

OZAUKEE NONPROFIT CENTER, INC.
GRAFTON, WISCONSIN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021 AND 2020

OZAUKEE NONPROFIT CENTER, INC.
GRAFTON, WISCONSIN

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Ozaukee Nonprofit Center, Inc. (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 Ozaukee Nonprofit Center, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ozaukee Nonprofit 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 Ozaukee Nonprofit 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.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ozaukee Nonprofit 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 Ozaukee Nonprofit 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.



Krause & Associates, SC
Grafton, Wisconsin
September 20, 2022

OZAUKEE NONPROFIT CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 604,155	\$ 379,754
Contributions receivable, net	33,183	36,986
Accounts receivable	32,178	11,590
Prepaid expenses	5,171	3,199
Prepaid lease commissions, less accumulated amortization of \$10,978 in 2021 and \$5,489 in 2020	<u>43,913</u>	<u>49,403</u>
Subtotal	718,600	480,932
PROPERTY AND EQUIPMENT, NET	<u>2,995,831</u>	<u>3,887,145</u>
TOTAL ASSETS	<u>\$ 3,714,431</u>	<u>\$ 4,368,077</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 6,167	\$ 19,582
Payroll and payroll taxes accrued	8,534	1,808
Real estate taxes payable	17,186	16,487
Grant payable	21,100	9,000
Security deposit	-	833
Refundable advance	-	10,320
Deferred revenue	2,460	1,055
Note payable	<u>2,014,750</u>	<u>2,380,723</u>
TOTAL LIABILITIES	2,070,197	2,439,808
NET ASSETS		
Without donor restrictions:		
Undesignated	1,323,334	1,616,066
Board designated	<u>275,217</u>	<u>275,217</u>
	1,598,551	1,891,283
With donor restrictions	<u>45,683</u>	<u>36,986</u>
Total net assets	<u>1,644,234</u>	<u>1,928,269</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,714,431</u>	<u>\$ 4,368,077</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, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions and grants	\$ 92,666	\$ 62,361	\$ 155,027	\$ 41,950	\$ 214,417	\$ 256,367
Paycheck Protection Program grant	10,320	-	10,320	-	-	-
In-kind contributions	13,548	-	13,548	4,725	-	4,725
Rental income	297,209	-	297,209	192,321	-	192,321
Shared equipment fees	16,390	-	16,390	18,723	-	18,723
Special event:						
Revenue	42,905	-	42,905	38,214	-	38,214
Expenses	(20,780)	-	(20,780)	(13,343)	-	(13,343)
Interest and other	2,453	-	2,453	2,880	-	2,880
Released from restrictions	53,664	(53,664)	-	184,951	(184,951)	-
Total revenue & support	508,375	8,697	517,072	470,421	29,466	499,887
EXPENSES						
Program services:						
Building operation	431,501		431,501	286,978	-	286,978
Shared services	42,823	-	42,823	32,484	-	32,484
	474,324	-	474,324	319,462	-	319,462
Supporting services:						
General and administrative:						
Operations	42,177	-	42,177	38,783	-	38,783
Loss on sale of building	248,280	-	248,280	-	-	-
Fundraising and development	36,326	-	36,326	47,162	-	47,162
	326,783	-	326,783	85,945	-	85,945
Total expenses	801,107	-	801,107	405,407	-	405,407
Changes in net assets	(292,732)	8,697	(284,035)	65,014	29,466	94,480
Beginning net assets	1,891,283	36,986	1,928,269	1,826,269	7,520	1,833,789
Ending net assets	\$ 1,598,551	\$ 45,683	\$ 1,644,234	\$ 1,891,283	\$ 36,986	\$ 1,928,269

