

WAYFORWARD RESOURCES, INC.

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

March 31, 2024

CONTENTS

Independent Auditor's Report	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedule of Expenditures of Federal Awards.....	17
Notes to Schedule of Expenditures of Federal Awards	18
Schedule of Revenue and Expenses by Funding Source and Program	19
Dane County Department of Human Services Provider Agency Expense Reports	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the <i>Department of Health Services Guide</i>	23
Schedule of Findings and Questioned Costs.....	25

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WayForward Resources, Inc.
Middleton, Wisconsin

Opinion

We have audited the financial statements of WayForward Resources, Inc., which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended March 31, 2024, 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 WayForward Resources, Inc. as of March 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*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 WayForward Resources, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 WayForward Resources, 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 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 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 WayForward Resources, 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 WayForward Resources, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 17-22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024 on our consideration of WayForward Resources, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WayForward Resources, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WayForward Resources, Inc.'s internal control over financial reporting and compliance.



Wegner CPAs, LLP
Madison, Wisconsin
July 22, 2024

WAYFORWARD RESOURCES, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 994,989
Unconditional promises to give	294,911
Grants receivable	7,333
Interest receivable	28,727
Other receivables	1,822
Inventory	85,300
Prepaid expenses	597
Investments	1,157,986

Total current assets 2,571,665

Property and equipment, net 1,983,985

OTHER ASSETS

Investments	1,322
Finance lease right-of-use assets	24,137
Beneficial interest in assets held by Madison Community Foundation	62,521

Total other assets 87,980

Total assets \$ 4,643,630

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 14,316
Accrued payroll, payroll taxes, and benefits	68,346
Refundable advance	74,148
Current portion of finance lease liability	8,533
Current portion of note payable	11,328

Total current liabilities 176,671

OTHER LIABILITIES

Finance lease liability less current portion	16,785
Note payable less current portion	419,444

Total other liabilities 436,229

Total liabilities 612,900

NET ASSETS

Without donor restrictions	3,775,901
With donor restrictions	254,829

Total net assets 4,030,730

Total liabilities and net assets \$ 4,643,630

See accompanying notes.

WAYFORWARD RESOURCES, INC.
STATEMENT OF ACTIVITIES
Year Ended March 31, 2024

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUES

Contributions	\$ 2,320,755
Donated materials, services, and facilities	3,548,484
United Way contributions	106,858
Grants from Dane County Department of Human Services	66,857
Change in value in beneficial interest in assets held by Madison Community Foundation	4,621
Other investment income, net	71,127
	<hr/>
Total revenues	6,118,702

EXPENSES

Program services	
Housing stability	1,017,559
Food security (pantry and clothing center)	4,041,642
Seniors program	26,864
Seasonal programs	111,924
Advocacy and community education	20,821
Supporting activities	
Management and general	456,299
Fundraising	441,909
	<hr/>
Total expenses	6,117,018

NET ASSETS RELEASED FROM RESTRICTIONS

Expiration of time restrictions	208,437
Satisfaction of purpose restrictions	48,676
	<hr/>
Total net assets released from restrictions	257,113
	<hr/>
Change in net assets without donor restrictions	258,797

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	152,593
Net assets released from restrictions	(257,113)
	<hr/>
Change in net assets with donor restrictions	(104,520)

Change in net assets 154,277

Net assets at beginning of year 3,876,453

Net assets at end of year \$ 4,030,730

See accompanying notes.

WAYFORWARD RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended March 31, 2024

	Housing Stability	Food Security (Pantry and Clothing Center)	Seniors Program	Seasonal Programs	Advocacy and Community Education	Management and General	Fundraising	Total Expenses
Food	\$ -	\$ 3,018,249	\$ -	\$ -	\$ -	\$ -	\$ 21,548	\$ 3,039,797
Personnel	414,708	287,363	23,777	20,932	12,373	265,338	292,194	1,316,685
Client assistance	547,523	-	-	78,270	-	-	-	625,793
Clothing	-	547,390	-	-	-	-	-	547,390
Occupancy	8,851	55,793	700	700	2,498	16,569	6,751	91,862
Other	2,008	4,795	126	832	1,009	54,916	10,883	74,569
Professional fees	12,901	13,181	689	554	296	30,801	12,524	70,946
Printing	511	304	77	127	10	19,909	42,892	63,830
Equipment	2,900	41,216	177	148	292	16,128	1,737	62,598
Depreciation and amortization	8,610	35,275	635	618	2,795	5,192	6,519	59,644
Technology	12,565	10,665	158	218	310	10,104	8,547	42,567
Supplies	862	6,819	49	8,987	23	9,997	5,165	31,902
Insurance	3,759	14,692	278	269	1,162	1,942	2,895	24,997
Banking and administrative fees	-	-	-	-	-	23,406	-	23,406
Entertainment	-	4,101	-	-	-	-	17,462	21,563
Postage	351	384	78	167	-	963	11,495	13,438
Telephone	2,010	1,415	120	102	53	1,034	1,297	6,031
Total expenses	\$ 1,017,559	\$ 4,041,642	\$ 26,864	\$ 111,924	\$ 20,821	\$ 456,299	\$ 441,909	\$ 6,117,018

See accompanying notes.

