

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Summarized Totals for the Year Ended December 31, 2019)**

**SAINT FRANCIS CHILDREN'S CENTER, INC.**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditor's Report .....	1 - 2
Statement of Financial Position.....	3
Statement of Activities .....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 18
Schedule of Revenue and Expenses - Without Donor Restrictions .....	19

## Independent Auditor's Report

Board of Directors  
Saint Francis Children's Center, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Saint Francis Children's Center, Inc. which comprise the statement of financial position as of December 31, 2020, 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 Organization'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 Organization'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 Saint Francis Children's Center, Inc. as of December 31, 2020, 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.

**Ritz Holman LLP**  
*Serving business, nonprofits, individuals and trusts.*

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Board of Directors  
Saint Francis Children's Center, Inc.

***Report on Summarized Comparative Information***

We have previously audited Saint Francis Children's Center, Inc.'s December 31, 2019, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenue and expenses - without donor restrictions is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
June 17, 2021

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**(With Summarized Totals for December 31, 2019)**

ASSETS	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 516,070	\$ 605,699
Grants Receivable	148,905	113,690
Net Pledges Receivable - Current Portion	23,323	42,044
Accounts Receivable	1,934	2,960
Prepaid Expenses	16,690	15,854
Total Current Assets	\$ 706,922	\$ 780,247
<b>FIXED ASSETS</b>		
Fixed Assets	\$ 6,473,082	\$ 6,429,153
Less: Accumulated Depreciation	(4,568,501)	(4,476,181)
Net Fixed Assets	\$ 1,904,581	\$ 1,952,972
<b>OTHER ASSETS</b>		
Investments	\$ 9,418,682	\$ 8,464,719
Greater Milwaukee Foundation Beneficial Interest	401,339	366,369
Jewish Community Foundation Beneficial Interest	74,166	67,458
Cash Surrender Value - Annuity	60,232	57,916
Pledges Receivable Long-Term Portion	---	5,000
Total Other Assets	\$ 9,954,419	\$ 8,961,462
<b>TOTAL ASSETS</b>	\$ 12,565,922	\$ 11,694,681
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 74,602	\$ 79,085
Accrued Wages	36,421	99,135
Accrued Vacation	80,239	62,775
Prepaid Tuition	37	253
Current Portion of Capital Lease	2,986	2,807
Refundable Advances and Deferred Revenue	46,070	62,194
Total Current Liabilities	\$ 240,355	\$ 306,249
<b>LONG-TERM LIABILITIES</b>		
Capital Lease	\$ 6,435	\$ 9,242
Less: Current Portion of Capital Lease	(2,986)	(2,807)
Total Long-Term Liabilities	\$ 3,449	\$ 6,435
Total Liabilities	\$ 243,804	\$ 312,684
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	\$ 2,340,237	\$ 2,400,757
Board Designated	9,418,682	8,464,719
Total Net Assets Without Donor Restrictions	\$ 11,758,919	\$ 10,865,476
With Donor Restrictions		
Greater Milwaukee Foundation Beneficial Interest	\$ 401,339	\$ 366,369
Jewish Community Foundation Beneficial Interest	74,166	67,458
Other	87,694	82,694
Total Net Assets With Donor Restrictions	\$ 563,199	\$ 516,521
Total Net Assets	\$ 12,322,118	\$ 11,381,997
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 12,565,922	\$ 11,694,681

