

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Audited Financial Statements

Years Ended December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

February 19, 2021
Milwaukee, Wisconsin

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 676,671	\$ 440,433
Certificates of deposit	100,000	100,000
Accounts receivable, net	50,250	8,210
Promises to give	32,000	72,300
Prepaid expenses	6,427	11,363
Total current assets	<u>865,348</u>	<u>632,306</u>
Property and Equipment:		
Office furniture	24,655	24,655
Less: Accumulated depreciation	<u>(24,655)</u>	<u>(24,655)</u>
Net property and equipment	<u>-</u>	<u>-</u>
Total assets	<u>\$ 865,348</u>	<u>\$ 632,306</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 2,437	\$ 5,752
Accrued payroll liabilities	7,674	6,290
Deferred revenue	129,107	113,914
Total current liabilities	<u>139,218</u>	<u>125,956</u>
Net Assets:		
Without donor restriction	234,328	166,893
With donor restriction	491,802	339,457
Total net assets	<u>726,130</u>	<u>506,350</u>
Total liabilities and net assets	<u>\$ 865,348</u>	<u>\$ 632,306</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Exchange transactions:			
Membership dues	\$ 250,111	\$ -	\$ 250,111
Program revenue	97,373	-	97,373
Total exchange transactions	<u>347,484</u>	<u>-</u>	<u>347,484</u>
Nonexchange transactions:			
Contributions	108,566	32,000	140,566
Private grants	-	432,004	432,004
Government grants	66,203	-	66,203
Total nonexchange transactions	<u>174,769</u>	<u>464,004</u>	<u>638,773</u>
Interest income	638	-	638
Net assets released from restrictions	311,659	(311,659)	-
Net revenues	<u>834,550</u>	<u>152,345</u>	<u>986,895</u>
Expenses:			
Program services	453,316	-	453,316
Management and general	211,689	-	211,689
Fund-raising	102,110	-	102,110
Total expenses	<u>767,115</u>	<u>-</u>	<u>767,115</u>
Change in net assets	67,435	152,345	219,780
Net Assets, beginning of year	<u>166,893</u>	<u>339,457</u>	<u>506,350</u>
Net Assets, end of year	<u>\$ 234,328</u>	<u>\$ 491,802</u>	<u>\$ 726,130</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Exchange transactions:			
Membership dues	\$ 244,769	\$ -	\$ 244,769
Program revenue	170,203	-	170,203
Total exchange transactions	<u>414,972</u>	<u>-</u>	<u>414,972</u>
Nonexchange transactions:			
Contributions	56,948	10,000	66,948
Grants	-	190,750	190,750
Total nonexchange transactions	<u>56,948</u>	<u>200,750</u>	<u>257,698</u>
Interest income	888	-	888
Net assets released from restrictions	202,946	(202,946)	-
Net revenues	<u>675,754</u>	<u>(2,196)</u>	<u>673,558</u>
Expenses:			
Program services	416,556	-	416,556
Management and general	210,457	-	210,457
Fund-raising	101,574	-	101,574
Total expenses	<u>728,587</u>	<u>-</u>	<u>728,587</u>
Change in net assets	(52,833)	(2,196)	(55,029)
Net Assets, beginning of year	<u>219,726</u>	<u>341,653</u>	<u>561,379</u>
Net Assets, end of year	<u>\$ 166,893</u>	<u>\$ 339,457</u>	<u>\$ 506,350</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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and wages	\$ 108,404	\$ 114,699	\$ 71,255	\$ 294,358
Employee benefits	16,909	18,334	11,193	46,436
Payroll taxes	8,125	8,597	5,341	22,063
Grants	285,009	-	-	285,009
Supplies and maintenance	1,165	948	869	2,982
Communications	1,185	1,221	1,185	3,591
Postage	71	20	10	101
Occupancy	11,853	7,569	7,065	26,487
Printing and publications	2,477	-	1,062	3,539
Travel	913	-	228	1,141
Programs and conferences	4,914	147	1,020	6,081
Professional fees	1,361	43,197	80	44,638
Dues and fees	-	7,190	-	7,190
Website maintenance	90	-	-	90
Library resources	-	6,380	1,595	7,975
Professional development	-	1,354	-	1,354
Advertising and promotion	-	789	-	789
Miscellaneous	323	-	-	323
Technology	1,207	1,244	1,207	3,658
Bad debt	9,310	-	-	9,310
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	\$ <u>453,316</u>	\$ <u>211,689</u>	\$ <u>102,110</u>	\$ <u>767,115</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, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and wages	\$ 107,457	\$ 115,515	\$ 70,953	\$ 293,925
Employee benefits	15,276	16,421	10,087	41,784
Payroll taxes	8,283	8,905	5,470	22,658
Grants	226,933	-	-	226,933
Supplies and maintenance	2,109	1,567	1,399	5,075
Communications	1,265	1,303	1,265	3,833
Postage	498	142	71	711
Occupancy	11,378	7,407	6,927	25,712
Printing and publications	644	-	277	921
Travel	6,915	-	1,729	8,644
Programs and conferences	33,112	295	668	34,075
Professional fees	1,006	37,592	59	38,657
Dues and fees	-	6,638	-	6,638
Website maintenance	116	-	-	116
Library resources	-	6,661	1,665	8,326
Depreciation	266	276	268	810
Professional development	-	5,653	-	5,653
Advertising and promotion	-	1,324	-	1,324
Miscellaneous	563	-	-	563
Technology	735	758	736	2,229
Totals	\$ <u>416,556</u>	\$ <u>210,457</u>	\$ <u>101,574</u>	\$ <u>728,587</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 219,780	\$ (55,029)
Adjustments to reconcile change in net assets to net cash and equivalents provided (used) by operating activities:		
Depreciation	-	810
Changes in assets and liabilities:		
Accounts receivable	(42,040)	9,640
Promises to give	40,300	(25,667)
Prepaid expenses	4,936	5,202
Accounts payable	(3,315)	(242)
Accrued payroll liabilities	1,384	(3,053)
Deferred revenue	15,193	8,927
Total adjustments	<u>16,458</u>	<u>(4,383)</u>
Net cash and equivalents provided (used) by operating activities	<u>236,238</u>	<u>(59,412)</u>
 Cash and equivalents, beginning of year	 <u>440,433</u>	 <u>499,845</u>
 Cash and equivalents, end of year	 <u>\$ 676,671</u>	 <u>\$ 440,433</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, 2020 and 2019

