



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

**LEAGUE OF WOMEN VOTERS OF WISCONSIN
EDUCATION FUND, INC.**

**(A Wisconsin Non-Profit Corporation)
FINANCIAL STATEMENTS
WITH**

**INDEPENDENT AUDITOR'S REPORT
For the Years Ended June 30, 2011 and 2010**

Quality service through our commitment to clients and staff.

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LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.
(A Wisconsin Non-Profit Corporation)

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Certified Public Accountants

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Millard W. Johnson ▲ James L. Block ▲ Alan L. Brey ▲ Joseph G. Mohlmann ▲ Kevin P. Krynski ▲ Janice L. Froelich

INDEPENDENT AUDITOR'S REPORT

September 29, 2011

Board of Directors
League of Women Voters of Wisconsin Education Fund, Inc.
Madison, Wisconsin

We have audited the statements of financial position of the League of Women Voters of Wisconsin Education Fund, Inc. (a Wisconsin non-profit corporation), as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The League of Women Voters of Wisconsin Education Fund, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Johnson Block & Company, Inc.' in a cursive script.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

**LEAGUE OF WOMEN VOTERS OF WISCONSIN
EDUCATION FUND, INC.**

**STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010**

	<u>ASSETS</u>	
<u>Current Assets</u>	<u>2011</u>	<u>2010</u>
Cash	\$ 67,032	\$ 70,146
Accounts Receivable	-	1,000
Total Current Assets	67,032	71,146
<u>Fixed Assets</u>		
Equipment	7,386	7,386
Less: Accumulated Depreciation	(7,386)	(7,386)
Net Fixed Assets	-	-
<u>Other Assets</u>		
Investments	62,223	66,348
Security Deposit	676	-
Total Other Assets	62,899	66,348
TOTAL ASSETS	\$ 129,931	\$ 137,494
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 4,439	\$ 1,059
Payroll Liabilities	2,508	2,584
Deferred Dues	653	-
Total Current Liabilities	7,600	3,643
TOTAL LIABILITIES	7,600	3,643
<u>Net Assets</u>		
Unrestricted Net Assets - General	11,687	2,020
Unrestricted Net Assets - Board Designated	50,387	40,644
Total Unrestricted Net Assets	62,074	42,664
Temporarily Restricted Net Assets	60,257	91,187
TOTAL NET ASSETS	122,331	133,851
TOTAL LIABILITIES AND NET ASSETS	\$ 129,931	\$ 137,494

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

**LEAGUE OF WOMEN VOTERS OF WISCONSIN
EDUCATION FUND, INC.**

**STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2011 and 2010**

<u>UNRESTRICTED NET ASSETS</u>	<u>2011</u>	<u>2010</u>
Community Shares of Wisconsin	\$ 9,437	\$ 9,122
Donations	26,212	35,230
Membership Dues	27,600	29,548
Program Revenues	7,314	5,305
Grant Revenue	1,500	75,825
Investment Income(Loss)	16,969	4,126
Miscellaneous Income	3,296	2,488
Net assets released from restrictions	<u>98,760</u>	<u>62,287</u>
Total Support and Revenue	191,087	223,931
 <u>EXPENSES</u>		
Program Services	135,773	213,163
Management and General	32,026	45,285
Fundraising	<u>3,548</u>	<u>6,561</u>
Total Expenses	<u>171,347</u>	<u>265,009</u>
Increase (Decrease) in Unrestricted Net Assets	19,740	(41,078)
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Grant Revenue	67,500	6,675
Net assets released from restrictions	<u>(98,760)</u>	<u>(62,287)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(31,260)</u>	<u>(55,612)</u>
Change in Net Assets	(11,520)	(96,690)
Net Assets at Beginning of Year	<u>133,851</u>	<u>230,541</u>
Net Assets at End of Year	<u>\$ 122,331</u>	<u>\$ 133,851</u>

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

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2011 and 2010**

2011

	Program Services	Management and General	Fundraising	Total
Wages	\$ 60,128	\$ 24,233	\$ 1,921	\$ 86,282
Payroll Taxes	5,280	1,122	198	6,600
Employee Benefits	3,478	739	130	4,347
Rent	6,732	1,431	252	8,415
Professional Fees	30,912	1,603	-	32,515
Insurance	1,134	241	43	1,418
Office Expense	5,652	1,204	480	7,336
Newsletter	5,307	590	-	5,897
Meeting/Conference Expense	10,877	615	524	12,016
Advertising and Promotion	746	-	-	746
Affiliations	991	248	-	1,239
Travel	3,986	-	-	3,986
Grants and Allocations	550	-	-	550
Total	\$ 135,773	\$ 32,026	\$ 3,548	\$ 171,347

