SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

SAINTA, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SaintA, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SaintA, Inc. and Subsidiaries (Organization) 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 and *Government 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Sikich LLP

Brookfield, Wisconsin
June 1, 2022

CONSOLIDATED FINANCIAL STATEMENTS

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,909,383	$ 5,906,966
Accounts receivable, net	1,817,797	842,634
Prepaid expenses	251,047	241,653
Total current assets	4,978,227	6,991,253
OTHER ASSETS		
Investments	29,271,214	26,778,949
Property and equipment, net	3,737,135	3,176,680
Total other assets	33,008,349	29,955,629
TOTAL ASSETS	$ 37,986,576	$ 36,946,882

(This statement is continued on the following page.)

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

As of December 31, 2021 and 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 759,360	$ 862,303
Note payable - current	982,562	2,386,796
Accrued payroll and benefits	938,485	1,234,633
Accrued liability - SafeCare contract	1,416,774	1,918,532
Deferred revenue	164,280	187,337
Total current liabilities	4,261,461	6,589,601
LONG-TERM LIABILITIES		
Note payable, net of current portion	2,089,962	690,211
Total liabilities	6,351,423	7,279,812
NET ASSETS		
Without donor restrictions	30,957,410	28,978,838
With donor restrictions	677,743	688,232
Total net assets	31,635,153	29,667,070
TOTAL LIABILITIES AND NET ASSETS	$ 37,986,576	$ 36,946,882

See accompanying notes to consolidated financial statements.

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	$ 485,487	$ -	$ 485,487
REVENUE			
Program service fees	26,819,630	-	26,819,630
Expense reimbursements	47,730	-	47,730
Rental income	312,313	-	312,313
Special events	43,020	-	43,020
Investment return, net	3,345,488	31,626	3,377,114
Miscellaneous	2,837	-	2,837
Total revenue	30,571,018	31,626	30,602,644
Net assets released from restrictions	42,115	(42,115)	-
Total support and revenue	31,098,620	(10,489)	31,088,131
EXPENSES			
Program services	24,214,994	-	24,214,994
Management and general	4,604,641	-	4,604,641
Fundraising	300,413	-	300,413
Total expenses	29,120,048	-	29,120,048
CHANGE IN NET ASSETS	1,978,572	(10,489)	1,968,083
NET ASSETS - BEGINNING OF YEAR	28,978,838	688,232	29,667,070
NET ASSETS - END OF YEAR	$ 30,957,410	$ 677,743	$ 31,635,153

See accompanying notes to consolidated financial statements.

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	$ 333,549	$ 60,000	$ 393,549
REVENUE			
Program service fees	25,766,621	-	25,766,621
SafeCare contract adjustment	(1,918,532)	-	(1,918,532)
Program service fees, net	23,848,089	-	23,848,089
Expense reimbursements	155,127	-	155,127
Food reimbursements	45,967	-	45,967
Rental income	324,306	-	324,306
Loan forgiveness	1,303,346	-	1,303,346
Investment return, net	3,017,740	31,070	3,048,810
Miscellaneous	(8,325)	-	(8,325)
Total revenue	28,686,250	31,070	28,717,320
Net assets released from restrictions	27,225	(27,225)	-
Total support and revenue	29,047,024	63,845	29,110,869
EXPENSES			
Program services	24,063,951	-	24,063,951
Management and general	4,858,536	-	4,858,536
Fundraising	337,689	-	337,689
Total expenses	29,260,176	-	29,260,176
CHANGE IN NET ASSETS	(213,152)	63,845	(149,307)
NET ASSETS - BEGINNING OF YEAR	29,191,990	624,387	29,816,377
NET ASSETS - END OF YEAR	$ 28,978,838	$ 688,232	$ 29,667,070

See accompanying notes to consolidated financial statements.

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,968,083	$ (149,307)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	394,576	397,157
Bad debt expense	2,250	-
Unrealized and realized gain on investments	(2,275,709)	(2,317,150)
Loss on disposal of property and equipment	-	8,991
Decrease (increase) in:		
Accounts receivable	(977,413)	(1,414)
Interest and dividends receivable	-	22,408
Prepaid expenses	(9,394)	(20,405)
Increase (decrease) in:		
Accounts payable	(102,943)	(565,135)
Accrued payroll and benefits	(296,148)	538,979
Loan forgiveness	-	(1,303,346)
Accrued liability - SafeCare contract	(501,758)	1,918,532
Deferred revenue	(23,057)	(86,519)
Net cash from operating activities	(1,821,513)	(1,557,209)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,999,592	23,985,456
Purchase of investments	(3,216,148)	(24,155,750)
Purchase of property and equipment	(955,031)	(304,932)
Net cash from investing activities	(1,171,587)	(475,226)

(This statement is continued on the following page.)

