

CHAIN EXPLORATION CENTER INC.

Audited Financial Statements

For the Year Ended June 30, 2021

CHAIN EXPLORATION CENTER INC.

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June 30, 2021

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INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Board
Chain Exploration Center Inc.
Waupaca, Wisconsin

We have audited the accompanying financial statements of Chain Exploration Center Inc. (Center), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 from 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 Chain Exploration Center Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KerberRose SC

**KerberRose SC
Certified Public Accountants
Shawano, Wisconsin**

December 15, 2021

FINANCIAL STATEMENTS

CHAIN EXPLORATION CENTER INC.

Statement of Financial Position

As of June 30, 2021

CURRENT ASSETS

Cash	\$	14,900
Due from District		2,471
Total Current Assets		<u>17,371</u>

PROPERTY AND EQUIPMENT

Building Improvements		81,097
Furniture and Fixtures		79,154
Less: Accumulated Depreciation		<u>(43,723)</u>
Net Property and Equipment		<u>116,528</u>

TOTAL ASSETS

\$ 133,899

NET ASSETS

Without Donor Restrictions:

Net Investment in Property and Equipment	\$	116,528
Undesignated		<u>12,028</u>
Total Unrestricted		128,556

With Donor Restrictions - Equipment and Supplies 5,343

TOTAL NET ASSETS

\$ 133,899

CHAIN EXPLORATION CENTER INC.

Statement of Activities

For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grants	\$ 143,764	\$ -	\$ 143,764
Contribution from School District	1,400,358	-	1,400,358
Contributions	-	1,091	1,091
Fundraising	8,666	-	8,666
Net Assets Released from Restriction:			
Satisfaction of Restrictions	779	(779)	-
Total Revenues and Other Support	<u>1,553,567</u>	<u>312</u>	<u>1,553,879</u>
EXPENSES			
Program Services	1,367,255	-	1,367,255
Management and General	193,541	-	193,541
Total Expenses	<u>1,560,796</u>	<u>-</u>	<u>1,560,796</u>
CHANGE IN NET ASSETS	(7,229)	312	(6,917)
NET ASSETS - BEGINNING	<u>135,785</u>	<u>5,031</u>	<u>140,816</u>
NET ASSETS - ENDING	<u>\$ 128,556</u>	<u>\$ 5,343</u>	<u>\$ 133,899</u>

See Accompanying Notes

CHAIN EXPLORATION CENTER INC.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENSES			
Personnel	\$ 842,768	\$ 102,709	\$ 945,477
Occupancy	175,002	75,748	250,750
Depreciation	12,716	3,179	15,895
Supplies and Materials	80,520	1,487	82,007
Professional Fees	-	6,300	6,300
Administrative	-	394	394
Pupil Transportation	79,824	-	79,824
Training and Development	41,317	-	41,317
Information Technology	77,061	3,724	80,785
Kitchen and Food Service	58,047	-	58,047
TOTAL EXPENSES	<u>\$ 1,367,255</u>	<u>\$ 193,541</u>	<u>\$ 1,560,796</u>

CHAIN EXPLORATION CENTER INC.

Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(6,917)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation		15,895
Change in Operating Assets:		
Due from District		<u>(693)</u>
Net Cash Flows From Operating Activities		8,285
CASH - BEGINNING		<u>6,615</u>
CASH - ENDING	\$	<u><u>14,900</u></u>

See Accompanying Notes

CHAIN EXPLORATION CENTER INC.

Notes to Financial Statements

June 30, 2021

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 and equipment is recorded at cost. All acquisitions of property and equipment in excess of \$5,000 are capitalized. Donated property is recorded at its 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.

The Center owns no land or buildings but uses contributed instruction space from the Waupaca School District.

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, 2021

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, 2021.

Many individuals volunteer their time and perform a variety of tasks that assist the Center with management of their 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, 2021

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
Depreciation	Pupil Count Percentage
Supplies and Materials	Pupil Count Percentage
Professional Fees	Pupil Count Percentage
Administrative	Pupil Count Percentage
Pupil Transportation	Pupil Count Percentage
Training and Development	Pupil Count Percentage
Information Technology	Pupil Count Percentage
Kitchen and Food Service	Pupil Count Percentage

Subsequent Events

The Center has evaluated subsequent events through December 15, 2021 the date which the financial statements were available to be issued.

Note 2 - Liquidity Management

The Center has financial assets available within one year of the statement of financial position date for general expenditures in the amount of \$17,371.

As a part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 - Contingencies

The Center received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grants. The Center believes such disallowances, if any, would be immaterial.

Note 4 - Retirement Plan

The staff of the Center participate in the Wisconsin Retirement System (WRS) and are included with the Waupaca School District's financial statement disclosure for post-employment benefits other than pension.

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>.

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