

CHAIN EXPLORATION CENTER INC.

Audited Financial Statements

For the Year Ended June 30, 2019

CHAIN EXPLORATION CENTER INC.

Table of Contents

June 30, 2019 and 2018

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 8

FINANCIAL STATEMENTS

CHAIN EXPLORATION CENTER INC.

Statement of Financial Position

As of June 30, 2019

CURRENT ASSETS

Cash	\$	3,353
Due from District		12,880
Total Current Assets		<u>16,233</u>

PROPERTY AND EQUIPMENT

Buildings Improvements		81,097
Furniture and Fixtures		79,154
Less: Accumulated Depreciation		<u>(11,933)</u>
Net Property and Equipment		<u>148,318</u>

TOTAL ASSETS

\$ 164,551

NET ASSETS

Without Donor Restrictions:

Net Investment in Property and Equipment	\$	148,318
Undesignated		<u>3,353</u>
Total Unrestricted		151,671

With Donor Restrictions - Equipment and Supplies

TOTAL NET ASSETS

\$ 164,551

CHAIN EXPLORATION CENTER INC.Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grants	\$ 145,914	\$ -	\$ 145,914
Contribution from School District	664,267	-	664,267
Contributions	12,047	12,880	24,927
Fundraising	3,839	-	3,839
Total Revenues and Other Support	<u>826,067</u>	<u>12,880</u>	<u>838,947</u>
EXPENSES			
Program Services	553,287	-	553,287
Management and General	120,271	-	120,271
Fundraising	838	-	838
Total Expenses	<u>674,396</u>	<u>-</u>	<u>674,396</u>
CHANGE IN NET ASSETS	151,671	12,880	164,551
NET ASSETS - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS - ENDING	<u>\$ 151,671</u>	<u>\$ 12,880</u>	<u>\$ 164,551</u>

See Accompanying Notes

CHAIN EXPLORATION CENTER INC.

Statement of Functional Expenses

For the Year Ended June 30, 2019

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
EXPENSES					
Personnel	\$ 291,185	\$ 73,925	\$ -	\$ 73,925	\$ 365,110
Occupancy	58,249	39,292	-	39,292	97,541
Depreciation	11,933	-	-	-	11,933
Supplies and Materials	101,687	3,815	838	4,653	106,340
Professional Fees	-	2,739	-	2,739	2,739
Administrative	-	500	-	500	500
Pupil Transportation	42,930	-	-	-	42,930
Training and Development	20,949	-	-	-	20,949
Kitchen and Food Service	26,354	-	-	-	26,354
TOTAL EXPENSES	<u>\$ 553,287</u>	<u>\$ 120,271</u>	<u>\$ 838</u>	<u>\$ 121,109</u>	<u>\$ 674,396</u>

See Accompanying Notes

CHAIN EXPLORATION CENTER INC.

Statement of Cash Flows
For the Years Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	164,551
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation		11,933
Change in Operating Assets:		
Due from District		<u>(12,880)</u>
Net Cash Flows From Operating Activities		<u>163,604</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment		<u>(160,251)</u>
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NET CHANGE IN CASH

3,353

CASH - BEGINNING

-

CASH - ENDING

\$ 3,353

CHAIN EXPLORATION CENTER INC.

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Chain Exploration Center Inc. (Center) is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Center is a nonprofit organization operating a charter school as authorized by the School District of Waupaca. The Center is supported primarily through a grant from the Wisconsin Department of Public Instruction and grants from the School District of Waupaca.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

Cash deposits consist of demand deposits with financial institutions and are carried at cost. For the purpose of the statement of cash flows, the Center considers as cash equivalents all highly liquid investments which have a maturity period of ninety days or less from purchase to be cash.

Due from District

Due from District represents contributions held by the School District of Waupaca on behalf of the Center.

Property, Equipment and Depreciation

Purchased property is recorded at cost. All acquisitions of property and equipment in excess of \$5,000 are capitalized. Donated property is recorded at their estimated value at date of donation. Depreciation for financial reporting purposes is calculated using the straight-line method over the following estimated useful lives of the building improvements of 40 years and furniture and equipment of 5 to 20 years.

Contribution Revenue

Contributions received are recorded as without donor restricted or with donor restricted, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in without donor restricted net assets. All other donor restricted support is reported as an increase in with donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as without donor restricted contributions.

CHAIN EXPLORATION CENTER INC.

Notes to Financial Statements

June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

The Center records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets, material and other goods are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Center received contributed instruction space with a fair value of \$36,000 for the year ended June 30, 2019.

Many individuals volunteer their time and perform a variety of tasks that assist the Center with management of committee funds. These volunteer contributions are not reflected in the financial statements since these services do not meet the recognition criteria.

Financial Statements Presentation

The Center is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion the Center's management and the board.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Center currently does not have any donor restricted funds that are perpetual in nature.

Revenues are reported as increases in without donor restricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in without donor restricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in without donor restricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of with donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Income Taxes

The Center is a charitable organization under Section 501(c)(3) of the Internal Revenue Code, and thus is exempt from income taxes. Gifts, grants and bequests are deductible by donors within limitations of the Internal Revenue Code. The Center does not have federal or state income tax filing requirements.

Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from these estimates.

CHAIN EXPLORATION CENTER INC.

Notes to Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and Effort
Occupancy	Time and Effort
Supplies and Materials	Actual Usage

Subsequent Events

The Center has evaluated subsequent events through June 29, 2020 the date which the financial statements were available to be issued.

Note 2 - Retirement Plan

The staff of the Center participate in the Wisconsin Retirement System WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Note 3 - Upcoming Accounting Pronouncement

The Financial Accounting Standards Board has issued an accounting standards update that will result in changes to the timing of when an organization will recognize income. Revenues will be recognized when the promised goods or services are transferred to its customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also included expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Center is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Center's financial statements for the year ending June 30, 2021.