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	$ -	$ 4,375,870
Principal payments on notes payable	(4,483)	(52,708)
Net cash from financing activities	(4,483)	4,323,162
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,997,583)	2,290,727
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,906,966	3,616,239
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,909,383	$ 5,906,966
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	$ 14	$ 1,266

See accompanying notes to consolidated financial statements.

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services				Supporting Activities Management and General				
	Child and Family Well-Being	Mental Health	Community Services	Total Program Services	Agency	Foundation	Total	Fundraising	Total
EXPENSES									
Salaries	$ 9,820,166	$ 2,757,880	$ 1,372,082	$ 13,950,128	$ 2,174,780	$ -	$ 2,174,780	$ 156,620	$ 16,281,528
Employee benefits	2,446,976	691,204	318,417	3,456,597	457,006	-	457,006	20,144	3,933,747
Payroll taxes	755,880	195,304	95,935	1,047,119	150,191	-	150,191	11,705	1,209,015
Staff development	228,452	68,634	19,570	316,656	161,765	-	161,765	4,343	482,764
Contracted services	480,665	87,112	24,436	592,213	360,662	-	360,662	44,440	997,315
Direct client assistance	2,797,978	15,934	690,969	3,504,881	7,074	-	7,074	34,993	3,546,948
Space and equipment	787,297	15,253	4,893	807,443	710,276	-	710,276	-	1,517,719
Supplies and postage	169,880	23,421	60,920	254,221	525,554	-	525,554	21,951	801,726
Telephone	103,033	25,213	19,528	147,774	27,458	-	27,458	854	176,086
Insurance	94,471	17,914	10,169	122,554	31,032	-	31,032	626	154,212
Miscellaneous	5,894	5,161	4,353	15,408	(2,678)	1,521	(1,157)	4,737	18,988
Total functional expenses	17,690,692	3,903,030	2,621,272	24,214,994	4,603,120	1,521	4,604,641	300,413	29,120,048
Management and general	2,980,037	670,396	453,543	4,103,976	(4,153,483)	-	(4,153,483)	49,507	-
TOTAL EXPENSES	$ 20,670,729	$ 4,573,426	$ 3,074,815	$ 28,318,970	$ 449,637	$ 1,521	$ 451,158	$ 349,920	$ 29,120,048

See accompanying notes to consolidated financial statements.

SAINTA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services					Supporting Activities Management and General				
	Treatment Foster Care	**Child Welfare**	**Other* Programs**	**Capitol West Academy**	**Total Program Services**	**Agency**	**Foundation**	**Total**	**Fundraising**	**Total**
EXPENSES										
Salaries	$ 1,344,018	$ 9,252,232	$ 3,570,664	$ 753,710	$ 14,920,624	$ 2,438,212	$ -	$ 2,438,212	$ 155,297	$ 17,514,133
Employee benefits	297,594	1,916,651	730,386	113,950	3,058,581	463,862	-	463,862	15,861	3,538,304
Payroll taxes	97,719	702,730	279,083	174,259	1,253,791	178,832	-	178,832	11,350	1,443,973
Staff development	19,892	160,479	59,233	2,318	241,922	118,692	-	118,692	2,931	363,545
Contracted services	22,550	391,571	23,886	90,385	528,392	307,246	-	307,246	40,356	875,994
Direct client assistance	193,232	1,988,079	463,080	5,576	2,649,967	80,753	-	80,753	76,880	2,807,600
Space and equipment	6,865	812,737	18,845	11,640	850,087	665,792	-	665,792	-	1,515,879
Supplies and postage	18,376	154,342	60,571	52,228	285,517	389,889	-	389,889	22,651	698,057
Telephone	11,474	95,180	37,252	1,307	145,213	34,924	-	34,924	698	180,835
Insurance	6,440	54,352	20,270	12,872	93,934	33,654	-	33,654	498	128,086
Educational materials	-	-	-	2,019	2,019	-	-	-	-	2,019
Miscellaneous	12,938	7,958	12,831	177	33,904	145,867	813	146,680	11,167	191,751
Total functional expenses	2,031,098	15,536,311	5,276,101	1,220,441	24,063,951	4,857,723	813	4,858,536	337,689	29,260,176
Management and general	405,606	2,184,839	726,951	- **	3,317,396	(3,363,103)	-	(3,363,103)	45,707	-
TOTAL EXPENSES	$ 2,436,704	$ 17,721,150	$ 6,003,052	$ 1,220,441	$ 27,381,347	$ 1,494,620	$ 813	$ 1,495,433	$ 383,396	$ 29,260,176