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

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Summarized Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING REVENUE</b>				
Private Pay Tuition	\$ 844,335	\$ ---	\$ 844,335	\$ 1,342,673
Youngstar Childcare	17,320	---	17,320	12,457
Milwaukee County - Department of Human Services	1,270,348	---	1,270,348	1,174,927
Cost Share	4,655	---	4,655	15,779
Contributions	198,011	14,200	212,211	283,106
Donated Goods and Services	38,509	---	38,509	1,030
Special Events Revenue	87,443	---	87,443	263,978
Less: Special Events Expense	(13,073)	---	(13,073)	(63,205)
Rental Income	35,018	---	35,018	35,543
Paycheck Protection Program	453,452	---	453,452	---
Other Revenue	5,030	---	5,030	8,561
Net Assets Released from Restrictions	17,411	(17,411)	---	---
Total Operating Revenue	<u>\$ 2,958,459</u>	<u>\$ (3,211)</u>	<u>\$ 2,955,248</u>	<u>\$ 3,074,849</u>
<b>OPERATING EXPENSES</b>				
Program Services	\$ 2,352,933	\$ ---	\$ 2,352,933	\$ 2,398,446
Management	495,130	---	495,130	422,706
Fundraising	219,050	---	219,050	212,839
Total Operating Expenses	<u>\$ 3,067,113</u>	<u>\$ ---</u>	<u>\$ 3,067,113</u>	<u>\$ 3,033,991</u>
Change in Net Operating Activity	\$ (108,654)	\$ (3,211)	\$ (111,865)	\$ 40,858
<b>NON-OPERATING ACTIVITY</b>				
Net Gain - Beneficial Interest	---	49,889	49,889	50,440
Net Gain - Investments	1,002,097	---	1,002,097	1,447,410
CHANGE IN NET ASSETS	\$ 893,443	\$ 46,678	\$ 940,121	\$ 1,538,708
Net Assets, Beginning of Year	<u>10,865,476</u>	<u>516,521</u>	<u>11,381,997</u>	<u>9,843,289</u>
NET ASSETS, END OF YEAR	<u>\$ 11,758,919</u>	<u>\$ 563,199</u>	<u>\$ 12,322,118</u>	<u>\$ 11,381,997</u>

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

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Summarized Totals for the Year Ended December 31, 2019)

EXPENSES	Program Services	Management	Fundraising	2020 Total	2019 Total
Salaries and Wages	\$ 1,665,285	\$ 284,121	\$ 161,995	\$ 2,111,401	\$ 2,050,001
Payroll Taxes	139,551	23,926	13,585	177,062	176,441
Retirement	32,537	3,431	2,095	38,063	31,176
Employee Benefits	124,960	13,066	8,040	146,066	146,278
Professional Fees	3,792	88,040	4,082	95,914	84,184
Program Innovation	---	---	---	---	7
Information Technology	2,095	3,203	9,113	14,411	15,734
Recruiting	4,685	49	249	4,983	4,002
Conferences and Training	2,748	477	---	3,225	9,947
Travel	4,702	---	---	4,702	18,174
Dues and Subscriptions	---	603	1,680	2,283	2,015
Postage	3,487	1,347	400	5,234	7,553
Printing	109	5,497	6,348	11,954	10,769
Supplies	83,713	12,062	526	96,301	134,438
Telephone	8,500	351	115	8,966	10,044
Advertising and Marketing	---	179	2,750	2,929	11,499
Licenses and Fees	---	1,325	1,335	2,660	4,668
Utilities	65,619	4,103	898	70,620	81,010
Repairs and Maintenance	94,261	5,812	1,271	101,344	102,219
Insurance	31,009	1,953	427	33,389	32,982
Depreciation	85,738	5,401	1,181	92,320	88,851
Interest	---	107	---	107	661
Bad Debts	---	---	2,960	2,960	2,350
In-Kind Furniture and Program Supplies	---	38,509	---	38,509	1,030
Loss on Disposal	---	---	---	---	4,995
Other Expenses	142	1,568	---	1,710	2,963
Subtotal	<u>\$ 2,352,933</u>	<u>\$ 495,130</u>	<u>\$ 219,050</u>	<u>\$ 3,067,113</u>	<u>\$ 3,033,991</u>
Special Event Expenses					
Venue and Food	\$ ---	\$ ---	\$ 898	\$ 898	\$ 36,923
Printing and Marketing	---	---	4,074	4,074	10,439
Fees and Licenses	---	---	298	298	4,177
Videography and Audio Visual	---	---	1,575	1,575	8,300
Supplies	---	---	4,300	4,300	1,699
Travel	---	---	---	---	667
Entertainment	---	---	1,928	1,928	1,000
Subtotal	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 13,073</u>	<u>\$ 13,073</u>	<u>\$ 63,205</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 2,352,933</u></u>	<u><u>\$ 495,130</u></u>	<u><u>\$ 232,123</u></u>	<u><u>\$ 3,080,186</u></u>	<u><u>\$ 3,097,196</u></u>

