

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Audited Financial Statements

Years Ended December 31, 2019 and 2018

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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, 2019 and 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; 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, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2019, the Organization adopted new accounting guidance, Update 2016-08 Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

March 3, 2020
Milwaukee, Wisconsin

WISCONSIN PHILANTHROPY NETWORK, INC.

Brookfield, Wisconsin

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>Restated</u> <u>2018</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 440,433	\$ 499,845
Certificates of deposit	100,000	100,000
Accounts receivable, net	8,210	17,850
Promises to give, current portion	72,300	32,000
Prepaid expenses	11,363	16,565
Total current assets	<u>632,306</u>	<u>666,260</u>
Property and Equipment:		
Office furniture	24,655	24,655
Less: Accumulated depreciation	<u>(24,655)</u>	<u>(23,845)</u>
Net property and equipment	<u>-</u>	<u>810</u>
Non-current Assets:		
Promises to give, less current portion	<u>-</u>	<u>14,633</u>
Total assets	<u>\$ 632,306</u>	<u>\$ 681,703</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 5,752	\$ 5,994
Accrued payroll liabilities	6,290	9,343
Deferred revenue	113,914	104,987
Total current liabilities	<u>125,956</u>	<u>120,324</u>
Net Assets:		
Without donor restriction	166,893	219,726
With donor restriction	<u>339,457</u>	<u>341,653</u>
Total net assets	<u>506,350</u>	<u>561,379</u>
Total liabilities and net assets	<u>\$ 632,306</u>	<u>\$ 681,703</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:			
Contributions	\$ 56,948	\$ 10,000	\$ 66,948
Grants	-	190,750	190,750
Interest income	888	-	888
Membership dues	244,769	-	244,769
Program revenue	170,203	-	170,203
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 Activities

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Restated Total</u>
Revenues:			
Contributions	\$ 107,045	\$ 47,000	\$ 154,045
Grants	-	330,690	330,690
Interest income	738	-	738
Membership dues	260,652	-	260,652
Program revenue	75,925	-	75,925
Net assets released from restrictions	<u>309,956</u>	<u>(309,956)</u>	<u>-</u>
Net revenues	<u>754,316</u>	<u>67,734</u>	<u>822,050</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	17,874	67,734	85,608
Net Assets, beginning of year	<u>201,852</u>	<u>273,919</u>	<u>475,771</u>
Net Assets, end of year	<u>\$ 219,726</u>	<u>\$ 341,653</u>	<u>\$ 561,379</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

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
	\$ 437,921	\$ 198,542	\$ 99,979	\$ 736,442
Totals	\$ 437,921	\$ 198,542	\$ 99,979	\$ 736,442

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, 2019 and 2018

	<u>2019</u>	<u>Restated 2018</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (55,029)	\$ 85,608
Adjustments to reconcile change in net assets to net cash and equivalents provided (used) by operating activities:		
Depreciation	810	1,082
Changes in assets and liabilities:		
Accounts receivable	9,640	(11,388)
Promises to give	(25,667)	(14,633)
Prepaid expenses	5,202	(5,713)
Accounts payable	(242)	(3,749)
Accrued payroll liabilities	(3,053)	366
Deferred revenue	8,927	(1,318)
Total adjustments	<u>(4,383)</u>	<u>(35,353)</u>
Net cash and equivalents provided (used) by operating activities	<u>(59,412)</u>	<u>50,255</u>
Cash and equivalents, beginning of year	<u>499,845</u>	<u>449,590</u>
Cash and equivalents, end of year	<u>\$ 440,433</u>	<u>\$ 499,845</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, 2019 and 2018

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.

Contributions and Grants

All contributions and grants 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 without donor restriction 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.

Membership dues

Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received. We recognize the exchange portion of the membership dues monthly over the membership period, which is one year beginning on the member's anniversary date.

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, 2019 and 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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 \$1,324 and \$2,618 for the years ended December 31, 2019 and 2018, respectively.

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 \$3,760 and \$-0- as of December 31, 2019 and 2018, respectively.

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.

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.

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle

Financial Accounting Standards Board Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or a point in time, and expand disclosures about revenue. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with the following impact:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Net assets ending 2017	\$ 552,841	\$ (77,070)	\$ 475,771
Membership dues ending 2018	237,619	23,033	260,652
Program revenue ending 2018	78,425	(2,500)	75,925
Deferred revenue ending 2018	48,450	56,537	104,987

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>2019</u>		<u>2018</u>
Cash and equivalents	\$	440,433	\$	499,845
Certificates of deposit		100,000		100,000
Accounts receivable, net		8,210		17,850
Promises to give, net		72,300		46,633
Total financial assets		620,943		664,328
Less amounts not available to be used within one year:				
Promises to give, non-current portion		-		(14,633)
Financial assets available to meet general expenditures over the next twelve months	\$	620,943	\$	649,695

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.

WISCONSIN PHILANTHROPY NETWORK, INC.
 Brookfield, Wisconsin

Notes to Financial Statements
 Years Ended December 31, 2019 and 2018
 (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.

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

	<u>2019</u>	<u>2018</u>
Unconditional promises to give before unamortized discount	\$ 72,300	\$ 47,000
Less: Unamortized discount (discount rate 2.51% at December 31, 2018)	-	(367)
Net unconditional promises to give	\$ 72,300	\$ 46,633

Payments on promises to give at December 31, 2019 are expected to be received as follows:

<u>Years Ending December 31,</u>	
2020	\$ <u>72,300</u>

There was no allowance for doubtful promises to give at December 31, 2019 and 2018 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, 2019 through March 3, 2020, 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. Reclassifications

Certain line items were reclassified on the December 31, 2018 statement of functional expenses. These changes do not impact net assets. These reclassifications have no impact on eligible expenses.

7. Operating Leases

The Organization has a contract to lease office space under an agreement which expires May 31, 2021. Total lease expense was \$20,149 and \$19,566 for the years ended December 31, 2019 and 2018, respectively. The minimum amounts of the lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2020	\$ 20,502
2021	8,647
Total	\$ 29,149

WISCONSIN PHILANTHROPY NETWORK, INC.
Brookfield, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2019 and 2018
(Continued)

8. Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
WiLD	\$ 267,157	\$ 289,425
Communication	-	5,228
Time	57,000	47,000
Time and purpose (Leadership Advanced)	<u>15,300</u>	<u>-</u>
Total	<u>\$ 339,457</u>	<u>\$ 341,653</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, 2019 and 2018.

10. Major Donors

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

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