*Other programs include Integrated Community Treatment, Outpatient Clinic, Care Coordination, Care Coordination REACH, and Youth Transitioning to Adulthood.

**Management and general expenses for Capitol West Academy are intercompany transactions and therefore eliminated for consolidated reporting purposes.

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Nature of Activities

SaintA, Inc. (the Agency) and Subsidiaries, is a not-for-profit corporation organized under the laws of the State of Wisconsin. SaintA, Inc. and Subsidiaries' mission is to facilitate equity, learning, healing and wellness by restoring the connections that help children and families thrive. SaintA has many programs that contribute to its mission, including:

SaintA's Child Welfare Case Management program which provides services to about 900 families, including nearly 1,300 children (unaudited). Its employees work diligently to provide families and children with services that ensure safety, permanence, and well-being.

The Treatment Foster Care program at SaintA provides out-of-home care to children who have been exposed to significant trauma, such as abuse and neglect and need substantial support to address their needs.

Other programs at SaintA include Comprehensive Community Services, Outpatient Clinic, Care Coordination (REACH and WRAP) and Youth Transitioning to Adulthood. Comprehensive Community Services provides therapeutic and mental health consultation services to children and families throughout southeast Wisconsin. The Outpatient Clinic provides individual, family and group outpatient mental health services, including talk and occupational therapy, Theraplay, Art Therapy and a range of other interventions. SaintA provides care coordination in partnership with Wraparound Milwaukee. Wraparound is designed to provide comprehensive, individualized and cost-effective care to children with complex mental health and emotional needs. Youth Transitioning to Adulthood provides supportive services to youth exiting out of foster care in Southeastern Wisconsin. The focus for these young adults is education, employment, housing, health, caring connections, and life-skills development.

During 2021, the presentation of the consolidated statements of functional expenses was modified to better align with the Organization's strategic plan. As a result, the Child Welfare and Treatment Foster Care programs are presented together under Child and Family Well-Being. Other programs were segregated to present Mental Health and Community services programs.

St. Aemilian-Lakeside Foundation, Inc. (the Foundation) is a not-for-profit corporation organized under the laws of the State of Wisconsin for the purpose of providing support to the Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Nature of Activities (Continued)

Capitol West Academy (the School) was a not-for-profit nonstock Wisconsin school, chartered by the University of Wisconsin-Milwaukee and administered by the Office of Charter Schools. The School was organized to provide a structured environment with an integrated curriculum, service-learning component, and an emphasis on quality academic skills for children from K4 to Grade 8. The School was closed at the end of the June 30, 2020 academic year.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Agency, the Foundation, and the School, collectively referred to as the "Organization." The Foundation and the School are consolidated with the Agency since the Agency has both an economic interest in and control of the Foundation and is the sole member of the School. All significant inter-organizational transactions have been eliminated.

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

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

Basis of Presentation

Net assets and revenues, expenses, 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:

Undesignated: Net assets that are not subject to donor-imposed stipulations.

Board designated: Net assets subject to stipulations imposed by the Board and determined to be unavailable for general use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Net Assets With Donor Restrictions: – Net assets subject to donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those restrictions or are required to be maintained in perpetuity by the Organization. Generally, the donors of the assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

The Organization considers all short-term investments in interest-bearing bank accounts and other instruments having an original maturity of three months or less, excluding amounts held as investments in the Organization's investment portfolio, to be equivalent to cash.

