

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Adaptive Community Approach Program, Inc.  
Waukesha, Wisconsin

### ***Opinion***

We have audited the financial statements of Adaptive Community Approach Program, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Adaptive Community Approach Program, Inc. 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 (GAAS). 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 Adaptive Community Approach Program, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adaptive Community Approach Program, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Adaptive Community Approach Program, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adaptive Community Approach Program, Inc.'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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Waukesha, Wisconsin  
June 15, 2022

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 513,958	\$ 511,194
Certificates of deposit	10,372	42,545
Accounts receivable	51,417	38,279
Unconditional promises to give	10,320	19,802
Prepaid expenses	17,103	2,730
Total current assets	603,170	614,550
<b>EQUIPMENT AND LEASEHOLD IMPROVEMENTS</b>		
Vehicles	167,215	167,215
Equipment	35,321	17,821
Leasehold improvements	12,539	12,539
Website	8,145	8,145
Total equipment and leasehold improvements	223,220	205,720
Accumulated depreciation	(165,330)	(132,188)
Equipment and leasehold improvements, net	57,890	73,532
<b>OTHER ASSETS</b>		
Long-term certificates of deposit	43,001	10,591
Investments	633,114	390,891
Beneficial interest in assets held by Waukesha County Community Foundation	24,115	21,531
Security deposit	1,000	1,000
Total other assets	701,230	424,013
<b>Total assets</b>	<b>\$ 1,362,290</b>	<b>\$ 1,112,095</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,700	\$ 1,512
Accrued payroll	30,522	954
Total liabilities	32,222	2,466
<b>NET ASSETS</b>		
Without donor restrictions	1,323,898	1,105,383
With donor restrictions	6,170	4,246
Total net assets	1,330,068	1,109,629
<b>Total liabilities and net assets</b>	<b>\$ 1,362,290</b>	<b>\$ 1,112,095</b>

See accompanying notes.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions						
General donations and grants	\$ 434,329	\$ 6,170	\$ 440,499	\$ 295,361	\$ 4,246	\$ 299,607
Paycheck Protection Program assistance	146,000	-	146,000	146,000	-	146,000
CARES Act Provider Payment assistance	-	-	-	208,538	-	208,538
CARES Act Provider Relief Fund assistance	-	-	-	102,936	-	102,936
Special events	22,958	-	22,958	48,228	-	48,228
Program service contracts	586,738	-	586,738	400,867	-	400,867
Program fees	29,225	-	29,225	10,295	-	10,295
Investment return, net	42,459	-	42,459	36,978	-	36,978
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	2,334	-	2,334	1,762	-	1,762
Total support and revenue	1,264,043	6,170	1,270,213	1,250,965	4,246	1,255,211
<b>EXPENSES</b>						
Community programs	810,559	-	810,559	825,798	-	825,798
Management and general	194,708	-	194,708	186,258	-	186,258
Fundraising	44,507	-	44,507	42,202	-	42,202
Total expenses	1,049,774	-	1,049,774	1,054,258	-	1,054,258
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Satisfaction of purpose restrictions	-	-	-	16,712	(16,712)	-
Expiration of time restrictions	4,246	(4,246)	-	4,246	(4,246)	-
<b>Change in net assets</b>	218,515	1,924	220,439	217,665	(16,712)	200,953
Net assets at beginning of year	1,105,383	4,246	1,109,629	887,718	20,958	908,676
<b>Net assets at end of year</b>	<u>\$ 1,323,898</u>	<u>\$ 6,170</u>	<u>\$ 1,330,068</u>	<u>\$ 1,105,383</u>	<u>\$ 4,246</u>	<u>\$ 1,109,629</u>

See accompanying notes.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2021 and 2020

