

OZAUKEE NONPROFIT CENTER, INC.
GRAFTON, WISCONSIN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020 AND 2019

OZAUKEE NONPROFIT CENTER, INC.
GRAFTON, WISCONSIN

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Independent Auditor's Report

Board of Directors
Ozaukee Nonprofit Center, Inc.
Grafton, Wisconsin

We have audited the accompanying financial statements of the Ozaukee Nonprofit Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ozaukee Nonprofit Center, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in black ink that reads "Krause & Associates, SC". The signature is written in a cursive style with a small mark above the 'i' in "Associates".

Krause & Associates, SC
Grafton, Wisconsin
August 23, 2021

OZAUKEE NONPROFIT CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 379,754	\$ 392,151
Contributions receivable, net	36,986	-
Accounts receivable	11,590	5,049
Prepaid expenses	3,199	-
Prepaid lease commissions, less accumulated amortization of \$5,489 in 2020 and \$0 in 2019	<u>49,403</u>	<u>-</u>
Subtotal	480,932	397,200
PROPERTY AND EQUIPMENT, NET	<u>3,887,145</u>	<u>1,447,688</u>
TOTAL ASSETS	<u>\$ 4,368,077</u>	<u>\$ 1,844,888</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 19,582	\$ 11,099
Payroll and payroll taxes accrued	1,808	-
Real estate taxes payable	16,487	-
Grant payable	9,000	-
Security deposit	833	-
Refundable advance	10,320	-
Deferred revenue	1,055	-
Note payable	<u>2,380,723</u>	<u>-</u>
TOTAL LIABILITIES	2,439,808	11,099
NET ASSETS		
Without donor restrictions:		
Undesignated	1,616,066	1,551,052
Board designated	<u>275,217</u>	<u>275,217</u>
	1,891,283	1,826,269
With donor restrictions	<u>36,986</u>	<u>7,520</u>
Total net assets	<u>1,928,269</u>	<u>1,833,789</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,368,077</u>	<u>\$ 1,844,888</u>

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

OZAUKEE NONPROFIT CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions and grants	\$ 41,950	\$ 214,417	\$ 256,367	\$ 89,011	\$ 7,520	\$ 96,531
In-kind contributions	4,725	-	4,725	15,136	-	15,136
Rental income	192,321	-	192,321	127,175	-	127,175
Shared equipment fees	18,723	-	18,723	22,604	-	22,604
Special event:						
Revenue	38,214	-	38,214	-	-	-
Expenses	(13,343)	-	(13,343)	-	-	-
Interest and other	2,880	-	2,880	1,174	-	1,174
Released from restrictions	184,951	(184,951)	-	-	-	-
Total revenue & support	470,421	29,466	499,887	255,100	7,520	262,620
EXPENSES						
Program services:						
Building operation	286,978		286,978	197,613	-	197,613
Shared services	32,484	-	32,484	30,392	-	30,392
	319,462	-	319,462	228,005	-	228,005
Supporting services:						
General and administrative	38,783	-	38,783	22,563	-	22,563
Fundraising and development	47,162	-	47,162	11,580	-	11,580
	85,945	-	85,945	34,143	-	34,143
Total expenses	405,407	-	405,407	262,148	-	262,148
Changes in net assets	65,014	29,466	94,480	(7,048)	7,520	472
Beginning net assets	1,826,269	7,520	1,833,789	1,833,317	-	1,833,317
Ending net assets	<u>\$ 1,891,283</u>	<u>\$ 36,986</u>	<u>\$ 1,928,269</u>	<u>\$ 1,826,269</u>	<u>\$ 7,520</u>	<u>\$ 1,833,789</u>

