

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

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

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## Independent Auditor's Report

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

### **Opinion**

We have audited the accompanying financial statements of Saint Francis Children's Center, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saint Francis Children's Center, Inc. as of December 31, 2021, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Saint Francis Children's Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Saint Francis Children's Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Ritz Holman LLP**

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

***Auditor's 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 auditor's 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 and *Government 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 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 and *Government 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 Saint Francis Children's Center, Inc.'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 Saint Francis Children's Center, Inc.'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.

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, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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  
April 26, 2022

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**  
**(With Summarized Totals for December 31, 2020)**

ASSETS		
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 656,328	\$ 516,070
Grants Receivable	114,301	148,905
Net Pledges Receivable - Current Portion	13,558	23,323
Accounts Receivable	17,842	1,934
Prepaid Expenses	17,852	16,690
Total Current Assets	\$ 819,881	\$ 706,922
<b>FIXED ASSETS</b>		
Fixed Assets	\$ 6,673,521	\$ 6,473,082
Less: Accumulated Depreciation	(4,664,855)	(4,568,501)
Net Fixed Assets	\$ 2,008,666	\$ 1,904,581
<b>OTHER ASSETS</b>		
Investments	\$ 10,895,768	\$ 9,418,682
Greater Milwaukee Foundation Beneficial Interest	454,186	401,339
Jewish Community Foundation Beneficial Interest	86,341	74,166
Cash Surrender Value - Annuity	62,642	60,232
Pledges Receivable Long-Term Portion	15,000	---
Total Other Assets	\$ 11,513,937	\$ 9,954,419
<b>TOTAL ASSETS</b>	\$ 14,342,484	\$ 12,565,922
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 62,687	\$ 5,135
Accrued Wages	46,200	36,421
Accrued Vacation	76,436	80,239
Prepaid Tuition	1	37
Current Portion of Capital Lease	3,175	2,986
Refundable Advances	180,612	69,467
Tuition Deposits	42,597	46,070
Total Current Liabilities	\$ 411,708	\$ 240,355
<b>LONG-TERM LIABILITIES</b>		
Capital Lease	\$ 3,449	\$ 6,435
Less: Current Portion of Capital Lease	(3,175)	(2,986)
Total Long-Term Liabilities	\$ 274	\$ 3,449
Total Liabilities	\$ 411,982	\$ 243,804
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	\$ 2,456,707	\$ 2,340,237
Board Designated	10,895,768	9,418,682
Total Net Assets Without Donor Restrictions	\$ 13,352,475	\$ 11,758,919
With Donor Restrictions		
Greater Milwaukee Foundation Beneficial Interest	\$ 454,186	\$ 401,339
Jewish Community Foundation Beneficial Interest	86,341	74,166
Other	37,500	87,694
Total Net Assets With Donor Restrictions	\$ 578,027	\$ 563,199
Total Net Assets	\$ 13,930,502	\$ 12,322,118
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 14,342,484	\$ 12,565,922

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, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<b>OPERATING REVENUE</b>				
Private Pay Tuition	\$ 934,577	\$ ---	\$ 934,577	\$ 849,315
Youngstar Childcare	28,085	---	28,085	17,320
Milwaukee County -				
Department of Human Services	1,386,730	---	1,386,730	1,270,348
Cost Share	8,775	---	8,775	4,655
Wisconsin Department of Children and Families	73,110	---	73,110	---
Contributions	209,807	35,500	245,307	212,211
Donated Goods and Services	19,293	---	19,293	38,509
Special Events Revenue	170,371	---	170,371	87,443
Less: Special Events Expense	(51,322)	---	(51,322)	(13,073)
Rental Income	34,805	---	34,805	35,018
Paycheck Protection Program	467,645	---	467,645	453,452
Other Revenue	---	---	---	50
Net Assets Released from Restrictions	97,913	(97,913)	---	---
<b>Total Operating Revenue</b>	<b>\$ 3,379,789</b>	<b>\$ (62,413)</b>	<b>\$ 3,317,376</b>	<b>\$ 2,955,248</b>
<b>OPERATING EXPENSES</b>				
Program Services	\$ 2,558,458	\$ ---	\$ 2,558,458	\$ 2,352,933
Management	478,850	---	478,850	495,130
Fundraising	228,480	---	228,480	219,050
<b>Total Operating Expenses</b>	<b>\$ 3,265,788</b>	<b>\$ ---</b>	<b>\$ 3,265,788</b>	<b>\$ 3,067,113</b>
Change in Net Operating Activity	\$ 114,001	\$ (62,413)	\$ 51,588	\$ (111,865)
<b>NON-OPERATING ACTIVITY</b>				
Net Gain - Beneficial Interest	---	77,241	77,241	49,889
Net Gain - Investments	1,479,555	---	1,479,555	1,002,097
CHANGE IN NET ASSETS	\$ 1,593,556	\$ 14,828	\$ 1,608,384	\$ 940,121
Net Assets, Beginning of Year	11,758,919	563,199	12,322,118	11,381,997
NET ASSETS, END OF YEAR	<b>\$ 13,352,475</b>	<b>\$ 578,027</b>	<b>\$ 13,930,502</b>	<b>\$ 12,322,118</b>