	2021			
	Community Programs	Management and General	Fundraising	Total Expenses
Personnel	\$ 689,304	\$ 164,104	\$ 39,143	\$ 892,551
Occupancy	43,201	5,692	1,065	49,958
Professional fees	-	13,031	-	13,031
Office expenses	9,307	4,239	528	14,074
Telephone	2,538	334	63	2,935
Printing and postage	4,038	531	100	4,669
Insurance	13,275	1,749	327	15,351
Repairs and maintenance	5,963	786	147	6,896
Events fees and supplies	-	-	2,386	2,386
Travel	1,821	-	-	1,821
Grants and scholarships	163	-	-	163
Program supplies	10,235	-	-	10,235
Depreciation	28,659	3,777	706	33,142
Miscellaneous	2,055	465	42	2,562
<b>Total expenses</b>	<b>\$ 810,559</b>	<b>\$ 194,708</b>	<b>\$ 44,507</b>	<b>\$ 1,049,774</b>
	2020			
	Community Programs	Management and General	Fundraising	Total Expenses
Personnel	\$ 695,305	\$ 157,402	\$ 38,923	\$ 891,630
Occupancy	42,797	5,526	1,116	49,439
Professional fees	-	12,636	-	12,636
Office expenses	6,324	3,128	354	9,806
Telephone	3,491	450	91	4,032
Printing and postage	2,200	285	57	2,542
Insurance	13,730	1,773	358	15,861
Conferences and meetings	173	22	5	200
Repairs and maintenance	12,226	838	169	13,233
Events fees and supplies	-	-	334	334
Travel	2,074	-	-	2,074
Grants and scholarships	6,855	-	-	6,855
Program supplies	7,197	-	-	7,197
Depreciation	29,945	3,866	781	34,592
Miscellaneous	3,481	332	14	3,827
<b>Total expenses</b>	<b>\$ 825,798</b>	<b>\$ 186,258</b>	<b>\$ 42,202</b>	<b>\$ 1,054,258</b>

See accompanying notes.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 220,439	\$ 200,953
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Donated equipment	(17,500)	-
Net unrealized and realized gains on investments	(36,402)	(29,348)
Change in value of beneficial interest in assets held by Waukesha County Community Foundation	(2,334)	(1,762)
Depreciation	33,142	34,592
(Increase) decrease in assets		
Accounts receivable	(13,138)	26,452
Unconditional promises to give	9,482	(12,072)
Prepaid expenses	(14,373)	1,286
Increase (decrease) in liabilities		
Accounts payable	188	(694)
Accrued payroll	29,568	(30,651)
Net cash flows from operating activities	209,072	188,756
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of and interest retained in investments	(205,821)	(6,847)
Interest on certificates of deposit reinvested	(237)	(432)
Contributions to beneficial interest in assets held by Waukesha County Community Foundation	(250)	-
Net cash flows from investing activities	(206,308)	(7,279)
<b>Change in cash</b>	2,764	181,477
Cash at beginning of year	511,194	329,717
<b>Cash at end of year</b>	<u>\$ 513,958</u>	<u>\$ 511,194</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash investing and financing transactions		
Donated equipment	\$ 17,500	\$ -

See accompanying notes.



**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Adaptive Community Approach Program, Inc. (ACAP) is a nonprofit corporation that teaches life-long skills to people with disabilities to help achieve their individual potential and further enable them to become contributing and valued members within the community. ACAP's primary sources of revenue includes contributions and program service contracts.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from government agencies, managed care organizations, and individuals for recreational services, personal assistance services, and other similar services provided by ACAP. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2021 and 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Equipment and Leasehold Improvements**

All acquisitions of equipment and leasehold improvements in excess of \$5,000 are capitalized. Equipment and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

**Paycheck Protection Program Loans**

ACAP received loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. ACAP expects to meet the PPP's eligibility criteria and believes the loans are, in substance, grants that are expected to be forgiven. ACAP recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

**Investments**

ACAP reports investments in equity securities with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Beneficial Interest in Assets Held by Waukesha County Community Foundation**

ACAP's beneficial interest in assets held by Waukesha County Community Foundation represents an agreement between ACAP and the Foundation in which ACAP transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to ACAP by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACAP. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Revenue Recognition**

ACAP provides recreational services, personal assistance services, and other similar services to people with developmental disabilities. Revenue from these services is recognized at the point in time when ACAP provides the particular service. ACAP generally bills the individual or third party payor on a daily, monthly, or hourly basis based on approved unit rates in program service contracts. For program fees paid directly by individuals, ACAP generally bills the individual at the time of service. For services reimbursed by third party payors, ACAP generally bills the managed care organization or other payor on a monthly basis.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and office expenses, which are allocated on the basis of estimates of time and effort, as well as occupancy, telephone, printing and postage, insurance, conferences and meetings, repairs and maintenance, depreciation, and miscellaneous, which are allocated on a square-footage basis.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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.

**Income Tax Status**

ACAP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Date of Management’s Review**

Management has evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued.