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

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Summarized Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 940,121	\$ 1,538,708
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	92,320	88,851
Net Realized and Unrealized Gain on Investments	(885,131)	(1,304,921)
Net Realized and Unrealized Gain on Beneficial Interest	(49,889)	(50,440)
Loss on Asset Disposition	---	4,995
(Increase) Decrease in Grants Receivable	(35,215)	70,742
(Increase) Decrease in Pledges Receivable	23,721	35,142
(Increase) Decrease in Accounts Receivable	1,026	(1,562)
(Increase) Decrease in Prepaid Expenses	(836)	17,056
(Increase) Decrease in Cash Surrender Value - Annuity	(2,316)	(2,176)
Increase (Decrease) in Accounts Payable	(4,483)	45,182
Increase (Decrease) in Accrued Wages	(62,714)	(7,111)
Increase (Decrease) in Accrued Vacation	17,464	(4,423)
Increase (Decrease) in Prepaid Tuition	(216)	246
Increase (Decrease) in Refundable Advances and Deferred Revenue	(16,124)	4,591
	<u>\$ 17,728</u>	<u>\$ 434,880</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (43,929)	\$ (127,109)
Investment Withdrawals for Operations	50,000	215,110
Purchase of Investments	(1,515,548)	(1,586,980)
Proceeds from Sale of Investments	1,404,927	1,458,332
	<u>\$ (104,550)</u>	<u>\$ (40,647)</u>
Net Cash Used by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	\$ (2,807)	\$ (2,639)
	<u>\$ (2,807)</u>	<u>\$ (2,639)</u>
Net Cash Used by Financing Activities		
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (89,629)	\$ 391,594
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>605,699</u>	<u>214,105</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 516,070</u>	<u>\$ 605,699</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	\$ 107	\$ 661

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



**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Saint Francis Children's Center, Inc. (the "Organization") promotes community services in the greater Milwaukee area for children with specific learning disabilities, as well as provides services for children with mental and developmental disabilities and exceptional education needs. The Organization provides early education and academic programs for children with special needs from age six weeks through kindergarten and case management services for children with long-term disabilities from age three through age 21.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Accounting Method**

The accompanying financial statements of Saint Francis Children's Center, Inc. have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less when purchased. The cash equivalents held at investment firms are included in the total of investments.

**Grants Receivable**

Grants receivable includes amounts owed to the Organization from the government for revenue earned, but not yet paid as of year-end. The Organization considers revenue to be earned when the services are performed or related costs to be reimbursed have been incurred.

**Pledges Receivable**

Pledges receivable are recorded when the Organization receives an unconditional promise to give or when the condition is met of a conditional promise to give. Pledges expected to be paid in more than one year from the statement of financial position date are discounted for risk and their estimated present value.

**Allowance for Doubtful Accounts**

Pledges, grants, and accounts receivable are stated net of an allowance for doubtful accounts. The Organization estimates the allowance based on its historical experience including review of past due and aging balances and an assessment of the debtor's ability to pay. The amount of allowance is included in the respective pledges, grants, and accounts receivable notes to the financials when an allowance is applicable.

**Prepaid Expenses**

Prepaid expenses are future expenses paid in advance and are reported on the statement of financial position as an asset.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes assets with an original cost of \$5,000 or greater.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome. Amounts received for which the donor has limited the use of the asset or designated the gift as support for future periods are considered restricted support and included in net assets with donor restrictions. When a donor 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. When the restriction on a contribution is met in the same reporting period as the contribution is received, the contribution is reported in net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Functional Expenses**

The Organization allocates costs directly to program, management or fundraising whenever possible. Certain expenses are attributable to one or more programs or supporting functions of the Organization. Payroll and related costs are allocated based on the actual or estimated time that employees spend in a particular function or program. The cost of repairs and maintenance, insurance and other facility costs are allocated based on square footage.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**NOTE B - Future Accounting Pronouncements**

*Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

*Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20)* will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE B - Future Accounting Pronouncements (continued)**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE C - Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**NOTE D - Concentration of Risk**

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization's uninsured cash balances total \$234,482.

