

# Pathfinders Milwaukee, Inc.

Financial Statements

Years Ended December 31, 2021 and 2020



# Pathfinders Milwaukee, Inc.

Years Ended December 31, 2021 and 2020

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## **Independent Auditor's Report**

Board of Directors  
Pathfinders Milwaukee, Inc.  
Milwaukee, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pathfinders Milwaukee, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Pathfinders Milwaukee, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Pathfinders Milwaukee, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

### ***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 GAAS 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 GAAS, 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 Pathfinders Milwaukee, 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 Pathfinders Milwaukee, 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.

*Wipfli LLP*

Wipfli LLP  
Milwaukee, Wisconsin

June 15, 2022

# Pathfinders Milwaukee, Inc.

## Statements of Financial Position

December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash	\$ 2,574,131	\$ 2,123,856
Cash held under fiscal agent responsibilities	376	4,533
Grants receivable	597,400	569,359
Promises to give	25,988	23,299
Prepaid expenses	10,417	12,223
<b>Total current assets</b>	<b>3,208,312</b>	<b>2,733,270</b>
Property and equipment:		
Land	26,700	26,700
Building and improvements	337,729	337,729
Furniture and equipment	340,286	340,286
<b>Total property and equipment</b>	<b>704,715</b>	<b>704,715</b>
Less - Accumulated depreciation	(626,553)	(604,105)
<b>Property and equipment - Net</b>	<b>78,162</b>	<b>100,610</b>
Other assets:		
Unemployment reserve	36,738	36,746
<b>TOTAL ASSETS</b>	<b>\$ 3,323,212</b>	<b>\$ 2,870,626</b>
Liabilities and Net Assets	2021	2020
Current liabilities:		
Amounts payable under fiscal agent responsibilities	\$ 376	\$ 4,533
Accounts payable	62,394	71,870
Accrued payroll and payroll taxes	127,468	110,022
Accrued vacation	75,849	62,521
Refundable advance liability	614,831	946,001
<b>Total current liabilities</b>	<b>880,918</b>	<b>1,194,947</b>
Net assets:		
Without donor restrictions	2,173,929	1,415,833
With donor restrictions	268,365	259,846
<b>Total net assets</b>	<b>2,442,294</b>	<b>1,675,679</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,323,212</b>	<b>\$ 2,870,626</b>

See accompanying notes to financial statements.

# Pathfinders Milwaukee, Inc.

## Statements of Activities

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 1,420,837	\$ 25,988	\$ 1,446,825	\$ 1,075,012	\$ 23,299	\$ 1,098,311
Grants	4,722,070	242,377	4,964,447	3,751,850	236,547	3,988,397
Special events - Net	83,735	-	83,735	139,849	-	139,849
Miscellaneous revenues	8,949	-	8,949	3,263	-	3,263
Net assets released from restrictions	259,846	(259,846)	-	275,305	(275,305)	-
<b>Total support and revenue</b>	<b>6,495,437</b>	<b>8,519</b>	<b>6,503,956</b>	<b>5,245,279</b>	<b>(15,459)</b>	<b>5,229,820</b>
Expenses:						
Program activities:						
Supportive housing	1,252,531	-	1,252,531	716,285	-	716,285
Runaway and homeless youth services	1,276,480	-	1,276,480	1,171,758	-	1,171,758
Anti-sexual violence services	1,198,667	-	1,198,667	1,247,123	-	1,247,123
Educational center	760,328	-	760,328	759,023	-	759,023
<b>Total program activities</b>	<b>4,488,006</b>	<b>-</b>	<b>4,488,006</b>	<b>3,894,189</b>	<b>-</b>	<b>3,894,189</b>
Supportive services:						
Management and general	565,445	-	565,445	458,778	-	458,778
Fund-raising	683,890	-	683,890	573,087	-	573,087
<b>Total supportive services</b>	<b>1,249,335</b>	<b>-</b>	<b>1,249,335</b>	<b>1,031,865</b>	<b>-</b>	<b>1,031,865</b>
<b>Total expenses</b>	<b>5,737,341</b>	<b>-</b>	<b>5,737,341</b>	<b>4,926,054</b>	<b>-</b>	<b>4,926,054</b>
Change in net assets	758,096	8,519	766,615	319,225	(15,459)	303,766
Net assets at beginning of year	1,415,833	259,846	1,675,679	1,096,608	275,305	1,371,913
<b>Net assets at end of year</b>	<b>\$ 2,173,929</b>	<b>\$ 268,365</b>	<b>\$ 2,442,294</b>	<b>\$ 1,415,833</b>	<b>\$ 259,846</b>	<b>\$ 1,675,679</b>