WAYFORWARD RESOURCES, INC.
STATEMENT OF CASH FLOWS
Year Ended March 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 154,277
Adjustments to reconcile change in net assets to net change in cash	
Depreciation and amortization	59,644
Net realized and unrealized gain on investments	(24,259)
Donated stock	(17,461)
Change in beneficial interest in assets held by Madison Community Foundation	(7,069)
(Increase) decrease in assets	
Unconditional promises to give	66,907
Grants receivable	(7,333)
Interest receivable	(12,533)
Other receivables	(1,392)
Inventory	(85,300)
Prepaid expenses	3,634
Increase (decrease) in liabilities	
Accounts payable	(2,335)
Accrued payroll, payroll taxes, and benefits	11,686
Refundable advance	74,148

Net cash flows from operating activities 212,614

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(320,921)
Issuance of and interest reinvested in certificates of deposit	(25,887)
Distribution from beneficial interest in assets held by Madison Community Foundation	2,448
Purchases of and interest retained in investments	(17,716)
Proceeds from sale of investments	364,228

Net cash flows from investing activities 2,152

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	(4,228)
Principal payments on finance lease liability	(8,108)

Net cash flows from financing activities (12,336)

Net change in cash 202,430

Cash at beginning of year 792,559

Cash at end of year \$ 994,989

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ 16,005
Noncash investing and financing transactions	
Property acquisition through note payable	435,000
Donated stock	17,461

See accompanying notes.

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

WayForward Resources, Inc. (formerly Middleton Outreach Ministry, Inc.) is a nonprofit charitable organization that provides services to people living in Middleton, Cross Plains, and west side of Madison, Wisconsin area communities with our food pantry services expanded to serve all of Dane County. WayForward is supported by contributions from individuals, local businesses, churches, service clubs, the United Way of Dane County, and other grants and foundations.

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. Contributions to be received over periods longer than one year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

WayForward provides for probable uncollectible promises through an allowance for doubtful accounts based on its assessment of the current status of individual promises. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance. There was no allowance established at March 31, 2024 as all promises were considered collectible within one year.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the estimated fair value of the date of donation. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Certificates of Deposit

Certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to the short-term nature of these investments.

Leases

WayForward does not recognize short-term leases in the statements of financial position. For these leases, WayForward recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. WayForward also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, WayForward uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in certificates of deposit and stocks with readily determinable fair values are reported 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.

Beneficial Interest in Assets Held by Madison Community Foundation

WayForward's beneficial interest in assets held by Madison Community Foundation (the Foundation) represents an agreement between WayForward and the Foundation in which WayForward 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 WayForward 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 are reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services are recognized at estimated market value if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would otherwise need to be purchased.

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, printing, professional fees, postage, telephone, technology, supplies, and other, which are allocated on the basis of estimates of staff time and effort; as well as occupancy, insurance, depreciation and amortization, and equipment, which are allocated on a square-footage basis.

The following program services and supporting activities are included in the accompanying financial statements:

Housing stability— Through the Housing Stability program, case managers assess and provide support to households, including financial housing assistance to help prevent eviction and maintain long-term stable housing. Families receive assistance with rent, security deposits, utilities, and other small emergency grants. In addition, an outreach case manager works with area organizations to facilitate broader access to services for our community.

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Connections housing program serves households in doubled-up living arrangements. Doubling-up is when an individual or family lives with another household temporarily or shuffles indefinitely between homes because of economic need. The Connections program supports individuals through case management and funds to ensure households have a place of their own to call home.

Food security (pantry and clothing center)— The food pantry re-opened to in-person shopping in July 2022, augmenting the drive-thru pantry which continued until July 2023 on Saturdays and then changed to in-person. The in-person food pantry now operates five days a week, including evening hours, and serves all of Dane County. Guests can visit as often as they need. Deliveries provide access to food for those who struggle with transportation. The food pantry provides access to nutritious food such as produce, protein sources, and dairy year-round. The clothing center provides free clothing and bedding.

Seniors program— The seniors program keeps seniors (age 60+) independent by providing transportation, shopping, and home chore assistance. The program also delivers groceries from the food pantry.

Advocacy and community education— Advocacy and Community Education is essential for creating upstream outcomes to housing instability and food insecurity that respond to systemic inequities. Specifically, racial inequities affect access to food and housing security. This program provides education opportunities for our staff as well as for our volunteers and provides opportunities for community collaboration. Activities this year included creating a new equity onboarding for volunteers as well as organizing an ongoing foundational racial equity training series.