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, 2021**  
(With Summarized Totals for the Year Ended December 31, 2020)

EXPENSES	Program Services	Management	Fundraising	2021 Total	2020 Total
Salaries and Wages	\$ 1,733,540	\$ 298,844	\$ 163,340	\$ 2,195,724	\$ 2,111,401
Payroll Taxes	152,309	26,930	14,352	193,591	177,062
Retirement	29,765	5,513	1,566	36,844	38,063
Employee Benefits	114,308	15,041	6,015	135,364	146,066
Professional Fees	4,889	81,169	4,653	90,711	95,914
Information Technology	11,850	3,163	11,533	26,546	14,411
Recruiting	8,256	169	10	8,435	4,983
Conferences and Training	2,598	885	10	3,493	3,225
Travel	3,214	---	122	3,336	4,702
Dues and Subscriptions	105	535	1,618	2,258	2,283
Postage	2,161	3,194	1,097	6,452	5,234
Printing	37	3,477	3,703	7,217	11,954
Supplies	99,836	8,386	229	108,451	96,301
Telephone	19,962	685	150	20,797	8,966
Advertising and Marketing	471	---	2,608	3,079	2,929
Licenses and Fees	4,363	2,886	2,451	9,700	2,660
Utilities	70,824	4,460	975	76,259	70,620
Repairs and Maintenance	180,408	11,363	2,486	194,257	101,344
Insurance	29,489	1,858	406	31,753	33,389
Depreciation	89,520	5,636	1,234	96,390	92,320
Interest	---	109	---	109	107
Bad Debts	---	---	(1,376)	(1,376)	2,960
In-Kind Furniture and Program Supplies	---	3,500	11,298	14,798	38,509
Other Expenses	553	1,047	---	1,600	1,710
Subtotal	<u>\$ 2,558,458</u>	<u>\$ 478,850</u>	<u>\$ 228,480</u>	<u>\$ 3,265,788</u>	<u>\$ 3,067,113</u>
Special Event Expenses					
Venue and Food	\$ ---	\$ ---	\$ 31,005	\$ 31,005	\$ 898
Printing and Marketing	---	---	3,880	3,880	4,074
Fees and Licenses	---	---	4,898	4,898	298
Videography and Audio Visual	---	---	7,250	7,250	1,575
Supplies	---	---	2,439	2,439	4,300
Travel	---	---	350	350	---
Entertainment	---	---	1,500	1,500	1,928
Subtotal	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 51,322</u>	<u>\$ 51,322</u>	<u>\$ 13,073</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 2,558,458</u></u>	<u><u>\$ 478,850</u></u>	<u><u>\$ 279,802</u></u>	<u><u>\$ 3,317,110</u></u>	<u><u>\$ 3,080,186</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, 2021**  
**(With Summarized Totals for the Year Ended December 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,608,384	\$ 940,121
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	96,390	92,320
Net Realized and Unrealized Gain on Investments	(1,343,851)	(885,131)
Net Realized and Unrealized Gain on Beneficial Interest	(81,251)	(49,889)
Forgiveness of the Paycheck Protection Program Loan	(467,645)	(453,452)
(Increase) Decrease in Grants Receivable	34,604	(35,215)
(Increase) Decrease in Pledges Receivable	(5,235)	23,721
(Increase) Decrease in Accounts Receivable	(15,908)	1,026
(Increase) Decrease in Prepaid Expenses	(1,162)	(836)
(Increase) Decrease in Cash Surrender Value - Annuity	(2,410)	(2,316)
Increase (Decrease) in Accounts Payable	57,552	(4,483)
Increase (Decrease) in Accrued Wages	9,779	(62,714)
Increase (Decrease) in Accrued Vacation	(3,803)	17,464
Increase (Decrease) in Prepaid Tuition	(36)	(216)
Increase (Decrease) in Refundable Advances	111,145	---
Increase (Decrease) in Tuition Deposits	(3,473)	(16,124)
	<u>                    </u>	<u>                    </u>
Net Cash Used by Operating Activities	<u>\$ (6,920)</u>	<u>\$ (435,724)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (200,475)	\$ (43,929)
Investment Withdrawals for Operations	---	50,000
Purchase of Investments	(2,196,553)	(1,515,548)
Proceeds from Sale of Investments	2,079,547	1,404,927
	<u>                    </u>	<u>                    </u>
Net Cash Used by Investing Activities	<u>\$ (317,481)</u>	<u>\$ (104,550)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Capital Lease	\$ (2,986)	\$ (2,807)
Proceeds from the Paycheck Protection Program Loan	467,645	453,452
	<u>                    </u>	<u>                    </u>
Net Cash Provided by Financing Activities	<u>\$ 464,659</u>	<u>\$ 450,645</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 140,258	\$ (89,629)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>516,070</u>	<u>605,699</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 656,328</u></u>	<u><u>\$ 516,070</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ 109	\$ 107