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

OZAUKEE NONPROFIT CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 94,480	\$ 472
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	96,138	71,396
Amortization	5,489	-
(Increase) decrease in contributions receivable	(36,986)	-
(Increase) decrease in accounts receivable	(6,541)	(188)
(Increase) decrease in prepaid expenses	(3,199)	-
Increase (decrease) in accounts payable	8,483	8,181
Increase (decrease) in accrued payroll and taxes	1,808	(4,649)
Increase (decrease) in real estate taxes payable	16,487	-
Increase (decrease) in grants payable	9,000	-
Increase (decrease) in security deposits	833	-
Increase (decrease) in refundable advance	10,320	-
Increase (decrease) in deferred revenue	<u>1,055</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>197,367</u>	<u>75,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Lease commissions paid	(54,892)	-
Purchase of property and equipment	<u>(2,535,595)</u>	<u>(34,604)</u>
Net cash used in investing activities	<u>(2,590,487)</u>	<u>(34,604)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>2,380,723</u>	<u>-</u>
Net cash provided by financing activities	<u>2,380,723</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(12,397)	40,608
Cash and cash equivalents at beginning of year	<u>392,151</u>	<u>351,543</u>
Cash and cash equivalents at end of year	<u>\$ 379,754</u>	<u>\$ 392,151</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
In-kind contributions	<u>\$ 4,175</u>	<u>\$ 15,136</u>

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

OZAUKEE NONPROFIT CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020						2019					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Building Operation	Shared Services	Total	General & Administrative	Fundraising & Development	Total	Building Operation	Shared Services	Total	General & Administrative	Fundraising & Development	Total
Advertising and promotion	\$ -	\$ -	\$ -	\$ -	\$ 5,583	\$ 5,583	\$ -	\$ -	\$ -	\$ -	\$ 1,249	\$ 1,249
Amortization	-	-	-	5,489	-	5,489	-	-	-	-	-	-
Cleaning	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	96,138	-	96,138	-	-	96,138	71,396	-	71,396	-	-	71,396
Equipment	-	-	-	-	-	-	100	-	100	-	-	100
Insurance	9,647	-	9,647	-	-	9,647	7,285	-	7,285	-	-	7,285
Interest	46,006	-	46,006	-	-	46,006	-	-	-	-	-	-
Payroll:												
Salaries and wages	39,061	9,404	48,465	11,574	12,297	72,336	27,656	6,511	34,167	8,462	8,897	51,526
Payroll taxes	3,162	761	3,923	937	995	5,855	2,071	487	2,558	633	667	3,858
Professional fees	-	-	-	7,619	27,074	34,693	-	-	-	7,055	-	7,055
Real estate taxes	20,052	-	20,052	-	-	20,052	-	-	-	-	-	-
Repairs and maintenance	32,620	-	32,620	-	-	32,620	44,438	-	44,438	-	-	44,438
Shared Services:												
Copy machine	-	4,530	4,530	531	-	5,061	-	5,697	5,697	316	-	6,013
Internet and IT	1,252	6,370	7,622	1,113	-	8,735	293	7,469	7,762	1,220	-	8,982
Postage	-	4,970	4,970	509	-	5,479	-	4,255	4,255	188	-	4,443
Telephone	-	4,982	4,982	222	-	5,204	-	4,417	4,417	-	-	4,417
Snow removal/landscaping	14,395	-	14,395	-	-	14,395	20,743	-	20,743	-	-	20,743
Supplies	3,125	1,467	4,592	3,271	-	7,863	3,363	1,556	4,919	1,591	-	6,510
Utilities	21,520	-	21,520	-	-	21,520	20,268	-	20,268	-	-	20,268
Volunteer recognition	-	-	-	20	-	20	-	-	-	484	-	484
Website	-	-	-	1,213	1,213	2,426	-	-	-	621	621	1,242
Other	-	-	-	6,285	-	6,285	-	-	-	1,993	146	2,139
Total Expenses	\$ 286,978	\$ 32,484	\$ 319,462	\$ 38,783	\$ 47,162	\$ 405,407	\$ 197,613	\$ 30,392	\$ 228,005	\$ 22,563	\$ 11,580	\$ 262,148

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

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization and business activity

In April 2020, the board of directors approved changing the name of the organization from the Family Enrichment Center, Inc. to the Ozaukee Nonprofit Center, Inc. The Ozaukee Nonprofit Center, Inc. (Center) is incorporated under the laws of the State of Wisconsin. The Center is a centralized facility for not-for-profit agencies. The Center provides shared common areas and administrative equipment to enhance coordinated program results and cultivate joint planning and programming. The following are nonprofits of the Center:

Advocates of Ozaukee, Inc.
Alzheimer's Association
Big Brothers Big Sisters of Ozaukee, Inc.
COPE Services, Inc.
Energy Services
Family Enrichment Center, Inc.
Habitat for Humanity of Ozaukee, Inc.
Independence First, Inc.
Interfaith Caregivers, Inc.
Mel's Charities, Inc.
Ozaukee Family Services, Inc.
Ozaukee County Health and Human Services: Birth to 3