The Organization maintains its cash and cash equivalents at one financial institution which, at times, may exceed federally insured limits. At December 31, 2021 and 2020, the bank balances of the deposits exceeded FDIC limits by approximately $2,514,000 and $5,521,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are amounts due under cost reimbursable contracts or fee for service contracts with primarily county, state and federal government agencies. Invoicing and payment terms are provided in the contracts. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Accounts receivable are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. After all attempts to collect the receivable have failed, the receivable is written off against the allowance. Based upon management's evaluation, the Organization believes its allowance for doubtful accounts in the amount of approximately $80,000 and $18,000 as of December 31, 2021 and 2020, respectively, is adequate. However, actual write-offs might exceed the recorded allowance.

Investments and Investment Income

Investments are measured at fair value in the consolidated statements of financial position.

Investment income (including realized, unrealized gains and losses, interest, and dividends) is reported as revenue without donor restrictions unless the income is restricted by the donor. Realized gains or losses are determined by specific identification.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Investments and Investment Income (Continued)

Direct internal and external investment fees are netted against investment return on the consolidated statement of activities. Donor restricted investment income whose restrictions are met within the same year as received are reported as without donor restricted investment income in the accompanying consolidated financial statements.

Concentrations of Credit Risk

The Organization receives a significant amount of its revenue from federal, state and local governments for services provided. Should these grants decline in the future, the Organization's program services may be negatively impacted. Concentrations of program service fees derived from purchasers were as follows for the year ended December 31:

	2021	
	Program Service	**Accounts Receivable**
Wisconsin Department of Children and Families	84 %	38 %
Washington Co., CCSA	*	18
Milwaukee County	*	15
TOTAL	84 %	71 %

	2020	
	Program Service	**Accounts Receivable**
Wisconsin Department of Children and Families	74 %	25 %
Washington Co., CCSA	*	22
Wraparound	*	19
TOTAL	74 %	66 %

*Less than 10%

Property and Equipment

Property and equipment are recorded at cost or fair value if contributed. All property and equipment expenditures greater than $5,000 for the Organization are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives. Depreciation expense is charged directly to the program which authorized the purchase of the related asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Property and Equipment (Continued)

Estimated lives and balances of property and equipment consisted of the following as of December 31:

	Years	2021	2020
Land	N/A	$ 326,610	$ 326,610
Buildings and improvements	5-40	8,305,276	8,278,404
Furniture and equipment	3-15	3,719,035	3,480,289
Vehicles	4-7	92,621	63,813
Work-in-Progress	N/A	774,527	112,972
Total property and equipment		13,218,069	12,262,088
Less: Accumulated depreciation		(9,480,934)	(9,085,408)
PROPERTY AND EQUIPMENT, NET		$ 3,737,135	$ 3,176,680

Depreciation expense during 2021 and 2020 totaled $394,576 and $397,157, respectively.

Revenue Recognition

Program Service Fees

A portion of the Organization's revenue is derived from federal, state and local contracts. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party. The contracts also allow for reimbursement of direct costs associated with providing the services. Revenue is recognized as earned from third parties when the service has been performed and is reported at the estimated realizable amounts. Contracts with these third parties are generally renewed on an annual basis. Amounts received are recognized as revenue according to their respective contracts. Generally, third party payors pay for the services provided within 30-60 days. There were no advance payments received as of December 31, 2021 and 2020. Below outlines the different methods of revenue recognition:

Child Welfare revenue is based on a pre-determined rate and is billed monthly based on the number of children in the Organization's care on the last day of the month. Revenue is recognized over time utilizing the time elapsed method. As of July 1, 2021, the Child Welfare Case Management contract changed from a rate based contract to an expense reimbursement contract.

Community Services revenue is based on pre-determined rates and is billed monthly based on the number of units provided during the month. A unit of service can be full or partial day of service. Revenue is recognized over time utilizing the time elapsed method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue Recognition (Continued)

Program Service Fees (Continued)

Consultation and training services are provided to customers for a fee. For these services, revenue is earned at a point in time once the services have been performed. Customers are billed monthly after the services have been performed with terms of net 30 days.

Clinic Revenue and Contractual Adjustments

Clinic revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors (including health insurers and government payors) and includes a variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Organization bills the patient and third-party payors several days after the services are performed. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided and revenue is recognized over time based on actual charges incurred in relation to total expected (or actual) charges.