NOTE 2—PAYCHECK PROTECTION PROGRAM LOANS

ACAP received loans totaling \$292,000 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On February 18, 2021, the SBA preliminarily approved forgiveness of ACAP’s first draw loan of \$146,000. On October 26, 2021, the SBA preliminarily approved forgiveness of ACAP’s second draw loan of \$146,000. ACAP must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review ACAP’s good-faith certification concerning the necessity of its loan request, whether ACAP calculated the loan amount correctly, whether ACAP used loan proceeds for the allowable uses specified in the CARES Act, and whether ACAP is entitled to loan forgiveness in the amount claimed on its application. If SBA determines ACAP was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	2021	2020
Exchange traded funds	\$ 380,420	\$ 349,251
Cash equivalents held by investment manager	252,694	41,640
	\$ 633,114	\$ 390,891

Fair values of exchange traded funds are based on quoted net asset values of the shares as reported by the fund. The exchange traded funds held by ACAP are open-end funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The exchange traded funds held by ACAP are considered to be actively traded, which are Level 1 fair value measurements.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

**NOTE 4—ENDOWMENT**

At December 31, 2021 and 2020, ACAP's board of directors has designated \$24,115 and \$21,531, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of ACAP. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

ACAP established a component fund at the Waukesha County Community Foundation to invest and administer its endowment assets. The Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy.

The Foundation's primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundation seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Composition of and changes in endowment net assets for the years ended December 31, 2021 and 2020, were as follows:

	2021	2020
Board-designated endowment net assets at beginning of year	\$ 21,531	\$ 19,769
Contributions	250	-
Change in value of beneficial interest	2,334	1,762
Board-designated endowment net assets at end of year	\$ 24,115	\$ 21,531

**NOTE 5—CONCENTRATIONS OF CREDIT RISK**

ACAP maintains its cash balances in one financial institution located in southeastern Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 and 2020, ACAP's uninsured cash balances total approximately \$320,000 and \$316,000, respectively.

**NOTE 6—NET ASSETS**

ACAP's board of directors has designated net assets without donor restrictions for the following purposes:

	2021	2020
Board-designated endowment	\$ 24,115	\$ 21,531
Undesignated	1,299,783	1,083,852
	\$ 1,323,898	\$ 1,105,383

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021 and 2020

NOTE 6—NET ASSETS (continued)

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Future years' operations	\$ 4,670	\$ 4,246
Interim week special presentations	1,500	-
	\$ 6,170	\$ 4,246

NOTE 7—LIQUIDITY AND AVAILABILITY

The following reflects ACAP's financial assets at December 31, 2021 and 2020, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions or internal designations:

	2021	2020
Financial assets at end of year:		
Cash	\$ 513,958	\$ 511,194
Certificates of deposit	53,373	53,136
Accounts receivable	51,417	38,279
Unconditional promises to give	10,320	19,802
Investments	633,114	390,891
Beneficial interest in assets held by Waukesha County Community Foundation	24,115	21,531
Total financial assets at end of year	1,286,297	1,034,833
Less amounts unavailable for general expenditures within one year:		
Board-designated endowment	(24,115)	(21,531)
Restricted by donors with purpose restrictions	(1,500)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,260,682	\$ 1,013,302

As part of ACAP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets not available for general expenditures at December 31, 2021 and 2020 include \$24,115 and \$21,531, respectively, set aside for long-term purposes; however, amounts could be made available if necessary.

**ADAPTIVE COMMUNITY APPROACH PROGRAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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NOTE 8—OPERATING LEASES

ACAP leases studio space in Waukesha, Wisconsin, under a non-cancellable operating lease that expires in May 2023. The lease requires monthly payments of \$1,870. ACAP also has a year-to-year agreement with First United Methodist Church of Waukesha for use of rooms with no required payment necessary under the agreement. The fair value of the rent less the amount of contributions made by ACAP to the Church is considered an in-kind contribution. ACAP made payments to the Church during the years ended December 31, 2021 and 2020 of \$23,040 for each year, which represented, at a minimum, the fair value of the use of the space.

ACAP leases a copier under a non-cancellable operating lease that expires in September 2023 and requires monthly payments of \$190.

Future minimum lease payments for the years ending December 31 are:

2022	\$ 24,718
2023	11,059

Lease expense for the years ended December 31, 2021 and 2020 was \$47,758 for each year.