
Grants	-	356,507	356,507
Interest income	563	-	563
Membership dues	251,994	-	251,994
Program revenue	105,046	-	105,046
Net assets released from restrictions	471,726	(471,726)	-
Net revenues	<u>981,541</u>	<u>(115,219)</u>	<u>866,322</u>
Expenses:			
Program services	658,908	-	658,908
Management and general	224,361	-	224,361
Fund-raising	96,374	-	96,374
Total expenses	<u>979,643</u>	<u>-</u>	<u>979,643</u>
Change in net assets	1,898	(115,219)	(113,321)
Net Assets, beginning of year	<u>277,024</u>	<u>389,138</u>	<u>666,162</u>
Net Assets, end of year	<u>\$ 278,922</u>	<u>\$ 273,919</u>	<u>\$ 552,841</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statement of Functional Expenses

Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and wages	\$ 104,534	\$ 114,703	\$ 69,434	\$ 288,671
Employee benefits	10,760	11,807	7,147	29,714
Payroll taxes	7,978	8,754	5,299	22,031
Grants	277,956	-	-	277,956
Supplies and maintenance	1,688	1,426	1,321	4,435
Communications	2,730	2,813	2,730	8,273
Postage	779	222	111	1,112
Occupancy	11,333	7,226	6,744	25,303
Printing and publications	3,819	-	1,637	5,456
Travel	6,677	-	1,669	8,346
Programs and conferences	6,922	434	1,115	8,471
Professional fees	1,012	27,617	60	28,689
Dues and fees	-	7,414	-	7,414
Website maintenance	111	-	-	111
Library resources	-	6,674	1,669	8,343
Depreciation	357	368	357	1,082
Professional development	-	5,759	-	5,759
Advertising and promotion	-	2,618	-	2,618
Miscellaneous	579	-	-	579
Technology	686	707	686	2,079
Totals	\$ <u>437,921</u>	\$ <u>198,542</u>	\$ <u>99,979</u>	\$ <u>736,442</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statement of Functional Expenses

Year Ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and wages	\$ 96,275	\$ 116,647	\$ 65,891	\$ 278,813
Employee benefits	6,808	8,248	4,659	19,715
Payroll taxes	7,719	9,353	5,283	22,355
Grants	471,726	-	-	471,726
Supplies and maintenance	2,307	1,651	1,457	5,415
Communications	2,778	2,863	2,778	8,419
Postage	399	114	57	570
Occupancy	11,465	7,349	6,863	25,677
Printing and publications	1,304	-	559	1,863
Travel	3,895	-	974	4,869
Programs and conferences	51,817	585	4,602	57,004
Professional fees	842	53,213	50	54,105
Dues and fees	-	9,692	-	9,692
Website maintenance	207	-	-	207
Library resources	-	7,966	1,991	9,957
Depreciation	357	368	357	1,082
Professional development	-	4,037	-	4,037
Advertising and promotion	-	1,396	-	1,396
Miscellaneous	156	-	-	156
Technology	853	879	853	2,585
Totals	\$ <u>658,908</u>	\$ <u>224,361</u>	\$ <u>96,374</u>	\$ <u>979,643</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.
 Brookfield, Wisconsin

Statements of Cash Flows
 For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 65,075	\$ (113,321)
Adjustments to reconcile change in net assets to net cash and equivalents provided (used) by operating activities:		
Depreciation	1,082	1,081
Changes in assets and liabilities:		
Accounts receivable	(11,388)	15,872
Promises to give	(14,633)	-
Prepaid expenses	(5,713)	(5,204)
Accounts payable	(3,749)	6,080
Accrued payroll liabilities	366	(2,437)
Deferred membership dues	19,215	10,135
Total adjustments	<u>(14,820)</u>	<u>25,527</u>
Net cash and equivalents provided (used) by operating activities	<u>50,255</u>	<u>(87,794)</u>
 Cash and equivalents, beginning of year	 <u>449,590</u>	 <u>537,384</u>
 Cash and equivalents, end of year	 \$ <u><u>499,845</u></u>	 \$ <u><u>449,590</u></u>
 Supplementary Disclosures:		
Interest paid	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2018 and 2017

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. The Organization's program services is to promote effective philanthropy in Wisconsin through education, best practices, enhanced partnerships and leadership.