Deferred Revenue

Program Service Fees received from Wisconsin state agencies are subject to a 5% cap on revenue received over allowable expenses incurred. Deferred revenue (contract liability) represents the excess support over program expenses for which the purchasers of the services have not yet invoiced or notified the Organization. Balances of contract liabilities were as follows as of January 1,

	2021	2020	2019
Contract liabilities - deferred revenue	$ 164,280	$ 187,337	$ 273,856

The timing of revenue recognition, billings and cash collections results in billed accounts receivable in the consolidated statements of financial position. Generally, billing occurs subsequent to the services being provided resulting in contract assets referred to as accounts receivable. Balances of contract assets were as follows as of January 1,

	2021	2020	2019
Contract assets - accounts receivable	$ 1,817,797	$ 842,634	$ 841,220

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue Recognition (Continued)

Significant Judgments

There are no significant judgements involved in the recognition of revenue due to the passage of time except for variable consideration for contract adjustment which are settled on an annual basis.

Disaggregation of Revenue from Contracts with Customers

	2021	2020
Program service fees - over time	$ 8,734,143	$ 18,673,946
Program service fees - point in time	7,007,801	5,749,090
Program service fees - expense reimbursement	11,077,686	1,343,585
TOTAL REVENUE RECOGNIZED OVER TIME	$ 26,819,630	$ 25,766,621

Various economic factors could affect the recognition of revenues and cash flows, including the demand for services, ability to provide services, availability of labor, and prompt payment from funding agencies.

Rental Income

The Organization has a multi-year rental agreement with a third party. Revenue is recognized straight line of the term of the lease.

Contributions

Unconditional promises to give of cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as either support with donor restrictions if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue Recognition (Continued)

Contributions (Continued)

Donated services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and expenses and are not reported in the accompanying consolidated financial statements.

Retirement Plan

Substantially all employees of the Organization are eligible to participate in a 403(b) retirement plan. The Organization makes a 50% matching contribution to the plan up to a percentage of each participant's compensation, based upon years of service. The Organization may also make a discretionary contribution to the plan. Total contributions to the retirement plan during 2021 and 2020 were approximately $763,000 and $795,000, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Costs are charged on a direct functional basis whenever practical. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed. Payroll and related expenses are allocated to the programs based on estimated time spent in each program. Expenses specifically identifiable with a program are charged to that program. Indirect administration expenses are charged to the programs according to a cost allocation plan based on a percentage of total expenses.

Income Tax Status

The Agency, Foundation and School are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code as other than a private foundation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, "*Leases (Topic 842)*", to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02, as amended by ASU 2020-05, is effective for non-public entities for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. ASU 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standard at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU 2018-11, "*Leases (Topic 842)*: *Targeted Improvements*" providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impacts of this new standard including the two optional transition methods.

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*", to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line item in the statement of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently assessing the impact of this new standard.

2. LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and cash equivalents	$ 2,909,383	$ 5,906,966
Accounts receivable	1,817,797	842,634
Investments	29,271,214	26,778,949
Total financial assets and liquid resources	33,998,394	33,528,549
Donor imposed restrictions:		
Time and purpose restrictions	410,877	421,366
Endowments	266,866	266,866
Less board designated endowment	28,914,658	26,454,019
Financial assets available to meet cash needs for general expenditures within one year	$ 4,405,993	$ 6,386,298

The Organization maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary.

3. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

3. FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using Net Asset Value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2 or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended December 31, 2021 and 2020.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2021 and 2020.

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Common stock: Valued at the closing quoted price in an active market.

Bonds and U.S. Government securities: U.S. Treasury bonds and notes in which the Organization invests are usually "off the run" on the measurement date. Thus, they are valued by a pricing service using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. U.S. Treasury bonds and notes that are "on the run" are measured at quoted prices in active markets for the same security.

Fixed income investments: The fixed income investments held by the Organization generally do not trade in active markets on the measurement date. Therefore, the fixed income investments are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

3. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements

Assets measured at fair value on a recurring basis as of December 31, are as follows:

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Bonds	$ -	$ 3,799,150	$ -	$ 3,799,150
Common stock	21,456,736	-	-	21,456,736
Mutual funds	2,399,753	-	-	2,399,753
TOTAL ASSETS AT FAIR VALUE	$23,856,489	$ 3,799,150	$ -	27,655,639
Real estate funds **				1,177,384
Private equity **				209,400
Money market funds*				228,791
TOTAL INVESTMENTS				$ 29,271,214

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Fixed income investments	$ -	$ 4,178,206	$ -	$ 4,178,206
U.S. government securities	-	1,404	-	1,404
Mutual funds	22,049,137	-	-	22,049,137
TOTAL ASSETS AT FAIR VALUE	$22,049,137	$ 4,179,610	$ -	26,228,747
Real estate funds **				505,756
Money market funds*				44,446
TOTAL INVESTMENTS				$ 26,778,949

*Reported at cost
** Reported at NAV

Investments Measured at NAV

The following table presents the category, fair value, redemption frequency, and redemption notice period for investments, the fair values of which are estimated using net asset value per share as of December 31, 2021 and 2020.