2010

	Program Services	Management and General	Fundraising	Total
Wages	\$ 57,995	\$ 22,949	\$ 3,230	\$ 84,174
Payroll Taxes	4,436	1,756	247	6,439
Employee Benefits	2,437	1,251	153	3,841
Rent	5,566	2,202	310	8,078
Professional Fees	58,586	8,833	-	67,419
Insurance	787	311	44	1,142
Office Expense	4,874	1,928	271	7,073
Newsletter	4,478	1,772	249	6,499
Meeting/Conference Expense	9,445	3,737	527	13,709
Depreciation Expense	105	42	6	153
Advertising and Promotion	2,164	-	-	2,164
Miscellaneous Expense	570	226	32	828
Affiliations	828	278	-	1,106
Travel	13,425	-	1,492	14,917
Grants and Allocations	47,467	-	-	47,467
Total	\$ 213,163	\$ 45,285	\$ 6,561	\$ 265,009

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

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

<u>Cash Flows from Operating Activities</u>	<u>2011</u>	<u>2010</u>
Increase(Decrease) in Net Assets	\$ (11,520)	\$ (96,690)
Depreciation	-	154
Unrealized Loss (Gain) on Investments	(17,390)	(2,969)
Changes in operating assets and liabilities:		
Accounts Receivable	1,000	59,552
Prepaid Expenses	-	1,473
Security Deposit	(676)	-
Accounts Payable/Payroll Liabilities	3,304	(2,010)
Deferred Dues	<u>653</u>	<u>(1,298)</u>
Net cash provided (used) by operating activities	(24,629)	(41,788)
Cash Flows from Investing Activities		
Net Change in Investments	<u>21,515</u>	<u>(981)</u>
Net cash provided (used) by investing activities	21,515	(981)
Cash Flows from Financing Activities		
Payments on Capital Lease	<u>-</u>	<u>(154)</u>
Net cash provided (used) by financing activities	-	(154)
Net Increase (Decrease) in Cash	(3,114)	(42,923)
Cash at Beginning of Year	<u>70,146</u>	<u>113,069</u>
Cash at End of Year	<u>\$ 67,032</u>	<u>\$ 70,146</u>

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

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. Summary of Significant Accounting Policies

A. Nature of Organization

The League of Women Voters of Wisconsin Education Fund, Inc. ("The Fund") was organized exclusively for the purpose of education, providing citizens of Wisconsin with information on governmental issues, procedures, structures, and functions. The Fund is a non stock and non profit corporation under Chapter 181 of the Wisconsin Statutes. The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Fund is also exempt from state income taxation.

B. Basis of Accounting

The Fund's financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210, Financial Statements of Not-for-Profit Organizations – Balance Sheet, which requires the Fund to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Unrestricted net assets that are not subject to restriction by donors. Designations are voluntary board-approved segregation of unrestricted net assets for specific purposes, projects, or investments. At June 30, 2011 and 2010, the Board has designated part of its investment account as an endowment fund. Up to 20% of the Endowment Trust Fund may be used annually for "Extreme Financial Hardship," upon written, unanimous consent by the Board at two consecutive meetings.

Temporarily Restricted - Financial resources available for support of the purposes of the Fund. Restrictions can be met either by actions of the Fund or the passage of time.

E. Statement of Cash Flows

For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. Summary of Significant Accounting Policies, continued

F. Investments

The Fund carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

G. Property and Equipment

Fixed assets are recorded at cost and are depreciated using the straight-line method over the useful lives of the assets purchased.

H. Contributions

The Fund has adopted FASB ASC 958-605, Financial Statements of Not-for-Profit Organizations – Revenue Recognition. Whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

I. Functional Allocation of Expenses

The costs of providing the various programs of the Fund have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

J. Subsequent Events

The Fund evaluated subsequent events for disclosure through September 29, 2011, which is the date the financial statements were available to be issued.