**NOTE E - Liquidity**

The Organization's financial assets are available for general expenditures and to pay obligations as they come due. The Organization's operations provide liquid funds throughout the year and special events provide liquid funds to support program costs. In addition, the Organization receives approximately \$12,000 from the Greater Milwaukee Foundation annually to support operations and has a board designated endowment of \$9,418,682 from which the board may appropriate funds to meet the operating needs of the Organization.

The Organization's financial assets available for use within one year include:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$516,070
Grants Receivable	148,905
Pledges Receivable - Current Portion	23,323
Accounts Receivable	1,934
Donor Restricted for Specific Purposes	<u>(82,694)</u>
Financial Assets Available for Use	<u>\$607,538</u>

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE F - Grants Receivable**

Grants receivable consists of the following amounts as of December 31, 2020:

<u>Source</u>	<u>Amount</u>
Milwaukee County Children's Long-Term Support Targeted Case Management	\$112,522 <u>36,383</u>
Total Grants Receivable	<u>\$148,905</u>

**NOTE G - Net Pledges Receivable**

The Organization has pledges receivable as follows:

Gross Pledges Receivable	\$28,323
Less: Allowance for Uncollectible Receivables	<u>(5,000)</u>
Net Pledges Receivable	<u>\$23,323</u>

Pledges are expected to be collected in the year ending December 31, 2021.

**NOTE H - Lease Rights**

The Organization has a long-term non-cancelable lease on the real estate on which the classroom building is located. The lease rights were donated to the Organization and expire in the year 2047 and do not require annual lease payments.

**NOTE I - Fixed Assets**

Fixed assets consist of the following at December 31, 2020:

Buildings and Improvements	\$ 5,693,207
Furniture and Fixtures	256,197
Equipment	508,917
Leased Assets	<u>14,761</u>
Total Fixed Assets	\$ 6,473,082
Less: Accumulated Depreciation	<u>(4,568,501)</u>
Net Fixed Assets	<u>\$ 1,904,581</u>

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE J - Beneficial Interest**

**Greater Milwaukee Foundation**

The Organization transferred funds to the Greater Milwaukee Foundation (GMF), a community foundation, for investment purposes in a prior year. The funds, including principal, may be used for operations. The GMF makes investment decisions and determines the amount of income to be transmitted annually to the Organization. The size of distributions from the fund is determined in accordance with the GMF's distribution policies in effect from time to time. The value of the fund includes contributions and unappropriated investment income. The fair value of the fund of \$401,339 is included in the financial statements as net assets with donor restrictions at December 31, 2020.

**Jewish Community Foundation**

The Organization has a fund held at the Jewish Community Foundation (JCF) called the Jeri Marcuvitz Teacher Development Fund. The fund was established to provide educational resources to support teacher development and growth. The original contributions to the fund of \$51,763 are intended to be invested in perpetuity. The value of the fund includes contributions and investment income and is included in net assets with donor restrictions. The fair value of the fund of \$74,166 is included in the financial statements as net assets with donor restrictions at December 31, 2020.

The gain on beneficial interest is summarized as follows:

Greater Milwaukee Foundation:	
Investment Gain	\$47,044
Investment Fees	(3,663)
Jewish Community Foundation:	
Investment Gain	<u>6,508</u>
Total Gain on Beneficial Interest	<u>\$49,889</u>

**NOTE K - Fair Value Measurements and Investment Composition**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE K - Fair Value Measurements and Investment Composition (continued)**

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities and Exchange				
Traded Funds	\$7,289,777	\$7,289,777	\$ ---	\$ ---
Fixed Income	1,342,932	1,342,932	---	---
Cash and Equivalents Held				
With Investment Firms	756,931	756,931	---	---
Other Assets	17,957	17,957		
Accrued Income	<u>11,085</u>	<u>11,085</u>	---	---
Total Portfolio Investments	\$9,418,682	\$9,418,682	\$ ---	\$ ---
GMF Beneficial Interest	401,339	---	---	401,339
JCF Beneficial Interest	74,166	---	---	74,166
Cash Surrender Value - Annuity	<u>60,232</u>	---	<u>60,232</u>	---
Total	<u>\$9,954,419</u>	<u>\$9,418,682</u>	<u>\$60,232</u>	<u>\$475,505</u>