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

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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.

**Programs**

*Early Childhood Education*

St. Francis Children's Center is accredited through the National Accreditation Commission for Early Care and Education Programs. The Organization offers nurturing year-round, full-day programs weekdays from 7:30 am to 5:30 pm. Part-time care options are available in some classrooms.

*Family Activity Center*

The Family Activity Center offers free and low-cost programming and events for families throughout the community who have children with special needs. In the Family Activity Center, parents and caregivers can find support and share resources while networking with others.

*Birth to Three*

Milwaukee County's Birth to Three Program at St. Francis Children's Center is an early intervention program for infants and toddlers up to age three with developmental delays and disabilities and their families.

*Children's Long-Term Support*

Milwaukee County's Children's Long-Term Support (CLTS) Waiver Program at St. Francis Children's Center serves children with severe, long-term developmental, physical, emotional or sensory impairments up to age 22. The program is designed to provide support and service coordination for children and teenagers with special needs and their families in Milwaukee County.

*Pediatric Therapy*

Through a partnership, children can receive treatment for a wide variety of pediatric issues that can affect their growth and development right at St. Francis Children's Center, in their classrooms or in their own homes.

*Psychology Services*

An on-site, licensed psychologist provides consultation to the teachers at St. Francis Children's Center on a regular basis regarding children's developmental and emotional issues, and helps the staff create successful strategies and techniques for working with children with special needs.

**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.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**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 financial statements 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.

**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.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**Contributions and Grant Revenue (continued)**

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.

**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.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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.

*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, 2020, 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, 2021, the Organization's uninsured cash balances total \$396,810.

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE E - Liquidity**

The Organization's financial assets are available for general expenditures and to pay obligations as they become 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 \$10,895,768 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	\$656,328
Grants Receivable	114,301
Pledges Receivable - Current Portion	13,558
Accounts Receivable	17,842
Less: Refundable Advances	(180,612)
Donor Restricted for Specific Purposes	<u>(17,500)</u>
Financial Assets Available for Use	<u>\$603,917</u>

**NOTE F - Grants Receivable**

Grants receivable consists of the following amounts as of December 31, 2021:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Children and Families Milwaukee County	\$ 25,245
Children's Long-Term Support Targeted Case Management	62,764 <u>26,292</u>
Total Grants Receivable	<u>\$114,301</u>

**NOTE G - Net Pledges Receivable**

The Organization has net pledges receivable as follows as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Gross Pledges Receivable	\$31,558
Less: Allowance for Uncollectible Receivables	<u>(3,000)</u>
Net Pledges Receivable	<u>\$28,558</u>

