

ERAS SENIOR NETWORK, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Totals for the Year Ended December 31, 2017)

ERAS SENIOR NETWORK, INC.

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Independent Auditor's Report

Board of Directors
ERAs Senior Network, Inc.

We have audited the accompanying financial statements of ERAs Senior Network, Inc. which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Organization'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 purposes 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 ERAs Senior Network, Inc. as of December 31, 2018, 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.

Ritz Holman LLP

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Board of Directors
ERAs Senior Network, Inc.

Report on Summarized Comparative Information

We have previously audited ERAs Senior Network, Inc.'s December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RITZ-HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
May 9, 2019

ERAS SENIOR NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(With Summarized Totals for December 31, 2017)

ASSETS	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 384,135	\$ 347,585
Accounts Receivable	302,471	215,125
Prepaid Expenses	3,431	1,764
Other Current Assets	3,066	2,481
Total Current Assets	\$ 693,103	\$ 566,955
FIXED ASSETS		
Equipment	\$ 187,158	\$ 137,474
Less: Accumulated Depreciation	(75,873)	(42,334)
Net Fixed Assets	\$ 111,285	\$ 95,140
OTHER ASSETS		
Intangible Assets	\$ 91,720	\$ ---
Beneficial Interest - Greater Milwaukee Foundation	134,861	145,880
Beneficial Interest - Waukesha County Community Foundation	52,956	88,961
Total Other Assets	\$ 279,537	\$ 234,841
TOTAL ASSETS	\$ 1,083,925	\$ 896,936
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 159,550	\$ 88,046
Deferred Revenue	3,066	2,481
Accrued Payroll	29,349	27,199
Total Liabilities	\$ 191,965	\$ 117,726
NET ASSETS		
Without Donor Restrictions	\$ 512,525	\$ 439,297
With Donor Restrictions	379,435	339,913
Total Net Assets	\$ 891,960	\$ 779,210
TOTAL LIABILITIES AND NET ASSETS	\$ 1,083,925	\$ 896,936

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

ERAS SENIOR NETWORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Totals for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
REVENUE				
State of Wisconsin, Department of Health Services	\$ 12,660	\$ ---	\$ 12,660	\$ 13,868
Waukesha County Department of Health and Human Services:	22,887	---	22,887	22,887
State of Wisconsin Section 85.21	29,131	---	29,131	30,567
Older American Act Title IIIB	---	---	---	1,500
Older American Act Title IIIE	---	---	---	---
Advancing a Healthier Wisconsin Endowment at the Medical College of Wisconsin	---	---	---	10,000
Community Development Block Grant	12,598	---	12,598	13,000
Corporation for National and Community Service, Retired & Senior Volunteer Program	84,938	---	84,938	75,741
FTA Section 5310	287,494	---	287,494	202,452
Corporation for National and Community Service, Serve Wisconsin Board, Americorps	7,199	---	7,199	77,791
State of Wisconsin, Department of Transportation Rural Transportation Assistance Program	3,968	---	3,968	---
Individual Contributions	96,088	---	96,088	175,597
Bequests	50	---	50	4,770
Corporate Contributions	28,355	---	28,355	70,623
Foundations	169,005	64,463	233,468	118,385
Special Events Income	105,040	---	105,040	110,426
Special Events Expense	(27,900)	---	(27,900)	(25,389)
In-Kind	101,724	---	101,724	119,942
United Way of Greater Milwaukee and Waukesha County	61,211	56,214	117,425	112,932
Investment Income	(2,107)	9,105	6,998	211
Change in Value of Beneficial Interest in Assets Held by Others	---	(8,846)	(8,846)	25,390
State Faith in Action Membership Fees	550	---	550	575
Gain (Loss) on Disposal of Fixed Assets	(269)	---	(269)	(2,064)
Net Assets Released from Restrictions	81,414	(81,414)	---	---
Total Revenue	<u>\$ 1,074,036</u>	<u>\$ 39,522</u>	<u>\$ 1,113,558</u>	<u>\$ 1,159,204</u>
EXPENSES				
Program Services	\$ 777,713	\$ ---	\$ 777,713	\$ 907,082
Administrative	122,479	---	122,479	76,492
Fundraising	100,616	---	100,616	111,389
Total Expenses	<u>\$ 1,000,808</u>	<u>\$ ---</u>	<u>\$ 1,000,808</u>	<u>\$ 1,094,963</u>
CHANGE IN NET ASSETS	\$ 73,228	\$ 39,522	\$ 112,750	\$ 64,241
Net Assets, Beginning of Year	439,297	339,913	779,210	714,969
NET ASSETS, END OF YEAR	<u><u>\$ 512,525</u></u>	<u><u>\$ 379,435</u></u>	<u><u>\$ 891,960</u></u>	<u><u>\$ 779,210</u></u>

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

ERAS SENIOR NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Totals for the Year Ended December 31, 2017)