See accompanying notes to financial statements.

# Pathfinders Milwaukee, Inc.

## Statements of Functional Expenses

Year Ended December 31, 2021

	Program	General and Administrative	Fund-Raising	Total
Salaries and wages	\$ 2,299,121	\$ 388,852	\$ 361,615	\$ 3,049,588
Employee benefits	411,773	24,128	32,088	467,989
Payroll taxes	239,564	29,924	30,931	300,419
Professional services	235,202	34,248	32,422	301,872
COVID-19 response	-	3,424	-	3,424
Office expenses	42,627	15,564	20,890	79,081
Occupancy	295,999	19,311	37,524	352,834
Depreciation	20,035	804	1,609	22,448
Maintenance and repairs	124,922	32,424	13,812	171,158
Telephone	31,671	2,269	2,392	36,332
Printing and publications	4,735	2,756	8,323	15,814
Employee travel	26,165	521	359	27,045
Conferences and meetings	23,345	8,367	3,481	35,193
Specific assistance to individuals	715,113	-	-	715,113
Membership dues	15,901	2,682	5,869	24,452
Miscellaneous expense	1,833	70	1,218	3,121
Special events	-	101	3,489	3,590
Special projects	-	-	127,868	127,868
Total expenses included in the expenses section on the statement of activities	\$ 4,488,006	\$ 565,445	\$ 683,890	\$ 5,737,341

# Pathfinders Milwaukee, Inc.

## Statements of Functional Expenses (Continued)

Year Ended December 31, 2020

	Program	General and Administrative	Fund- Raising	Total
Salaries and wages	\$ 2,125,421	\$ 326,171	\$ 355,782	\$ 2,807,374
Employee benefits	318,410	21,584	24,988	364,982
Payroll taxes	226,907	27,605	29,070	283,582
Professional services	212,805	29,185	10,825	252,815
COVID-19 response	87,617	1,485	54	89,156
Office expenses	50,991	14,675	19,683	85,349
Occupancy	282,318	18,119	34,992	335,429
Depreciation	20,035	804	1,609	22,448
Maintenance and repairs	148,042	8,140	13,870	170,052
Telephone	25,479	1,724	2,300	29,503
Printing and publications	3,095	1,781	6,826	11,702
Employee travel	26,685	671	1,381	28,737
Conferences and meetings	22,767	4,817	1,901	29,485
Specific assistance to individuals	328,183	-	-	328,183
Membership dues	14,674	1,573	5,909	22,156
Miscellaneous expense	760	15	541	1,316
Direct cost of benefits to donors	-	-	1,500	1,500
Special events	-	429	2,261	2,690
Special projects	-	-	61,095	61,095
<b>Total expenses by function</b>	<b>3,894,189</b>	<b>458,778</b>	<b>574,587</b>	<b>4,927,554</b>
Less expenses netted against revenues on the statement of activities - Direct cost of benefits to donors	-	-	(1,500)	(1,500)
<b>Total expenses included in the expenses section on the statement of activities</b>	<b>\$ 3,894,189</b>	<b>\$ 458,778</b>	<b>\$ 573,087</b>	<b>\$ 4,926,054</b>

See accompanying notes to financial statements.



