

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Audited Financial Statements

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Wisconsin Philanthropy Network, Inc. ("Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

March 8, 2022
Milwaukee, Wisconsin

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets:		
Cash and equivalents	\$ 642,249	\$ 676,671
Certificates of deposit	100,000	100,000
Accounts receivable, net	33,418	50,250
Promises to give	109,500	32,000
Prepaid expenses	8,390	6,427
Total current assets	<u>893,557</u>	<u>865,348</u>
Property and Equipment:		
Office furniture	24,655	24,655
Less: Accumulated depreciation	(24,655)	(24,655)
Net property and equipment	<u>-</u>	<u>-</u>
Other Assets:		
Security deposit	525	-
Total assets	<u>\$ 894,082</u>	<u>\$ 865,348</u>
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 31,942	\$ 2,437
Accrued payroll liabilities	6,452	7,674
Deferred revenue	117,499	129,107
Total current liabilities	<u>155,893</u>	<u>139,218</u>
Net Assets:		
Without donor restriction	224,012	234,328
With donor restriction	514,177	491,802
Total net assets	<u>738,189</u>	<u>726,130</u>
Total liabilities and net assets	<u>\$ 894,082</u>	<u>\$ 865,348</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Exchange transactions:			
Membership dues	\$ 220,084	\$ -	\$ 220,084
Program revenue	175,594	-	175,594
Total exchange transactions	<u>395,678</u>	<u>-</u>	<u>395,678</u>
Nonexchange transactions:			
Contributions	17,705	77,500	95,205
Private grants	-	229,250	229,250
Total nonexchange transactions	<u>17,705</u>	<u>306,750</u>	<u>324,455</u>
Interest income	211	-	211
Employee retention tax credit	27,393	-	27,393
Net assets released from restrictions	284,375	(284,375)	-
Net revenues	<u>725,362</u>	<u>22,375</u>	<u>747,737</u>
Expenses:			
Program services	440,774	-	440,774
Management and general	193,336	-	193,336
Fund-raising	101,568	-	101,568
Total expenses	<u>735,678</u>	<u>-</u>	<u>735,678</u>
Change in net assets	(10,316)	22,375	12,059
Net Assets, beginning of year	<u>234,328</u>	<u>491,802</u>	<u>726,130</u>
Net Assets, end of year	<u>\$ 224,012</u>	<u>\$ 514,177</u>	<u>\$ 738,189</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, 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
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.

Milwaukee, Wisconsin

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and wages	\$ 130,251	\$ 95,022	\$ 75,091	\$ 300,364
Employee benefits	15,889	15,047	10,133	41,069
Payroll taxes	9,792	7,143	5,645	22,580
Grants	260,476	-	-	260,476
Supplies and maintenance	1,591	1,031	879	3,501
Communications	744	766	744	2,254
Postage	58	46	12	116
Occupancy	10,566	6,035	5,563	22,164
Travel	387	-	97	484
Programs and conferences	4,294	36	-	4,330
Professional fees	1,603	50,609	94	52,306
Dues and fees	-	7,397	-	7,397
Website maintenance	150	-	-	150
Library resources	-	7,185	1,796	8,981
Professional development	-	837	-	837
Advertising and promotion	-	622	-	622
Miscellaneous	3,459	-	-	3,459
Technology	1,514	1,560	1,514	4,588
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	\$ 440,774	\$ 193,336	\$ 101,568	\$ 735,678

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

WISCONSIN PHILANTHROPY NETWORK, INC.

Milwaukee, 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	\$ 453,316	\$ 211,689	\$ 102,110	\$ 767,115

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

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 12,059	\$ 219,780
Adjustments to reconcile change in net assets to net cash and equivalents provided (used) by operating activities:		
Change in allowance for doubtful accounts	(5,350)	-
Changes in assets and liabilities:		
Accounts receivable	22,182	(42,040)
Promises to give	(77,500)	40,300
Prepaid expenses	(1,963)	4,936
Security deposit	(525)	-
Accounts payable	29,505	(3,315)
Accrued payroll liabilities	(1,222)	1,384
Deferred revenue	(11,608)	15,193
Total adjustments	<u>(46,481)</u>	<u>16,458</u>
Net cash and equivalents provided (used) by operating activities	<u>(34,422)</u>	<u>236,238</u>
Cash and equivalents, beginning of year	<u>676,671</u>	<u>440,433</u>
Cash and equivalents, end of year	<u>\$ 642,249</u>	<u>\$ 676,671</u>

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

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

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 Organization's 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.
Milwaukee, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(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 \$622 and \$789 for the years ended December 31, 2021 and 2020, respectively.

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(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 \$1,150 and \$6,500 as of December 31, 2021 and 2020, 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:	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 642,249	\$ 676,671
Certificates of deposit	100,000	100,000
Accounts receivable, net	33,418	50,250
Promises to give, net	<u>109,500</u>	<u>32,000</u>
Total financial assets	885,167	858,921
Less amounts not available to be used within one year for general expenditures and other contractual obligations:		
Net assets with donor restrictions	<u>(514,177)</u>	<u>(491,802)</u>
Financial assets available to meet general expenditures and other contractual obligations within one year	\$ <u>370,990</u>	<u>367,119</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.
Milwaukee, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(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, 2021 and 2020 are expected to be collected within one year.

Payments on promises to give at December 31, 2021 are expected to be received as follows:

<u>Years Ending December 31,</u>	
2022	\$ <u>109,500</u>

There was no allowance for doubtful promises to give at December 31, 2021 and 2020 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, 2021 through March 8, 2022, 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 had a contract to lease office space under an agreement which expired May 31, 2021. During the year, the Organization signed a new lease for lease office space. This agreement expires December 31, 2022. Total lease expense was \$15,911 and \$20,502 for the years ended December 31, 2021 and 2020, respectively. The minimum amounts of the lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ <u>11,400</u>

WISCONSIN PHILANTHROPY NETWORK, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
Years Ended December 31, 2021 and 2020
(Continued)

8. Net Assets with Donor Restrictions

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

	<u>2021</u>		<u>2020</u>
WiLD	\$ 347,070	\$	368,788
Leadership Advanced	25,864		28,264
WI Impact Investing	31,743		62,750
Time	34,500		32,000
Time and purpose (WiLD)	<u>75,000</u>		<u>-</u>
Total	\$ <u>514,177</u>	\$	<u>491,802</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, 2021 and 2020.

10. Major Donors

For the year ended December 31, 2021, two major donors contributed more than 10% of total contributions and private grants revenue.

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

11. COVID-19

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-spread quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had adverse impact upon many sectors of the economy, including nonprofit organizations.

The Organization filed for the employer retention credit in the amount of \$27,393 and \$0 for the years ended December 31, 2021 and 2020, respectively, which is shown as other income.