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 consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

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 restricted support and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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
Years Ended December 31, 2018 and 2017
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Cash and Equivalents

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

The Organization expenses advertising production costs as they are incurred. Advertising expense was \$2,618 and \$1,396 for the years ended December 31, 2018 and 2017, respectively.

J. 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.

K. 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.

L. Functional Expenses

Wisconsin Philanthropy Network, Inc. classifies expenses into two functions: Program Services and Supporting Services. The Program Services function includes all expenses directly related to Wisconsin Philanthropy Network, Inc.'s activities and programs for nonprofit organizations. These expenses have been directly charged to the specific activities and programs based on employee hours incurred and hours of services provided. The Supporting Services function include management and general expenses not directly associated with activities and programs and fund-raising expenses.

M. New Accounting Pronouncement

On August 18, 2016, FASB issued 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. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(Continued)

2. Liquidity and Availability

Financial assets available for general expenditure, within one year of the statement of financial position date, comprise the following at December 31:

Financial assets at year end:	<u>2018</u>	<u>2017</u>
Cash and equivalents	\$ 499,845	\$ 449,590
Certificates of deposit	100,000	100,000
Accounts receivable	17,850	6,462
Promises to give	<u>46,633</u>	<u>32,000</u>
Total financial assets	664,328	588,052
Less amounts not available to be used within One year:		
Promises to give, non-current portion	<u>14,633</u>	<u>---</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>649,695</u>	\$ <u>588,052</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. Concentrations of Credit Risk Regarding Cash and Equivalents

Wisconsin Philanthropy Network, Inc. financial instruments are exposed to concentrations of credit risk consisting of cash and equivalents. The total cash balances of Wisconsin Philanthropy Network, Inc. are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per bank. The Organization held cash throughout the year which, at times, exceeded the balance insured by the FDIC. The Organization monitors such credit risk and has not experienced any losses related to such risks.

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.

Included in promises to give are the following unconditional promises to give at December 31:

	<u>2018</u>	<u>2017</u>
Unconditional promises to give before unamortized discount	\$ 47,000	\$ 32,000
Less: Unamortized discount (discount rate 2.51% and 0% at December 31, 2018 and 2017, respectively)	<u>(367)</u>	<u>(---)</u>
Net unconditional promises to give	\$ <u>46,633</u>	\$ <u>32,000</u>

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(Continued)

4. Promises to Give (Continued)

Payments on promises to give at December 31, 2018 are expected to be received as follows:

<u>Years Ending December 31,</u>		
2019	\$	32,000
2020		<u>15,000</u>
Total	\$	<u>47,000</u>

There was no allowance for doubtful promises to give at December 31, 2018 and 2017 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 has a contract to lease office space under an agreement which expires May 31, 2021. Total lease expense was \$19,566 and \$19,924 for the years ended December 31, 2018 and 2017, respectively. The minimum amounts of the lease payments are as follows:

<u>Years Ending December 31,</u>		<u>Amount</u>
2019	\$	20,149
2020		20,502
2021		<u>8,647</u>
Total	\$	<u>49,298</u>

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2018</u>	<u>2017</u>
Leadership Advanced Milwaukee	\$ -	\$ 22,176
WiLD	289,425	219,743
Communication	5,228	-
Time	<u>47,000</u>	<u>32,000</u>
Total	\$ <u>341,653</u>	\$ <u>273,919</u>

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(Continued)

7. 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 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 believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial position, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions on December 31, 2018 and 2017.

8. Major Donors

For the year ended December 31, 2018, four major donors contributed more than 10% of total contributions.

For the year ended December 31, 2017, two major donors contributed more than 10% of total contributions.

9. Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2018 through March 11, 2019, 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.