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE G - Net Pledges Receivable (continued)**

Future expected receipts are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$13,558
2023	5,000
2024	5,000
2025	<u>5,000</u>
Total	<u>\$28,558</u>

**NOTE H - Fixed Assets**

Fixed assets consist of the following at December 31, 2021:

<u>Description</u>	<u>Amount</u>
Buildings and Improvements	\$ 5,693,207
Furniture and Fixtures	256,197
Equipment	548,296
Asset In Progress	161,060
Leased Assets	<u>14,761</u>
Total Fixed Assets	\$ 6,673,521
Less: Accumulated Depreciation	<u>(4,664,855)</u>
Net Fixed Assets	<u>\$ 2,008,666</u>

**NOTE I - Refundable Advances**

Refundable advances consist of the following amounts as of December 31, 2021:

<u>Source</u>	<u>Amount</u>
Children's Long-Term Support	
December 31, 2019	\$ 40,381
December 31, 2020	24,333
December 31, 2021	99,075
Birth to Three	
December 31, 2021	<u>16,823</u>
Total Refundable Advances	<u>\$180,612</u>

**NOTE J - 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.



**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE K - 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 \$454,186 is included in the financial statements as net assets with donor restrictions at December 31, 2021.

**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 \$52,263 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 \$86,341 is included in the financial statements as net assets with donor restrictions at December 31, 2021.

The gain on beneficial interest is summarized as follows:

Greater Milwaukee Foundation:	
Investment Gain	\$69,576
Investment Fees	(4,010)
Jewish Community Foundation:	
Investment Gain	<u>11,675</u>
Total Gain on Beneficial Interest	<u>\$77,241</u>

**NOTE L - 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, 2021:

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE L - 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	\$ 8,329,714	\$ 8,329,714	\$ ---	\$ ---
Fixed Income	1,459,927	1,459,927	---	---
Cash and Equivalents Held				
With Investment Firms	1,061,549	1,061,549	---	---
Other Assets	32,175	32,175	---	---
Accrued Income	12,403	12,403	---	---
Total Portfolio Investments	<u>\$10,895,768</u>	<u>\$10,895,768</u>	<u>\$ ---</u>	<u>\$ ---</u>
GMF Beneficial Interest	454,186	---	---	454,186
JCF Beneficial Interest	86,341	---	---	86,341
Cash Surrender Value - Annuity	<u>62,642</u>	<u>---</u>	<u>62,642</u>	<u>---</u>
Total	<u>\$11,498,937</u>	<u>\$10,895,768</u>	<u>\$62,642</u>	<u>\$540,527</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, 2021	\$401,339	\$74,166	\$475,505
Total Gains or Losses (realized/unrealized)	69,576	11,675	81,251
Contributions	---	500	500
Investment fees	(4,010)	---	(4,010)
Distributions	<u>(12,719)</u>	<u>---</u>	<u>(12,719)</u>
Ending Balance, December 31, 2021	<u>\$454,186</u>	<u>\$86,341</u>	<u>\$540,527</u>

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE M - 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 \$12,301 as of December 31, 2021, and depreciation expense of \$2,952 is included in the year ended December 31, 2021.

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, 2022	\$3,175	\$125	\$3,300
December 31, 2023	<u>274</u>	<u>1</u>	<u>275</u>
Total	<u>\$3,449</u>	<u>\$126</u>	<u>\$3,575</u>

**NOTE N - Tuition Deposits**

Tuition deposits includes amounts held as a security deposit for tuition and prepaid tuition. Tuition deposits were \$42,597 as of December 31, 2021.

**NOTE O - Net Asset Composition**

**Board Designated Net Assets**

Board designated net assets include investments of \$10,895,768 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, 2021:

<u>Time</u>		
Greater Milwaukee Foundation Beneficial Interest		\$454,186
Pledges for 2022-2025		20,000
<u>Purpose</u>		
Covid Air System		10,000
Children's Long-Term Support		2,500
<u>Time and Purpose</u>		
Jewish Community Foundation Beneficial Interest		86,341
Family Activity Center		<u>5,000</u>
Total		<u>\$578,027</u>

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE P - Paycheck Protection Program**

The Organization entered into the Paycheck Protection Program and received \$467,645 on February 22, 2021. 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 \$467,645 as revenue in the year ended December 31, 2021. The Organization received full forgiveness on September 15, 2021.