Greater Milwaukee Foundation (GMF) investments include the Organization's share of pooled equities securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by the Greater Milwaukee Foundation who provides the fair value. Jewish Community Foundation (JCF) investments include fixed income, domestic equities, international equities, real estate, hedge funds, and money market funds. The funds are held by the Jewish Community Foundation who provides the fair value.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	<u>GMF Investments</u>	<u>JCF Investments</u>	<u>Total</u>
Beginning Balance, January 1, 2020	\$366,369	\$67,458	\$433,827
Total Gains or Losses (realized/unrealized)	47,044	6,508	53,552
Contributions	4,000	200	4,200
Investment fees	(3,663)	---	(3,663)
Distributions	<u>(12,411)</u>	<u>---</u>	<u>(12,411)</u>
Ending Balance, December 31, 2020	<u>\$401,339</u>	<u>\$74,166</u>	<u>\$475,505</u>



**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE L - Capital Lease Obligation**

The Organization has a capital lease for two copy machines with a fair market value of \$14,761 at lease inception. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease and, accordingly, the lease is recorded in the Organization's assets and liabilities. The assets are included under fixed assets and are being depreciated over the lease terms and useful life of five years. Accumulated depreciation was \$9,349 as of December 31, 2020, and depreciation expense of \$2,952 is included in the year ended December 31, 2020.

The following is a schedule by years of the future minimum payments required under the lease:

<u>For the Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2021	\$2,986	\$314	\$3,300
December 31, 2022	3,175	125	3,300
December 31, 2023	<u>274</u>	<u>1</u>	<u>275</u>
Total	<u>\$6,435</u>	<u>\$440</u>	<u>\$6,875</u>

**NOTE M - Refundable Advances and Deferred Revenue**

Refundable advances includes tuition deposits of \$43,180 and deferred rental income of \$2,890 as of December 31, 2020.

**NOTE N - Net Asset Composition**

**Board Designated Net Assets**

Board designated net assets include investments of \$9,418,682 designated for the future capital needs of the Organization.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31, 2020:

<u>Time</u>		
Greater Milwaukee Foundation Beneficial Interest		\$401,339
Pledges for 2020		5,000
<u>Purpose</u>		
Outdoor Classroom		80,194
Children's Long-Term Support		2,500
<u>Time and Purpose</u>		
Jewish Community Foundation Beneficial Interest		<u>74,166</u>
Total		<u>\$563,199</u>

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE O - Paycheck Protection Program**

The Organization entered into the Paycheck Protection Program and received \$453,432 on May 5, 2020. The program provides nonprofit organizations the option to treat the funding as a conditional grant based on how the program operates or a loan based on the legal agreement. The Organization has opted to treat the funding as a conditional grant wherein revenue is recognized when the conditions of the grant are met. The Organization paid eligible costs and maintained employment levels, and thus has determined all grant conditions are met and has included the \$453,432 as revenue in the year ended December 31, 2020. The Organization received full forgiveness on February 12, 2021.

**NOTE P - Donated Goods and Services**

The Organization received donated goods and services included in the financial statements as follows:

Office Furniture	\$ 3,909
Program and Office Supplies	<u>34,600</u>
Total	<u>\$38,509</u>

**NOTE Q - Revenue From Contracts with Customers**

**Special Events**

The Organization typically holds various fundraising events throughout the year. Registration fees for these events are charged to participants at the time of registration. The registration revenue includes an exchange and donation portion. The exchange portion is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the events and event activities such as food and entertainment. Registration revenue attributed to the exchange portion collected in advance of the special event is deferred until the time of the event. Amounts not yet collected as of the event date are recorded as accounts receivable. Registration revenue in excess of the value of goods or services provided to attendees is a contribution and considered to be donor restricted until the time of the event.

The Organization also provides the opportunity to sponsor events. Sponsorships are considered to be donor restricted contributions until the time of the event. Pledges to sponsor future events are recorded as revenue and restricted net assets when the pledge is received.

At December 31, 2020, there were no assets or liabilities related to revenue from contracts with customers. For the year ended December 31, 2020, special event revenue was \$87,443.

**Education Income**

The Organization offers in-school education programs and childcare for children. Fees for the programs are billed to the families in advance of the program or childcare service, or, in some cases, upon completion of the programming. Revenue is recognized at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the child access to the program. Total tuition income and childcare income for the year ended December 31, 2020, was \$844,335 and \$17,320, respectively. Deferred revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for future program work.