	Program Services	Administrative	Fundraising	2018 Total	2017 Total
EXPENSES					
Salaries and Wages	\$ 377,467	\$ 88,275	\$ 60,115	\$ 525,857	\$ 521,917
Payroll Taxes	36,569	7,772	5,858	50,199	50,060
Employee Benefits	19,226	677	5,309	25,212	28,216
Professional/Consulting Fees	19,279	9,313	1,215	29,807	163,320
Supplies	6,547	777	696	8,020	10,925
Telephone	7,358	1,297	1,067	9,722	9,465
Postage and Shipping	6,627	403	1,269	8,299	8,051
Occupancy	46,208	3,075	6,283	55,566	36,014
Equipment Rental and Maintenance	7,576	42	---	7,618	3,495
Printing and Publications	13,465	412	3,951	17,828	30,487
Travel	19,326	338	2,142	21,806	37,013
Conferences, Conventions and Meetings	8,029	2,100	686	10,815	21,375
Depreciation	37,094	1,182	497	38,773	13,806
Insurance	2,664	108	212	2,984	2,257
Membership Dues	3,364	418	435	4,217	5,660
Licenses and Permits	---	75	---	75	10
Technology	66,984	4,237	5,216	76,437	39,928
Program Expense	88,563	1,316	3,436	93,315	90,155
Volunteer Expense	6,096	62	---	6,158	9,940
Subscriptions	232	33	48	313	1,565
Organizational Development	5,030	567	87	5,684	9,479
Other Expenses	9	---	2,094	2,103	1,825
Subtotal	<u>\$ 777,713</u>	<u>\$ 122,479</u>	<u>\$ 100,616</u>	<u>\$ 1,000,808</u>	<u>\$ 1,094,963</u>
Special Events					
Food	\$ ---	\$ ---	\$ 15,943	\$ 15,943	\$ 15,137
Supplies	---	---	9,048	9,048	7,212
Printing	---	---	1,966	1,966	2,436
Postage	---	---	802	802	143
Other Expenses	---	---	141	141	461
Total Special Events	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 27,900</u>	<u>\$ 27,900</u>	<u>\$ 25,389</u>
TOTAL EXPENSES	<u><u>\$ 777,713</u></u>	<u><u>\$ 122,479</u></u>	<u><u>\$ 128,516</u></u>	<u><u>\$ 1,028,708</u></u>	<u><u>\$ 1,120,352</u></u>

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

ERAS SENIOR NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Totals for the Year Ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 112,750	\$ 64,241
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	38,773	13,806
Donated Fixed Assets	(14,700)	---
Change in Value of Beneficial Interest in Assets Held by Others	47,024	(25,390)
(Gain) Loss on Disposal of Fixed Asset	269	2,064
(Increase) Decrease in Prepaid Expenses	(1,667)	1,445
(Increase) Decrease in Accounts Receivable	(87,346)	(73,614)
(Increase) Decrease in Other Current Assets	(585)	(945)
Increase (Decrease) in Accounts Payable	71,504	77,089
Increase (Decrease) in Deferred Revenue	585	(10,389)
Increase (Decrease) in Accrued Payroll	<u>2,150</u>	<u>5,177</u>
Net Cash Provided by Operating Activities	<u>\$ 168,757</u>	<u>\$ 53,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed and Intangible Assets	<u>\$ (132,207)</u>	<u>\$ (77,857)</u>
Net Cash Used by Investing Activities	<u>\$ (132,207)</u>	<u>\$ (77,857)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 36,550	\$ (24,373)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>347,585</u>	<u>371,958</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 384,135</u></u>	<u><u>\$ 347,585</u></u>

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

ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - Summary of Significant Accounting Policies

Organization

ERAs Senior Network, Inc. (the "Organization") engages and supports Waukesha County seniors and adults with disabilities in leading meaningful lives. The Organization, previously known as Interfaith Senior Programs has been a well-respected service agency in Waukesha County for the last thirty-six years. Our history includes the 2007 merger of two important organizations, RSVP and Interfaith. In 2016, the Board of Directors completed an intense and comprehensive process to explore how Interfaith would best respond to Waukesha County's growing population of seniors. The process resulted in a new name and brand for our organization.

Accounting Method

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

Accounts and Grants Receivable

Receivable amounts are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the direct write-off method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors and donors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. As of December 31, 2018, accounts and grants receivable are considered fully collectible; therefore, no allowance for doubtful accounts has been recorded. It is the policy of the Organization to write off doubtful amounts directly to expense when deemed uncollectible.

Fixed Assets

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions and increase net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Functional Expenses

The Organization allocates costs directly to program, management, or fundraising when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the organization. Those expenses include the following:

- Depreciation is allocated based on the program which it was purchased for. If equipment benefits all programs and administrative functions, it is allocated based on full-time equivalent employees (FTE).
- Salaries and wages are allocated based on actual time and effort, which results in an FTE ratio for other allocations.
- Facility and technology costs are allocated based on FTE.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

NOTE B - Comparative Financial Information

The financial information shown for 2017 in the accompanying financial statements is included to provide a basis of comparison with 2018 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE C - Liquidity

The Organization has \$686,606 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$384,135, and accounts and contributions receivable of \$302,471. This represents approximately eight months of expenses. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

**ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE D - Concentration of Risk

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Organization's uninsured cash balances total \$7,658.