2. Cash and cash equivalents

The Center considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

3. Accounts receivable and credit policies

Accounts receivable consist primarily of noninterest-bearing amounts due for space rental and program services. The Center determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2020 and 2019, management determined that no allowance for uncollectible accounts receivable was required.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Accounts receivable and credit policies - continued

Receivables from contracts with customers are reported as accounts receivable, in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

4. Contributions receivable

The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Center determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. At December 31, 2020 and 2019, management determined that no allowance for uncollectable contributions receivable was required. See Note C.

5. Prepaid expenses

Prepaid expenses represent disbursements paid in advance for the subsequent fiscal year.

6. Property and equipment

Property and equipment are recorded at cost or fair market value if donated. The Center's policy is to capitalize all tangible assets which separately or in the aggregate have an acquisition cost of \$500 or greater. Major additions and improvements are capitalized. Property and equipment are depreciated over the estimated useful lives of the assets, ranging from 5 to 39 years, using the straight-line method. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. See Note D.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Property and equipment - continued

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2020 and 2019.

7. Net assets

The Center follows the accrual method of accounting wherein revenues and expenses are recorded in the period earned or incurred. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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. The Board of Directors has established a board designated fund. The fund consists of certain unrestricted donations, contributions and investment income the Center has received. The funds are to be used for specific Board designated purposes.

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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

8. Revenue and Revenue Recognition

Revenue is recognized from rental payments and shared services when the services are provided. All services are transferred at a point in time. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2020 the Center has one conditional contribution, see Note E. As of December 31, 2019, the Center has no conditional contributions.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Donated services and in-kind contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Center records donated professional services at the respective fair values of the services received (see Note J).

10. Advertising costs

Advertising costs are expensed as incurred, and totaled \$5,583 and \$1,249 during the years ended December 31, 2020 and 2019, respectively.

11. Allocation of functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, payroll taxes, professional services, office expenses, supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

12. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

13. Income taxes

The Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The Center evaluates its tax positions and assesses their uncertainty, if any, through review and application of various sources of tax authority including statutes, regulations, rulings, court cases and widely held administrative practices.

OZAUKEE NONPROFIT CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS – CONTINUED
 DECEMBER 31, 2020 AND 2019

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Income taxes - continued

The Center’s informational returns are subject to examination by the IRS, generally for three years after they were filed. Management believes that no uncertain tax positions exist for the Center at December 31, 2020 and 2019. The Center has not incurred any interest or penalties for income taxes for the years ended December 31, 2020 and 2019.

14. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through August 23, 2021, which is the date that the financial statements were available to be issued. Subsequent events were noted for disclosure, see Note L.

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date of December 31, 2020 and 2019, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 379,754	\$ 392,151
Contributions receivable	36,986	-
Accounts receivable	11,590	5,049
Less amounts unavailable for general expenditures:		
Donor purpose restrictions	(36,986)	(7,520)
	\$ 391,344	\$ 389,680

As part of its liquidity plan, The Center invests cash in excess of daily requirements in short-term money market funds.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020 AND 2019

C – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are to be collected as follows as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 12,000	\$ -
In one to five years	26,000	-
Over five years	<u>-</u>	<u>-</u>
	38,000	-
Less discount to net present value at 2.5%	(1,014)	-
Less allowance for uncollectible amount	<u>-</u>	<u>-</u>
	<u>\$ 36,986</u>	<u>\$ -</u>

D – PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Building and building improvements	\$3,928,452	\$2,241,729
Land	390,000	50,000
Furniture and equipment	71,416	71,416
Construction in process	<u>508,872</u>	<u>-</u>
Subtotal	4,898,740	2,363,145
Less accumulated depreciation	<u>(1,011,595)</u>	<u>(915,457)</u>
Property and equipment, net	<u>\$3,887,145</u>	<u>\$1,447,688</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$96,138 and \$71,396, respectively.

OZAUKEE NONPROFIT CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS – CONTINUED
 DECEMBER 31, 2020 AND 2019

E – REFUNDABLE ADVANCE – PAYROLL PROTECTION LOAN

The Center was granted a \$10,320 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner during the COVID-19 outbreak (see Note L). The loan is uncollateralized and is fully guaranteed by the Federal government. The Center has recorded the loan as a refundable advance and will recognize grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer exists. No contribution revenue has been recorded for the year ended December 31, 2020.