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE Q - Revenue From Contracts with Customers (continued)**

These revenues are recognized at a point of time in the future when the programs are held.

Beginning Refundable Advances	\$ 59,304
Beginning Prepaid Tuition	253
Revenue Recognized from Prior Year Liabilities	(59,557)
New Program Fees Collected	845,315
Revenue Recognized on New Program Fees	<u>(802,098)</u>
Ending Deferred Income and Prepaid Tuition	<u>\$ 43,217</u>

**Rental Income**

The Organization leased space to an organization that provides therapy and speech pathology services. Rent revenue is recognized monthly. The rental income for the year ended December 31, 2020, was \$35,018.

Beginning Deferred Revenue	\$ 2,890
Revenue Recognized from Prior Year Deferred	(2,890)
New Rental Income Collected	35,018
Revenue Recognized from New Rental Collections	<u>(32,128)</u>
Ending Deferred Revenue	<u>\$ 2,890</u>

**NOTE R - Related Parties**

The Organization received donations of \$12,311 from board members in the year ended December 31, 2020.

**NOTE S - Advertising Expense**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020, was \$2,929.

**NOTE T - Retirement Plan**

The Organization has a defined contribution retirement plan qualified under Section 403(b) of the Internal Revenue Code, which allows employee, employer and matching contributions. An employee is eligible to participate in the plan with one hour of service. Each eligible employee can make elective contributions to the plan. Employee contributions are immediately vested. The Organization contributed a fixed match equal to 50% of elective deferrals. When determining the matching contributions, only elective deferrals up to 5% of the participant's compensation per payroll are considered. The vested percentage of employer contributions to an individual's 403(b) account is based on the employee's years of service. To be fully vested an employee must work at least 1,000 hours in each of 6 plan years which run from January through December. Total retirement expense was \$38,063 for the year ended December 31, 2020.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE U - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2020, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE V - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2020, through June 17, 2021, the date the financial statements were available to be issued, for possible adjustments to the financial statements or disclosures.

COVID-19 has brought with it a considerable fluctuation and uncertainty in operations and global financial markets. While the pandemic appears to be winding down, the Organization's 2021 operations have had limited in-person activity and world markets could continue to fluctuate. The financial statements do not include any adjustment for future impact.

The Organization received \$467,645 on February 22, 2021, through the second round of the Paycheck Protection Program. The Organization may be eligible for full or partial loan forgiveness if the proceeds are spent on eligible expenditures in the loan coverage period and if the Organization meets other loan requirements. The amount of forgiveness cannot be determined at this time.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**SCHEDULE OF REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Summarized Totals for the Year Ended December 31, 2019)