1. Summary of Significant Accounting Policies

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 Organizations program services are to promote effective philanthropy in Wisconsin through education, best practices, enhanced partnerships and leadership.

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.

Basis of Presentation

The 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, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization has no net assets with restrictions that are perpetual in nature.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from performance obligations satisfied at a point in time consists of the following:

- **Membership dues** – recognized monthly over the membership period, which is one year beginning on the member's anniversary date. Membership dues are nonrefundable.
- **Program Revenue** – recognized on the day the program is held.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash, private grants, and promises to give** - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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 statement of activities as net assets released from restrictions. Contributions and grants that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at prime interest rate and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

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.

Cash and Equivalents

The Organization 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.

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.

Deferred Revenue

Income from membership dues received in advance is deferred and recognized over the periods to which the dues relate. Income from fiscal agent fees received in advance is deferred and recognized upon completion of certain contract performance objectives.

Advertising

The Organization expenses advertising production costs as they are incurred. Advertising expense was \$789 and \$1,324 for the years ended December 31, 2020 and 2019, respectively.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Receivables consist of contributions from various private and public foundations in addition to membership dues. Management determines the need for an allowance for doubtful accounts based on experience relative to the possibility of collection. Management has established an allowance for uncollectible accounts amounting to \$6,500 and \$3,760 as of December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of program, management and general and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated amongst the program, management and general and fundraising. The expenses were allocated by management based on an estimate of time spent basis.

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 available to meet general expenditures over the next twelve months:	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 676,671	\$ 440,433
Certificates of deposit	100,000	100,000
Accounts receivable, net	50,250	8,210
Promises to give, net	<u>32,000</u>	<u>72,300</u>
Total	\$ <u>858,921</u>	\$ <u>620,943</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

The Organization's 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.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(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. Unconditional promises to give as of December 31, 2020 and 2019 are expected to be collected within one year.

Payments on promises to give at December 31, 2020 are expected to be received as follows:

<u>Years Ending December 31,</u>	
2021	\$ <u>32,000</u>

There was no allowance for doubtful promises to give at December 31, 2020 and 2019 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. Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2020 through February 19, 2021, 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.

6. Paycheck Protection Program

On April 14, 2020, the Organization received loan proceeds in the amount of \$66,203 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. In accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition, management has determined that the conditions of the PPP loan have been substantially met and therefore recorded this transaction as a government grant.

7. Operating Leases

The Organization has a contract to lease office space under an agreement which expires May 31, 2021. Total lease expense was \$20,502 and \$20,149 for the years ended December 31, 2020 and 2019, respectively. The minimum amounts of the lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ <u>8,647</u>

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2020 and 2019
(Continued)

8. Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
WiLD	\$ 368,788	\$ 267,157
Leadership Advanced	28,264	-
WI Impact Investing	62,750	-
Time	32,000	57,000
Time and purpose (Leadership Advanced)	<u>-</u>	<u>15,300</u>
Total	\$ <u>491,802</u>	\$ <u>339,457</u>

9. 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, 2020 and 2019.

10. Major Donors

For the year ended December 31, 2020, three major donors contributed more than 10% of total contributions and private grants revenue.

For the year ended December 31, 2019, two major donors contributed more than 10% of total contributions and private grants revenue.