NOTE E - Accounts Receivable

Accounts receivable consists of the following as of December 31, 2018:

<u>Source</u>	<u>Amount</u>
FTA Section 5310	\$190,906
United Way of Greater Milwaukee & Waukesha County	56,214
Corporation for National and Community Service	6,029
Waukesha County	13,564
State of Wisconsin	2,110
Easter Seals	29,230
Other	<u>4,418</u>
Total	<u>\$302,471</u>

NOTE F - Beneficial Interest - Greater Milwaukee Foundation and Waukesha County Community Foundation

The Organization is the beneficiary of component funds located at Greater Milwaukee Foundation, Inc. (GMF) and the Waukesha County Community Foundation, Inc. (WCCF) for investment purposes. The balance of these accounts at December 31, 2018, was \$187,817.

Generally accepted accounting principles requires that a specified beneficiary recognize its rights to the assets held by a recipient organization unless the donor has explicitly granted the recipient organization variance power. The Organization has recorded its equity in GMF and WCCF as a beneficial interest on the statement of financial position for the year ended December 31, 2018.

The Organization has designated itself as the sole beneficiary of the income from the investments of these funds. The Board of Trustees of the foundations have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Boards, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

NOTE G - In-Kind Donations

During the year, donated rent, gift cards and other items with a fair value of \$101,724 were recorded as revenue and expense or fixed assets for the year ended December 31, 2018.

ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE H - Fair Value Measurements

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
GMF Investments	\$134,861	\$ ---	\$ ---	\$134,861
WCCF Investments	<u>52,956</u>	---	---	<u>52,956</u>
Total	<u>\$187,817</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$187,817</u>

GMF investments include equities securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by GMF, which reports on a calendar year. WCCF investments include equities securities, bonds and short-term cash investments. Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>		
	<u>GMF Investments</u>	<u>WCCF Investments</u>	<u>Total</u>
Beginning Balance, January 1, 2018	\$145,880	\$ 88,961	\$234,841
Total Gains or Losses (Realized/Unrealized), Net of Fees	(8,383)	(2,390)	(10,773)
Purchases, Issuances, and Settlements	2,385	2,385	4,770
Amount Appropriated for Expenditure	<u>(5,021)</u>	<u>(36,000)</u>	<u>(41,021)</u>
Ending Balance, December 31, 2018	<u>\$134,861</u>	<u>\$ 52,956</u>	<u>\$187,817</u>

ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - Intangible Assets

Intangible assets of \$91,720 presented on the statement of financial position as of December 31, 2018, consist of the following:

<u>Amortized Asset</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Residual Value</u>	<u>Life</u>
Dispatch Software	<u>\$91,720</u>	<u>\$ ---</u>	<u>\$ ---</u>	5 years

Estimated amortization expense for each of the next five years is as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2019	\$18,344
2020	18,344
2021	18,344
2022	18,344
2023	<u>18,344</u>
Total	<u>\$91,720</u>

NOTE J - Operating Leases

The Organization has entered into an operating lease to rent office space in a building located in Waukesha, Wisconsin, that expires April 30, 2019. Rent expense for the year ended December 31, 2018, amounted to \$39,301 of which \$35,011 was donated.

The Organization has entered into an operating lease to rent a copier that expires in August 2019. Payments due in 2019 total \$1,056.

NOTE K - Line of Credit

The Organization has a \$50,000 revolving line of credit, with an interest rate of the greater of prime or 4.0% (5.5% at December 31, 2018). The current agreement expires in May 2019. The line of credit did not have a balance at December 31, 2018.

**ERAS SENIOR NETWORK, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE L - Donor Restricted Net Assets

At December 31, 2018, the Organization had \$379,435 of donor restricted net assets. Net assets with donor restrictions are available for the following:

Faith in Action	\$ 29,190
Find a Ride Waukesha County	13,140
Retired and Senior Volunteer Program	13,884
Special Circumstances	375
Find a Ride Network Project Manager	40,525
Antifraud Fund	31,432
Dialysis Transportation	3,133
Vehicle	5,265
Technology for Assessors	2,736
WIFIAN	15,937
Other Time-Restricted Net Assets	<u>223,818</u>
Total	<u>\$379,435</u>

NOTE M - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2018, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE N - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2018 through May 9, 2019, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that the following subsequent events need to be disclosed:

The Organization entered into a new lease for office space in Waukesha, Wisconsin in 2019. Future minimum lease payments are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 55,849
2020	74,466
2021	74,466
2022	49,573
2023	42,353
Thereafter	<u>100,622</u>
Total	<u>\$397,329</u>