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, 2021 AND 2020

	2021						2020					
	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	\$ -	\$ -	\$ -	\$ -	\$ 9,445	\$ 9,445	\$ -	\$ -	\$ -	\$ -	\$ 5,583	\$ 5,583
Amortization	-	-	-	5,489	-	5,489	-	-	-	5,489	-	5,489
Cleaning	7,585	-	7,585	-	-	7,585	-	-	-	-	-	-
Depreciation	86,638	-	86,638	-	-	86,638	96,138	-	96,138	-	-	96,138
Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	13,381	-	13,381	-	-	13,381	9,647	-	9,647	-	-	9,647
Interest	77,869	-	77,869	-	-	77,869	46,006	-	46,006	-	-	46,006
Payroll:												
Salaries and wages	54,852	13,205	68,057	16,252	17,268	101,577	39,061	9,404	48,465	11,574	12,297	72,336
Payroll taxes	4,273	1,029	5,302	1,266	1,345	7,913	3,162	761	3,923	937	995	5,855
Professional fees	16,095	-	16,095	7,699	5,500	29,294	-	-	-	7,619	27,074	34,693
Real estate taxes	17,164	-	17,164	-	-	17,164	20,052	-	20,052	-	-	20,052
Repairs and maintenance	39,561	-	39,561	-	-	39,561	32,620	-	32,620	-	-	32,620
Shared Services:												
Copy machine	-	5,719	5,719	1,523	-	7,242	-	4,530	4,530	531	-	5,061
Internet and IT	1,439	10,700	12,139	402	-	12,541	1,252	6,370	7,622	1,113	-	8,735
Postage	-	3,109	3,109	1,745	-	4,854	-	4,970	4,970	509	-	5,479
Telephone	-	4,568	4,568	103	-	4,671	-	4,982	4,982	222	-	5,204
Snow removal/landscaping	60,297	-	60,297	-	-	60,297	14,395	-	14,395	-	-	14,395
Supplies	6,926	2,323	9,249	-	-	9,249	3,125	1,467	4,592	3,271	-	7,863
Utilities	45,421	-	45,421	-	-	45,421	21,520	-	21,520	-	-	21,520
Volunteer recognition	-	-	-	16	-	16	-	-	-	20	-	20
Website	-	-	-	243	243	486	-	-	-	1,213	1,213	2,426
Other	-	2,170	2,170	7,439	2,525	12,134	-	-	-	6,285	-	6,285
Loss on sale of building	-	-	-	248,280	-	248,280	-	-	-	-	-	-
Total Expenses	\$ 431,501	\$ 42,823	\$ 474,324	\$ 290,457	\$ 36,326	\$ 801,107	\$ 286,978	\$ 32,484	\$ 319,462	\$ 38,783	\$ 47,162	\$ 405,407

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (284,035)	\$ 94,480
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	86,638	96,138
Amortization	5,489	5,489
In-kind donations capitalized	(7,600)	-
Loss on disposal of property and equipment	248,280	-
(Increase) decrease in contributions receivable	3,803	(36,986)
(Increase) decrease in accounts receivable	(20,588)	(6,541)
(Increase) decrease in prepaid expenses	(1,972)	(3,199)
Increase (decrease) in accounts payable	(13,415)	8,483
Increase (decrease) in accrued payroll and taxes	6,726	1,808
Increase (decrease) in real estate taxes payable	699	16,487
Increase (decrease) in grants payable	12,100	9,000
Increase (decrease) in security deposits	(833)	833
Increase (decrease) in refundable advance	-	10,320
Increase (decrease) in deferred revenue	<u>1,405</u>	<u>1,055</u>
Net cash provided by (used in) operating activities	<u>36,697</u>	<u>197,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Lease commissions paid	-	(54,892)
Proceeds from sale of property and equipment	1,108,680	-
Purchase of property and equipment	<u>(555,003)</u>	<u>(2,535,595)</u>
Net cash provided by (used in) investing activities	<u>553,677</u>	<u>(2,590,487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	349,797	2,380,723
Repayments of note payable	<u>(715,770)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(365,973)</u>	<u>2,380,723</u>
Net increase (decrease) in cash and cash equivalents	224,401	(12,397)
Cash and cash equivalents at beginning of year	<u>379,754</u>	<u>392,151</u>
Cash and cash equivalents at end of year	<u>\$ 604,155</u>	<u>\$ 379,754</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 77,869</u>	<u>\$ 46,006</u>
In-kind contributions	<u>\$ 13,548</u>	<u>\$ 4,175</u>

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

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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.
Energy Services
Family Enrichment Center, Inc.
Habitat for Humanity of Ozaukee, Inc.
Independence First, Inc.
Interfaith Caregivers, 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, 2021 and 2020, management determined that no allowance for uncollectible accounts receivable was required.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, management determined that no allowance for uncollectible 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 \$1,000 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, 2021 AND 2020

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, 2021 and 2020.