	Program Activities					Total Programs	Management	Fundraising	2020 Total	2019 Total
	Birth to Three Program	Children's Long-Term Support	School	Family Activity Center	Other Therapy Services					
<b>REVENUE</b>										
Private Pay Tuition	\$ ---	\$ ---	\$ 844,335	\$ ---	\$ ---	\$ 844,335	\$ ---	\$ ---	\$ 844,335	\$ 1,342,673
Youngstar Childcare	---	---	17,320	---	---	17,320	---	---	17,320	12,457
Milwaukee County - Department of Human Services	598,429	696,252	---	---	---	1,294,681	---	---	1,294,681	1,215,070
Less: Amount in Excess of Allowable Profit	(24,333)	---	---	---	---	(24,333)	---	---	(24,333)	(40,143)
Cost Share	4,655	---	---	---	---	4,655	---	---	4,655	15,779
Contributions	---	---	18,000	---	---	18,000	---	180,011	198,011	196,037
Donated Services	---	---	---	---	---	---	38,509	---	38,509	1,030
Special Events Revenue	---	---	---	---	---	---	---	87,443	87,443	263,978
Less: Special Events Expense	---	---	---	---	---	---	---	(13,073)	(13,073)	(63,205)
Rental Income	---	---	---	---	35,018	35,018	---	---	35,018	35,543
Paycheck Protection Program	---	---	373,673	---	---	373,673	---	79,779	453,452	---
Other Revenue	---	---	4,980	---	---	4,980	---	50	5,030	8,561
Net Assets Released from Restrictions	---	---	---	---	---	---	---	17,411	17,411	82,987
<b>Total Revenue</b>	<b>\$ 578,751</b>	<b>\$ 696,252</b>	<b>\$ 1,258,308</b>	<b>\$ ---</b>	<b>\$ 35,018</b>	<b>\$ 2,568,329</b>	<b>\$ 38,509</b>	<b>\$ 351,621</b>	<b>\$ 2,958,459</b>	<b>\$ 3,070,767</b>
<b>EXPENSES</b>										
Salaries and Wages	\$ 359,283	\$ 431,687	\$ 823,084	\$ 37,459	\$ 13,772	\$ 1,665,285	\$ 284,121	\$ 161,995	\$ 2,111,401	\$ 2,050,001
Payroll Taxes	30,130	36,201	69,024	3,141	1,055	139,551	23,926	13,585	177,062	176,441
Retirement	5,545	6,851	19,345	578	218	32,537	3,431	2,095	38,063	31,176
Employee Benefits	21,277	26,291	74,236	2,219	937	124,960	13,066	8,040	146,066	146,278
Professional Fees	1,975	1,315	171	328	3	3,792	88,040	4,082	95,914	84,184
Program Innovation	---	---	---	---	---	---	---	---	---	7
Information Technology	237	258	1,469	131	---	2,095	3,203	9,113	14,411	15,734
Recruiting	278	1,300	3,095	12	---	4,685	49	249	4,983	4,002
Conferences and Training	880	334	1,534	---	---	2,748	477	---	3,225	9,947
Travel	1,698	2,942	---	62	---	4,702	---	---	4,702	18,174
Dues and Subscriptions	---	---	---	---	---	---	603	1,680	2,283	2,015
Postage	2,011	1,476	---	---	---	3,487	1,347	400	5,234	7,553
Printing	---	109	---	---	---	109	5,497	6,348	11,954	10,769
Supplies	5,966	7,255	63,202	3,770	3,520	83,713	12,062	526	96,301	134,438
Telephone	720	1,003	4,945	713	1,119	8,500	351	115	8,966	10,044
Advertising and Marketing	---	---	---	---	---	---	179	2,750	2,929	11,499
Licenses and Fees	---	---	---	---	---	---	1,325	1,335	2,660	4,668
Utilities	5,626	8,325	38,690	5,577	7,401	65,619	4,103	898	70,620	81,010
Repairs and Maintenance	7,971	11,120	56,788	7,899	10,483	94,261	5,812	1,271	101,344	102,219
Insurance	2,679	3,737	18,416	2,654	3,523	31,009	1,953	427	33,389	32,982
Depreciation	7,405	10,332	50,922	7,339	9,740	85,738	5,401	1,181	92,320	88,851
Interest	---	---	---	---	---	---	107	---	107	661
Bad Debts	---	---	---	---	---	---	---	2,960	2,960	2,350
In-Kind Furniture and Program Supplies	---	---	---	---	---	---	38,509	---	38,509	1,030
Loss on Disposal	---	---	---	---	---	---	---	---	---	4,995
Other Expenses	---	---	142	---	---	142	1,568	---	1,710	2,963
Allocation of Management	94,727	113,251	197,756	7,354	---	413,088	(456,621)	43,533	---	---
<b>Total Expenses</b>	<b>\$ 548,408</b>	<b>\$ 663,787</b>	<b>\$ 1,422,819</b>	<b>\$ 79,236</b>	<b>\$ 51,771</b>	<b>\$ 2,766,021</b>	<b>\$ 38,509</b>	<b>\$ 262,583</b>	<b>\$ 3,067,113</b>	<b>\$ 3,033,991</b>
<b>CHANGE IN NET ASSETS OPERATING ACTIVITY</b>	<b>\$ 30,343</b>	<b>\$ 32,465</b>	<b>\$ (164,511)</b>	<b>\$ (79,236)</b>	<b>\$ (16,753)</b>	<b>\$ (197,692)</b>	<b>\$ ---</b>	<b>\$ 89,038</b>	<b>\$ (108,654)</b>	<b>\$ 36,776</b>