**NOTE Q - Donated Goods and Services**

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

<u>Description</u>	<u>Amount</u>
Equipment Rental	\$ 2,149
Software	3,500
Video Production	7,450
Outdoor Classroom	4,495
Program and Office Supplies	<u>1,699</u>
Total	<u>\$19,293</u>

**NOTE R - Revenue from Contracts with Customers**

**Special Events**

During the year ended December 31, 2021, the Organization held a Wine, Beer and Chocolate Tasting, a Leading Lights Awards Night and a Sprecher Root Beer Bash. 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.

For the year ended December 31, 2021, special event revenue was \$170,371, of which \$51,492 was received through exchange transactions with event attendees. At December 31, 2021, there were no assets or liabilities related to special events revenue.

**SAINT FRANCIS CHILDREN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE R - Revenue from Contracts with Customers (continued)**

**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, 2021, was \$934,577 and \$28,085, respectively.

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

Beginning Tuition Deposits	\$ 43,180
Beginning Prepaid Tuition	37
New Program Fees Collected	959,616
Ending Accounts Receivable Asset	2,427
Ending Tuition Deposits Liability	<u>(42,598)</u>
Tuition and Childcare Revenue	<u>\$962,662</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, 2021, was \$34,805.

Beginning Deferred Revenue	\$ 2,890
Rental Income Collected	20,335
Ending Accounts Receivable	<u>11,580</u>
Rental Income	<u>\$34,805</u>

**Cost Share**

The Organization's Birth to Three program requires a parent cost share for services provided. The cost share is recognized at the point in time services are performed.

Cost Share Collected	\$ 7,050
Beginning Accounts Receivable	(2,110)
Ending Accounts Receivable	<u>3,835</u>
Cost Share Revenue	<u>\$ 8,775</u>

**NOTE S - Related Parties**

The Organization received donations of \$14,921 from board members in the year ended December 31, 2021.

**NOTE T - Advertising Expense**

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as the advertising takes place. Advertising expense for the year ended December 31, 2021, was \$3,079.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE U - 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 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 \$36,844 for the year ended December 31, 2021.

**NOTE V - 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, 2021, 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 W - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2021, through April 26, 2022, 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 operations have had limited in-person activity in 2021 and world markets could continue to fluctuate. The financial statements do not include any adjustment for future impact.

**SAINT FRANCIS CHILDREN'S CENTER, INC.**  
**SCHEDULE OF REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Summarized Totals for the Year Ended December 31, 2020)