# Pathfinders Milwaukee, Inc.

## Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 766,615	\$ 303,766
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,448	22,448
Changes in operating assets and liabilities:		
Grants receivable	(28,041)	(34,578)
Promises to give	(2,689)	2,479
Prepaid expenses	1,806	19,316
Amounts payable under fiscal agent responsibilities	(4,157)	(2,540)
Accounts payable	(9,476)	2,130
Accrued expenses	30,774	(44,052)
Refundable advance liability	(331,170)	734,995
<b>Net cash provided by operating activities</b>	<b>446,110</b>	<b>1,003,964</b>
Net increase in cash and restricted cash	446,110	1,003,964
Cash and restricted cash at beginning of year	2,165,135	1,161,171
<b>Cash and restricted cash at end of year</b>	<b>\$ 2,611,245</b>	<b>\$ 2,165,135</b>
Reconciliation of cash and restricted cash:		
Cash	\$ 2,574,131	\$ 2,123,856
Cash held under fiscal agent responsibilities	376	4,533
Unemployment reserve	36,738	36,746
<b>Total cash and restricted cash shown in the statement of cash flows</b>	<b>\$ 2,611,245</b>	<b>\$ 2,165,135</b>

See accompanying notes to financial statements.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Organization Activity

Pathfinders Milwaukee, Inc. (the "Organization") is a nonprofit organization which provides counseling, supportive services, and prevention and education programs along with a shelter and related services for runaway and homeless youth as part of its programs. The Organization also operates Southeastern Education Center which provides educational alternatives for troubled adolescents in a structured educational format.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

#### Use of Estimates in the Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

***Net Assets with Donor Restrictions*** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Promises to Give

Unconditional promises to give are reported at fair value at the date the promise is received. Conditional promises to give are reported at fair value at the date the gift is deemed unconditional. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to give without a purpose restriction to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Promises to Give (Continued)**

Management individually reviews all past due promises to give and estimates the portion, if any, of the balance that will not be collected. At December 31, 2021 and 2020, the balances are considered to be fully collectible, and accordingly, no allowance for uncollectible balances has been recorded.

#### **Property and Equipment**

Property and equipment with an acquisition cost of \$10,000 or more are recorded at cost and capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated useful lives for the major classes of property are 40 years for building and improvements and 5 years for furniture and equipment.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support without donor restrictions and are excluded from the change in net assets unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Organization reviews its investment in property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time. The Organization determined that no evaluations of recoverability were necessary during the years ended December 31, 2021 and 2020.

#### **Unemployment Reserve**

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred. The Organization has an unemployment reserve established with an area financial institution of \$36,738 and \$36,746 at December 31, 2021 and 2020, respectively, to meet state funding requirements.

#### **Amounts Payable Under Fiscal Agent Responsibilities**

The Organization is the fiscal agent for housing programs administered by Milwaukee County. The Organization is the custodian of the funds and distributes these funds in accordance with the directions of Milwaukee County. Thus, the Organization reports both an asset and a liability in the same amount for any undistributed funds for which it is the custodian. Outstanding amounts under this arrangement total \$376 and \$4,533 as of December 31, 2021 and 2020, respectively.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

**Grant Awards That Are Contributions** - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

**Grant Awards That Are Exchange Transactions** - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization did not have grant awards that were considered to be exchange transactions in 2021 and 2020.

#### Contributions

Contributions, including promises to give, and grants are evaluated to determine if they contain conditions prior to recognizing revenue. A contribution or grant contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions and grants are recognized as revenue when the barriers to entitlement are overcome. Assets received for which the condition has not been satisfied are recorded as a refundable advance liability.

Unconditional contributions are recognized as revenue when cash or other assets are received. Unconditional promises to give are recognized as revenue and a receivable when the promise is received from the donor. Unconditional contributions and grants or conditional contributions and grants in which the barriers to entitlement have been overcome are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt from state income tax on the related income.