3. FAIR VALUE MEASUREMENTS (Continued)

Investments Measured at NAV (Continued)

	June 30, 2021 Fair Value	June 30, 2020 Fair Value	June 30, 2021 Unfunded Commitments	June 30, 2020 Unfunded Commitments	Redemption Frequency	Redemption Notice Period
ASSETS						
Real estate funds	$ 1,177,384	$ 505,756	$ -	$ -	None	Quarterly
Private equity	209,400	-	636,097	-	Not allowed	n/a

Real Estate Funds

This category includes real estate funds that invest domestically and are diversified across sectors. Distributions from each fund will be received as the underlying investments in the funds are liquidated or based on rents.

Private Equity

A limited partnership control by a private equity firm that acts as the general partner and receives specific dollar commitments from Qualified Institutional Investors and individual Accredited Investors. These passive limited partners fund pro rata portions of their commitments when the general partner has identified an appropriate opportunity. Investments typically consist of real estate.

4. LETTER OF CREDIT

As security for possible unemployment claims, the Organization has one letter of credit for $296,882 that expires in December 2024. No amounts were outstanding at December 31, 2021 and 2020.

5. NOTES PAYABLE

Notes payable for the Organization consist of the following as of December 31:

	2021	2020
Note payable in the original amount of $200,000 dated January 6, 2017. Terms of the note require monthly principal and interest payments of $4,498, including interest at 3.75% through January 2021. The note is secured by assets held at the creditor. The note was paid in full during 2021.	$ -	$ 4,483

5. NOTES PAYABLE (Continued)

	2021	2020
Paycheck Protection Program loan through the Small Business Administration (SBA) in the original amount of $4,375,870 dated April 20, 2020. During 2020, the Organization received forgiveness of $1,303,346 resulting in a remaining note payable of $3,072,524. Terms of the note require monthly principal and interest payments of $75,611, including interest at 1.00% through April 2025.	$ 3,072,524	$ 3,072,524
Total notes payable	3,072,524	3,077,007
Less: Current maturities	982,562	2,386,796
AMOUNT DUE AFTER ONE YEAR	$ 2,089,962	$ 690,211

The following is a maturity schedule of notes payable:

2022	$ 982,562
2023	890,513
2024	899,430
2025	300,019
TOTAL	$ 3,072,524

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following items at December 31:

	2021	2020
Undesignated	$ 2,042,752	$ 2,524,819
Board designated endowment	28,914,658	26,454,019
TOTAL	$ 30,957,410	$ 28,978,838

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following items at December 31:

	2021	2020
Restricted as to time and purpose:		
Training	$ 282,234	$ 282,234
Investment earnings on endowment fund	89,690	58,064
Youth Transitioning to Adulthood	36,453	71,068
Miscellaneous	2,500	10,000
Total restricted as to time and purpose	410,877	421,366
Restricted in perpetuity	266,866	266,866
TOTAL	$ 677,743	$ 688,232

8. ENDOWMENTS

The Foundation has received several gifts or endowments in which the donors have stipulated that these funds be invested and maintained in perpetuity to generate annual income to support certain activities of the Foundation. The Board of Directors has also designated funds to function as an endowment. These funds are maintained by the Foundation in various investments and the Foundation is responsible for investment decisions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law Governing Endowments

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, if any, at the time the accumulation is added to the fund.

The earnings on the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

8. ENDOWMENTS (Continued)

Interpretation of Relevant Law Governing Endowments (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds, (b) the purposes of the donor-restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Organizations, and (g) the Foundation's investment policies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Under the Foundation's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and the Foundation's objectives.

To achieve its investment goals, the Foundation targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Foundation's asset allocations include a blend of equity and debt securities and cash equivalents.