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, 2021, the Center has no conditional contributions. As of December 31, 2020 the Center has one conditional contribution, see Note E.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

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 \$9,445 and \$5,583 during the years ended December 31, 2021 and 2020, 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, 2021 AND 2020

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, 2021 and 2020. The Center has not incurred any interest or penalties for income taxes for the years ended December 31, 2021 and 2020.

14. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through September 20, 2022, which is the date that the financial statements were available to be issued.

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, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 604,155	\$ 379,754
Contributions receivable	33,183	36,986
Accounts receivable	32,178	11,590
Less amounts unavailable for general expenditures:		
Donor purpose restrictions	<u>(45,683)</u>	<u>(36,986)</u>
	<u>\$ 623,833</u>	<u>\$ 391,344</u>

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, 2021 AND 2020

C – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are to be collected as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 19,572	\$ 12,000
In one to five years	14,000	26,000
Over five years	<u>-</u>	<u>-</u>
	33,572	38,000
Less discount to net present value at 2.5%	(389)	(1,014)
Less allowance for uncollectible amount	<u>-</u>	<u>-</u>
	<u>\$ 33,183</u>	<u>\$ 36,986</u>

D – PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Building and building improvements	\$2,729,375	\$3,928,452
Land	340,000	390,000
Furniture and equipment	77,657	71,416
Construction in process	<u>-</u>	<u>508,872</u>
Subtotal	3,147,032	4,898,740
Less accumulated depreciation	<u>(151,201)</u>	<u>(1,011,595)</u>
Property and equipment, net	<u>\$2,995,831</u>	<u>\$3,887,145</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$86,638 and \$96,138, respectively.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

E – REFUNDABLE ADVANCE – PAYCHECK PROTECTION LOAN

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.

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. The loan was uncollateralized and was fully guaranteed by the Federal government. The Center initially recorded the loan as a refundable advance and subsequently recognized 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 existed. The Center has recognized \$10,320 as grant revenue for the year ended December 31, 2021.

F – NOTE PAYABLE

In April 2020, the Center received a loan 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.

During 2021, the note was converted to permanent financing. The effective date of the new loan was August 12, 2021, with an original balance of \$2,030,460. The term is 10 years, with principal and interest payments payable monthly at an interest rate of 3.99% and a balloon payment due in 2031. The note is secured by the Dakota building. Aggregate annual maturities on the foregoing borrowing at December 31, 2021 are as follows:

2022	\$ 48,653
2023	50,658
2024	52,528
2025	54,910
2026	57,173
2027 and thereafter	<u>1,750,828</u>
Total	<u>\$ 2,014,750</u>

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

F – NOTE PAYABLE - CONTINUED

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 years ended December 31, 2021 and 2020

G – NET ASSETS

Net assets without donor restrictions have been designated by the board for the following purposes as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</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.

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2021 and 2020:

<u>Purpose restriction</u>	<u>2021</u>	<u>2020</u>
Internal accounting	\$ 6,000	\$ -
Marketing plan	6,500	-
Contributions receivable – subject to passage of time	<u>33,183</u>	<u>36,986</u>
	<u>\$ 45,683</u>	<u>\$ 36,986</u>

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, 2021 and 2020:

<u>Purpose restriction</u>		
Resource development	\$ -	\$ 3,000
Strategic plan	-	4,250
Capital		177,701
Contributions receivable – subject to passage of time	39,861	
	<u>13,803</u>	<u>-</u>
	<u>\$ 53,664</u>	<u>\$ 184,951</u>

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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 \$297,209 and \$192,321 for the years ended December 31, 2021 and 2020, respectively. The following is a schedule of future minimum rentals under the leases as of December 31, 2021:

2022	\$ 246,573
2023	246,573
2024	246,573
2025	118,404
2026	118,404
2027 and after	<u>355,212</u>
	<u>\$ 1,331,739</u>

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, 2021 and 2020. Minimum future rental payments under this lease are:

2022	<u>\$ 2,915</u>
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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 \$13,548 and \$4,175 for the years ended December 31, 2021 and 2020, respectively. For the year ended December 31, 2021, \$7,600 of this amount was capitalized as property and equipment on the statements of financial position.

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.

OZAUKEE NONPROFIT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020

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 \$10,633 and \$10,455 for the years ended December 31, 2021 and 2020, respectively.