In order to account for any uncertain tax positions, the Organization determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, wages, payroll taxes, and fringe benefits are allocated based upon time spent. Occupancy expenses incurred are allocated to program services based on estimated square footage of facilities utilized in each program. Remaining supporting service expenses, net of supporting service revenues, are allocated to program services based on full-time employee's equivalents in each program.

#### Future Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02, including various amendments, updates, and clarifications, will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied on a modified retrospective basis. The Organization is evaluating the impact of the provisions of ASU No. 2016-02.

#### Subsequent Events

The Organization has evaluated subsequent events through June 15, 2022, which is the date the financial statements were available to be issued.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

### Note 2: Grants Receivable

Grants receivable balances include the following:

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
State of Wisconsin:		
Department of Children and Families:		
PATHS	\$ 30,342	\$ 23,050
Runaway and Homeless Youth Grant	12,164	12,164
Department of Justice:		
Victims of Crime Act	91,423	129,485
Violence Against Women Act	-	5,000
Milwaukee County	36,708	50,141
City of Milwaukee	124,485	-
United Way of Greater Milwaukee and Waukesha County, Inc.	242,377	236,546
Community Advocates	56,829	42,083
Other	3,072	8,102
<b>Total grants receivable</b>	<b>\$ 597,400</b>	<b>\$ 506,571</b>

### Note 3: Line of Credit

The Organization has a \$243,750 line of credit with an area financial institution. The line of credit bears interest at the greater of the prime rate plus 0.25% or 4.00% (effective rate of 4.00% as of December 31, 2021) and matures in October 2022. The line of credit is secured by a general business security agreement. At December 31, 2021 and 2020, there were no outstanding balances on the line of credit.

### Note 4: Refundable Advance Liability

Refundable advance liability consists of funds received from the following sources but not earned:

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
Milwaukee Public Schools	\$ 83,444	\$ 69,459
U.S. Department of Justice:		
Housing and Supportive Services for Youth Victims of Sex Trafficking	83,333	-
Specialized Services for Youth Victims of Sex Trafficking	45,926	-
Greater Milwaukee Foundation	-	65,000
Helen Bader Foundation	40,000	-
Wheaton Franciscan Sisters Ministry Fund	170,500	99,500
Paycheck Protection Program	-	520,287
Supportive housing programs	105,674	45,800
Other	85,954	145,955
<b>Total refundable advance liability</b>	<b>\$ 614,831</b>	<b>\$ 946,001</b>

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

### Note 5: Net Assets With Donor Restrictions

Net assets with donor restrictions are summarized as follows:

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
Purpose restrictions:		
Outreach drop-in center	\$ 75,879	\$ 75,879
Youth shelter	121,365	121,365
Supportive housing	20,133	18,303
Prevention education	25,000	21,000
Total net assets with purpose restrictions	242,377	236,547
Time-restricted for future periods - Promises to give	25,988	23,299
Total net assets with donor restrictions	\$ 268,365	\$ 259,846

Net assets were released from restrictions by incurring expenses, satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

<i>Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
Satisfaction of purpose restrictions:		
Outreach drop-in center	\$ 75,879	\$ 80,296
Youth shelter	121,365	128,429
Supportive housing	18,303	18,302
Prevention education	21,000	22,500
Total net assets released through satisfaction of purpose restrictions	236,547	249,527
Collection of promises to give	23,299	25,778
Total net assets released from restrictions	\$ 259,846	\$ 275,305

### Note 6: Concentration of Risk

#### Bank Deposits

The Organization maintains its cash with local financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Management has not experienced any losses with the accounts and management believes the Organization is not exposed to any significant risk on cash and cash equivalents.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

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### Note 6: Concentration of Risk (Continued)

#### Grant Revenues

The Organization receives a significant portion of their source of funds from federal, state, and local government funding. As such, the Organization is subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by a specific funding agency. Such changes may occur with little notice or inadequate funding to pay for related costs, including the additional administrative burden to comply with such changes.