	Program Activities						Management	Fundraising	2021 Total	2020 Total
	Birth to Three Program	Children's Long-Term Support	School	Family Activity Center	Other Therapy Services	Total Programs				
<b>REVENUE</b>										
Private Pay Tuition	\$ ---	\$ ---	\$ 934,577	\$ ---	\$ ---	\$ 934,577	\$ ---	\$ ---	\$ 934,577	\$ 849,315
Youngstar Childcare	---	---	28,085	---	---	28,085	---	---	28,085	17,320
Milwaukee County - Department of Targeted Case Management	90,612	---	---	---	---	90,612	---	---	90,612	67,646
Human Services	509,847	908,198	---	---	---	1,418,045	---	---	1,418,045	1,227,035
Less: Amount in Excess of Allowable Profit	(16,823)	(99,075)	---	---	---	(115,898)	---	---	(115,898)	(24,333)
Less: Prior Year Refund	(6,029)	---	---	---	---	(6,029)	---	---	(6,029)	---
Cost Share	8,775	---	---	---	---	8,775	---	---	8,775	4,655
Wisconsin Department of Children and Families	---	---	73,110	---	---	73,110	---	---	73,110	---
Contributions	---	---	---	---	---	---	---	209,807	209,807	198,011
Donated Services	---	---	4,495	---	---	4,495	3,500	11,298	19,293	38,509
Special Events Revenue	---	---	---	---	---	---	---	170,371	170,371	87,443
Less: Special Events Expense	---	---	---	---	---	---	---	(51,322)	(51,322)	(13,073)
Rental Income	---	---	---	---	34,805	34,805	---	---	34,805	35,018
Paycheck Protection Program	---	---	386,417	---	---	386,417	---	81,228	467,645	453,452
Other Revenue	---	---	---	---	---	---	---	---	---	50
Net Assets Released from Restrictions	---	---	---	---	---	---	---	97,913	97,913	17,411
<b>Total Revenue</b>	<b>\$ 586,382</b>	<b>\$ 809,123</b>	<b>\$ 1,426,684</b>	<b>\$ ---</b>	<b>\$ 34,805</b>	<b>\$ 2,856,994</b>	<b>\$ 3,500</b>	<b>\$ 519,295</b>	<b>\$ 3,379,789</b>	<b>\$ 2,958,459</b>
<b>EXPENSES</b>										
Salaries and Wages	\$ 362,076	\$ 496,241	\$ 832,830	\$ 36,575	\$ 5,818	\$ 1,733,540	\$ 298,844	\$ 163,340	\$ 2,195,724	\$ 2,111,401
Payroll Taxes	31,812	43,600	73,173	3,213	511	152,309	26,930	14,352	193,591	177,062
Retirement	6,521	6,658	15,274	392	920	29,765	5,513	1,566	36,844	38,063
Employee Benefits	25,044	25,569	58,658	1,504	3,533	114,308	15,041	6,015	135,364	146,066
Professional Fees	1,585	2,603	---	701	---	4,889	81,169	4,653	90,711	95,914
Information Technology	2,591	410	8,656	119	74	11,850	3,163	11,533	26,546	14,411
Recruiting	989	2,393	4,545	71	258	8,256	169	10	8,435	4,983
Conferences and Training	525	45	2,018	10	---	2,598	885	10	3,493	3,225
Travel	2,641	465	---	108	---	3,214	---	122	3,336	4,702
Dues and Subscriptions	---	---	105	---	---	105	535	1,618	2,258	2,283
Postage	1,018	1,143	---	---	---	2,161	3,194	1,097	6,452	5,234
Printing	---	37	---	---	---	37	3,477	3,703	7,217	11,954
Supplies	6,447	8,848	79,305	3,465	1,771	99,836	8,386	229	108,451	96,301
Telephone	5,571	6,412	6,466	932	581	19,962	685	150	20,797	8,966
Advertising and Marketing	---	---	471	---	---	471	---	2,608	3,079	2,929
Licenses and Fees	466	280	3,294	199	124	4,363	2,886	2,451	9,700	2,660
Utilities	10,382	8,535	42,063	6,063	3,781	70,824	4,460	975	76,259	70,620
Repairs and Maintenance	26,446	21,741	107,148	15,443	9,630	180,408	11,363	2,486	194,257	101,344
Insurance	4,323	3,554	17,514	2,524	1,574	29,489	1,858	406	31,753	33,389
Depreciation	13,117	10,784	53,182	7,660	4,777	89,520	5,636	1,234	96,390	92,320
Interest	---	---	---	---	---	---	109	---	109	107
Bad Debts	---	---	---	---	---	---	---	(1,376)	(1,376)	2,960
In-Kind Supplies and Videography	---	---	---	---	---	---	3,500	11,298	14,798	38,509
Other Expenses	100	50	403	---	---	553	1,047	---	1,600	1,710
Allocation of Management	90,757	124,345	208,714	9,166	1,453	434,435	(475,350)	40,915	---	---
<b>Total Expenses</b>	<b>\$ 592,411</b>	<b>\$ 763,713</b>	<b>\$ 1,513,819</b>	<b>\$ 88,145</b>	<b>\$ 34,805</b>	<b>\$ 2,992,893</b>	<b>\$ 3,500</b>	<b>\$ 269,395</b>	<b>\$ 3,265,788</b>	<b>\$ 3,067,113</b>
<b>CHANGE IN NET ASSETS OPERATING ACTIVITY</b>	<b>\$ (6,029)</b>	<b>\$ 45,410</b>	<b>\$ (87,135)</b>	<b>\$ (88,145)</b>	<b>\$ ---</b>	<b>\$ (135,899)</b>	<b>\$ ---</b>	<b>\$ 249,900</b>	<b>\$ 114,001</b>	<b>\$ (108,654)</b>