2. Investments

Investments at June 30, 2011 and 2010 consisted of the following:

		<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Gain (Loss)</u>
2011	Mutual Funds	\$ 64,454	\$ 62,224	\$ (2,230)
2010	Mutual Funds	\$ 86,314	\$ 66,348	\$ (19,966)

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

2. Investments, continued

The following summarizes investment income in the statement of activities for year ended June 30, 2011 and 2010:

	2011	2010
Interest and dividends	\$ 1,077	\$ 557
Realized gain (loss) on investments	(1,498)	600
Unrealized gain (loss) on investments	17,390	2,969
Total Investment income (loss)	\$ 16,969	\$ 4,126

3. Endowment

The Fund's endowment consists of a funds established to provide funds for the annual operating budget. The endowment fund is designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment Net Asset Composition by Type of Fund as of June 30, 2011

	Unrestricted	Total
Board-designated endowment funds	\$ 50,387	\$ 50,387
Total Funds	\$ 50,387	\$ 50,387

Changes in Endowment Net Assets for the Years Ended June 30, 2011

	Unrestricted	Total
Endowment net assets, beginning of year	\$ 40,644	\$ 40,644
Investment return		
Investment Income	770	770
Net appreciation (realized and unrealized)	10,022	10,022
Total investment return	12,441	12,441
Contributions	268	268
Amounts appropriated for expenditure	(1,317)	(1,317)
Endowment net assets, end of year	\$ 50,387	\$ 50,387

Return Objectives and Risk Parameters

The Fund has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets are entirely board designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a favorable total return when compared to the S&P 500 index and the Barclays Intermediate Government/Corporate Index (fixed income).

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

3. Endowment, continued

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Fund relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

An annual distribution may be taken from the endowment fund and used for operations. This distribution may be no more than four percent of a rolling average.

4. Fixed Assets

Changes in equipment/furniture and accumulated depreciation for the years ended June 30, 2011 and 2010 are summarized below.

	Equipment/ Furniture	Accumulated Depreciation
Balance July 1, 2009	\$ 7,386	\$ 5,391
Purchases	-	-
Disposals	-	-
Depreciation	-	153
Balance July 1, 2010	\$ 7,386	\$ 7,386
Purchases	-	-
Disposals	-	-
Depreciation	-	-
Balance June 30, 2011	\$ 7,386	\$ 7,386

5. Capital Lease

The Fund leased a copier under a capital lease agreement dated August 2006. The gross amount of assets recorded under capitalized leases totaled \$5,526 for the years ended June 30, 2011 and 2010. The asset is fully amortized as of June 30, 2010. Amortization expense is included in depreciation expense. The accumulated amortization on these leased assets is \$5,526 for 2011 and 2010.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following as of June 30, 2011 and 2010:

<u>As of June 30,</u>	<u>2011</u>	<u>2010</u>
Contributions for specific purposes	\$ 60,257	\$ 91,187

LEAGUE OF WOMEN VOTERS OF WISCONSIN EDUCATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

7. Operating Lease

The Fund moved its office in March, 2011. The new lease expires March 31, 2014. Rent expense was \$8,415 and \$8,078 for the years ended June 30, 2011 and 2010, respectively. These amounts reflect sublease income until March 31, 2011. Expected minimum lease payments for the term of the lease are as follows:

Year ended June 30, 2012	\$ 8,168
Year ended June 30, 2013	8,392
Year ended June 30, 2014	6,423

The Fund sublet portions of its office space to other organizations. The subleases expired on March 31, 2011, which is when the Fund moved to a new location. Rental income was \$10,154 and \$13,678 for the years ended June 30, 2011 and 2010, which was netted against rental expense in the financial statements.

8. Retirement Plan

The Fund has adopted a Simplified Employees Pension Plan (SEP) retirement plan, which provides for discretionary contributions for eligible employees who are at least 18 years old, worked at least one half of a year, and earned at least the Internal Revenue Service minimum requirement for a SEP during the year. The SEP contribution for eligible employees is 4% of the employee's annual salary. Employees are 100% vested in all contributions made on their behalf. Retirement expense for the years ended June 30, 2011 and 2010 amounted to \$3,992 and \$3,556, respectively.

9. Related Party

The Fund is affiliated with the League of Women Voters of Wisconsin, Inc. (the "League"). The Fund provides administrative services to the League. The two organizations have common financial interests, but each is governed separately by its own board of directors. Accordingly, each maintains its own financial records and their financial statements have not been combined.