Concentrations in grant revenue are as follows:

<i>Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
U.S. Department of Health and Human Services	10%	12%
U.S. Small Business Administration	10%	-%
State of Wisconsin Department of Children and Families	12%	12%
State of Wisconsin Department of Justice	17%	22%
Milwaukee County Wraparound	7%	10%
City of Milwaukee, Wisconsin	10%	5%
Milwaukee Public Schools	16%	21%
United Way of Greater Milwaukee and Waukesha County	11%	13%
Other funding sources	7%	5%

### Note 7: Contingencies

The Organization is subject to legal proceedings and claims that arise in the ordinary course of business. While any proceeding or litigation has an element of uncertainty, management of the Organization believes that the outcome of any pending or threatened actions will not have a material adverse effect on the financial condition of the Organization.

The Organization participates in a number of federal, state, and local grant programs that are subject to program compliance audits and adjustments by granting agencies. Any disallowed claims, including amounts already collected, may be subject to repayment to the granting agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined as of the date of the issuance of these financials statements although management of the Organization expects such amounts, if any, to be immaterial.

### Note 8: Retirement Plan

The Organization has a 403(b) Plan covering substantially all full-time employees. All employees are eligible to make contributions to the plan. Employees must have completed twenty-four months of service and work at least 20 hours a week to meet eligibility requirements to receive employer contributions. The employer will make a \$50 monthly contribution per employee and an additional matching contribution up to \$50 of the employee's deferral per month. The employer contribution was \$68,584 and \$43,014 for the years ended December 31, 2021 and 2020, respectively.



# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

### Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date comprise the following:

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
Cash	\$ 2,574,131	\$ 2,123,856
Cash held under fiscal agent responsibilities	376	4,533
Unemployment reserve	36,738	36,746
Grants receivable	597,400	569,359
Promises to give	25,988	23,299
<hr/>		
Total financial assets	3,234,633	2,757,793
Less:		
Restricted program contributions	(242,377)	(236,547)
Restricted and conditional grant funds received in advance	(614,831)	(946,001)
Cash restricted for reimbursement of claims under the provisions of Wisconsin unemployment compensation laws	(36,738)	(36,746)
Cash held under fiscal agent responsibilities	(376)	(4,533)
<hr/>		
Total financial assets available for general expenditure	\$ 2,340,311	\$ 1,533,966

The Organization seeks to maintain emergency and other reserves in liquid form such as cash and cash equivalents for approximately three months of operating expenditures.

The Organization also has a line of credit available for cash flow needs up to \$243,750 as further described in Note 3.

### Note 10: Operating Leases

The Organization leases office space through an operating lease which expires in December 2031. The lease requires monthly payments of \$12,449 through December 31, 2021 with annual rent increases through the term of the lease.

The Organization leases space for its educational center through an operating lease which expires in December 2031. The lease requires monthly payments of \$9,156 through June 30, 2022 with annual rent increases through the term of the lease. The Organization may terminate the lease early if Milwaukee Public Schools does not renew The Organization's contract for the educational center.

Rent expense for the years ended December 31, 2021 and 2020 totaled \$258,602 and \$243,695, respectively.

# Pathfinders Milwaukee, Inc.

## Notes to Financial Statements

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### Note 10: Operating Leases (Continued)

Future minimum lease payments are as follows:

<i>Years Ending December 31,</i>	
2022	\$ 350,007
2023	358,167
2024	366,497
2025	375,143
2026	383,874
Thereafter	2,057,836
<hr/>	
Total	\$ 3,891,524

### Note 11: Related Parties

A relative of a key member of the Organization's management team performs contracted services for the Organization. For the years ended December 31, 2021 and 2020, amounts paid to this individual totaled \$35,831 and \$0, respectively.