Interest, dividends and net appreciation (depreciation) in fair value of endowment funds on donor restricted endowment funds are classified as net assets with donor restrictions if the earnings are restricted by the donor for a specific purpose. Interest and dividends on donor restricted endowment funds are appropriated for distribution at the discretion of the Board of Directors. The Board of Directors does not allow spending from underwater endowment funds.

The endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	$ -	$ 356,556	$ 356,556
Board designated endowment funds	28,914,658	-	28,914,658
TOTAL	$ 28,914,658	$ 356,556	$ 29,271,214

8. ENDOWMENTS (Continued)

Interpretation of Relevant Law Governing Endowments (Continued)

The endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	$ -	$ 324,930	$ 324,930
Board designated endowment funds	26,454,019	-	26,454,019
TOTAL	$ 26,454,019	$ 324,930	$ 26,778,949

Change in endowments for the year ending December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 26,454,019	$ 324,930	$ 26,778,949
Investment return, net	3,337,639	31,626	3,369,265
Appropriation of endowment assets for expenditure	(877,000)	-	(877,000)
ENDOWMENT NET ASSETS, END OF YEAR	$ 28,914,658	$ 356,556	$ 29,271,214

Change in endowments for the year ending December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 23,997,645	$ 293,860	$ 24,291,505
Investment return, net	2,984,375	31,070	3,015,445
Appropriation of endowment assets for expenditure	(528,001)	-	(528,001)
ENDOWMENT NET ASSETS, END OF YEAR	$ 26,454,019	$ 324,930	$ 26,778,949

From time to time, certain donor-restricted endowment funds may have less than the amount required to be maintained by donor or by law (underwater endowments). At December 31, 2021 and 2020, funds with an original principal amount of $266,866 did not have any deficiencies.

9. COMMITMENTS AND CONTINGENCIES

The Organization has entered into certain contractual relationships which provide, in part, for the potential refunding of excess support over program expenses by the Organization. The Organization has estimated and recorded a liability in the consolidated financial statements for any adjustments and excess reserves. Due to the complexities of the reserve calculations there is a reasonable possibility that recorded estimates will change in the near term. Amounts are adjusted in future periods as adjustments become known or as years are no longer subject to reviews and investigations.

As of December 31, 2021 and 2020, the Organization has recorded deferred revenue related to the contractual relationships of $2,105,869 and $2,105,869, respectively. In addition, the 2020 program service revenue decreased $1,918,532 due to prior-year retroactive adjustments in excess of amounts previously estimated. The adjustment is recognized as a liability on the consolidated statement of financial position and included in the SafeCare contract adjustment on the consolidated statement of activities.

Operating Lease Obligations

The Agency leases space from an unrelated third party. A portion of the lease expires in February 2023; however, the Agency may terminate this portion of the lease in the event that the Division of Milwaukee Child Protective Services (DMCPS) Contract is terminated by either party. Monthly lease payments are approximately $55,000 under this lease.

The Organization has various other building and equipment leases with non-related entities under lease agreements expiring through September 2024.

The monthly minimum lease payments for the operating leases having initial or remaining non-cancelable terms in excess of one year is $975. Required future rental payments under noncancelable lease are as follows at December 31:

2022	$	11,700
2023		11,700
2024		8,775
TOTAL NON-CANCELABLE LEASE PAYMENTS	$	32,175

Rent expense for all leases for 2021 and 2020 was $695,146 and $679,811, respectively.

The Agency leases property to an unrelated third-party organization which commenced on June 1, 2018. Monthly rental payments of $18,683 are required until May 31, 2023. Future rental payments expected to be received are as follows as of December 31:

2022	$	224,196
2023		93,415
TOTAL MINIMUM RENTAL RECEIPTS	$	317,611

10. RELATED-PARTY TRANSACTIONS

Members of the Board serve in management roles of corporations that provide services to the Organization, causing these corporations to be related parties. During 2021 and 2020, the Organization paid approximately $26,000 and $49,000, respectively, for services from businesses managed in part by members on the Board. As of December 31, 2021 and 2020, there were no amounts outstanding which were owed by the Organization to the related parties.

11. SUBSEQUENT EVENT

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through June 1, 2022, the date on which the consolidated financial statements were available to be issued.

Effective January 1, 2022, SaintA, Inc. changed its name to Wellpoint Care Network, Inc. and St. Aemilian-Lakeside Foundation changed it’s name to Wellpoint Care Foundation, Inc.