F – NOTE PAYABLE

In April 2020, the Center received a loan commitment of \$2,800,000 for the purchase and improvements of a new building (Dakota building). The note requires interest only payments during the first 12 months at an interest rate of 3.25%. The note is secured by the Dakota building. After the initial 12-month period, the Center has the option to convert the note to permanent financing. The balance outstanding was \$2,380,723 as of December 31, 2020. Management is currently working to convert the note to permanent financing.

As part of the purchase of the Dakota building, \$54,892 was paid to a management company related to services rendered related to securing a tenant for a portion of the building. The management company is responsible for collecting rent and necessary day to day maintenance needs for this portion of the building. The fees are being amortized on a straight-line basis over 10 years, the term of the tenant lease. Amortization expense was \$5,489 for the year ended December 31, 2020.

Subsequent to year end, the Center sold the original building (Badger building) and \$700,000 of the sale proceeds were used to pay down the note. See Note L.

G – NET ASSETS

Net assets without donor restrictions have been designated by the board for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Major repairs fund	<u>\$ 275,217</u>	<u>\$ 275,217</u>

Contributions received are recorded as donor restricted net assets depending on the existence and or nature of any donor-imposed restrictions. As restrictions are met and funds expended, assets are released from restrictions.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020 AND 2019

G – NET ASSETS – CONTINUED

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

Purpose restriction	2020	2019
Resource development	\$ -	\$ 3,000
Strategic plan	-	4,250
Capital campaign – Dakota building	36,986	-
	\$ 36,986	\$ 7,520

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

Purpose restriction	2020	2019
Resource development	\$ 3,000	\$ -
Strategic plan	4,250	-
	\$ 7,520	\$ -

H – RENTAL INCOME

The Center leases portions of its facility to several other nonprofit organizations and one for profit corporation through separate lease agreements. Monthly rents vary by lease and range from \$156 - \$9,867. Length of the leases varies per agreement. Rental income under these lease agreements totaled \$192,231 and \$127,175 for the years ended December 31, 2020 and 2019, respectively.

The following is a schedule of future minimum rentals under the leases as of December 31, 2020:

2021	\$ 255,339
2022	205,353
2023	201,446
2024	166,870
2025	118,404
2026 and after	473,616
	\$ 1,421,028

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020 AND 2019

I – LEASE COMMITMENTS

The Center leases a copy machine under a lease that expires in August 2022. Monthly payments under this lease are \$265. Lease payments totaled \$3,180 annually for the years ended December 31, 2020 and 2019. Minimum future rental payments under this lease are:

2021	\$ 3,180
2022	<u>2,915</u>
	<u>\$ 6,095</u>

J – DONATED FACILITIES, SERVICES AND PERSONAL PROPERTY

The Center receives various types of contributed goods and services support, including professional services, supplies and auction items. Donated services and supplies are reported in the financial statements for voluntary donations of professional services and supplies when those services and supplies create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The Center received donated professional services and supplies with an approximate fair value of \$4,175 and \$15,136 for the years ended December 31, 2020 and 2019, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Center’s operations. No amounts have been recognized in the statements of activities because the criteria for recognition under U.S. GAAP have not been satisfied.

K – FUNDS HELD BY GREATER MILWAUKEE FOUNDATION

The Greater Milwaukee Foundation (Foundation), a community foundation, holds a designated endowment fund on behalf of the Center. The Foundation invests these funds and makes investment decisions. The Foundation determines the amount of income to be distributed annually from the designated endowment fund to the Center. The Center received a grants from the fund totaling \$10,455 and \$9,681 for the years ended December 31, 2020 and 2019, respectively.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2020 AND 2019

L – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact support and revenue. The COVID-19 outbreak in the United States has resulted in reduced activities, cancellation or postponement of events, as well as temporary closures where government mandated. At the current time, we are unable to quantify the potential effects of this pandemic on our future financial statements.

Subsequent to year end in May 2021, the Center closed on the sale of the original building (Badger building). purchase of a new building in Grafton. The sale price of the Badger building was \$1,175,000. \$700,000 of the proceeds were used to paydown the note obtained to purchase the Dakota building (Note F).