Seasonal programs— The seasonal programs included the Back to School Program, Thanksgiving Basket Distribution, and Winter Wishes Program. The Back to School program provided backpacks stuffed with school supplies to clients who signed up for the program. The Thanksgiving basket distribution operated as a choice model, allowing clients to choose from an enhanced variety of food options, including cultural traditions not represented in previous years. Winter Wishes transitioned to a gift card program, allowing donors to continue to give directly to families while still allowing individuals and families the dignity of choosing their own items through shopping.

Management and General—Management and general activities relate to the overall direction of WayForward and include activities of the board of directors, business management, finance, and general recordkeeping.

Fundraising—Fundraising activities include soliciting contributions from individuals, foundations, and others, and grant-writing activities.

Income Tax Status

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

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through July 22, 2024, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATION OF CREDIT RISK

WayForward maintains its cash balances at four financial institutions in Madison, Wisconsin. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2024, WayForward's uninsured cash balance totaled approximately \$154,000.

NOTE 3—INVESTMENTS

Investments at March 31 are comprised of the following:

Certificates of deposit	\$ 1,157,986
Common stock	<u>1,322</u>
Investments	<u><u>\$ 1,159,308</u></u>

NOTE 4—FAIR VALUE MEASUREMENT

Certificates of deposit are valued at the closing price reported on the market in which they are sold. These funds are classified as level 2 as the value is obtained from market based inputs or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

The fair value of the Capital Brewery common stock is based on the trades between individual buyers and sellers as it is not publicly traded. The book value of the common stock is based on the information provided on the stock certificate. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

WayForward's beneficial interest in assets held by Madison Community Foundation represents an agreement between WayForward and the Foundation in which WayForward transfers assets to the Foundation in exchange for future distributions. The beneficial interest and equity securities are not actively traded and significant other observable inputs are not available. All investments are considered Level 3 investments. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to WayForward by the Foundation.

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5—CONDITIONAL PROMISES TO GIVE

As of March 31, 2024, WayForward has \$704,380 of promises to give conditioned upon helping families with children who are at imminent risk of homelessness to remain in their homes and/or to find stable alternative housing and thereby avoid or minimize school mobility for their children. These conditional promises to give will be recognized as revenue when the respective conditions are met.

NOTE 6—PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Land	\$ 1,025,908
Land improvements	125,715
Building and improvements	985,484
Equipment	231,086
Vehicles	<u>99,119</u>
Property and equipment	2,467,312
Less accumulated depreciation	<u>483,327</u>
Property and equipment, net	<u><u>\$ 1,983,985</u></u>

NOTE 7—RETIREMENT PLAN

WayForward has a 401(k) plan for all employees who are 21 years of age or older. WayForward will contribute 3% to all employees who are eligible for the retirement plan. Retirement expense for the year ended March 31, 2024 was \$38,697.

NOTE 8—LEASES

In 2022, WayForward entered into a lease for the use of two copy machines with a term of 60 months through February 15, 2027. The lease requires monthly payments of \$699 with a payment escalation of 3% annually.

The components of total lease cost are as follows:

Finance lease cost	
Amortization of right-of-use assets	\$ 8,519
Interest on lease liabilities	<u>575</u>
Total lease cost	<u><u>\$ 9,094</u></u>

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 8—LEASES (continued)

Other information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 588
Financing cash flows from finance leases	8,095
Weighted-average remaining lease term	2.83 years
Weighted-average discount rate	1.98%

The maturities of lease liabilities as of March 31, 2024, are as follows:

Year ending March 31:	
2025	\$ 8,943
2026	9,212
2027	<u>7,867</u>
Total minimum lease payments	26,022
Imputed interest	<u>(704)</u>
Total lease liability	<u><u>\$ 25,318</u></u>

NOTE 9—LINE OF CREDIT

WayForward has a \$325,000 line of credit that matures in February 2025, which was unused at March 31, 2024. Advances on the credit line are payable in a single payment plus accrued monthly interest. The credit line carries a variable interest rate based on prime, which was 8.75% at March 31, 2024. The line is secured by a general business security agreement.

NOTE 10—PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, WayForward received a \$106,900 loan 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 November 4, 2020, the SBA preliminarily approved forgiveness of the loan plus accrued interest of \$107,489, at which time WayForward reclassified the loan to a grant on the statement of activities. WayForward 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 WayForward's good-faith certification concerning the necessity of its loan request, whether WayForward calculated the loan amount correctly, whether WayForward used loan proceeds for allowable uses specified in the CARES Act, and whether WayForward is entitled to loan forgiveness in the amount claimed on its application. If SBA determines, WayForward was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 11—DONATED MATERIALS, SERVICES, AND FACILITIES

Donated materials, services, and facilities recognized within the statement of activities include:

Food	\$ 2,867,021
Clothing	558,875
Supplies and other items	99,929
Facilities	1,440
Professional fees	<u>21,219</u>
Donated materials, services, and facilities	<u>\$ 3,548,484</u>

Food is valued at \$1.93 per pound for the year ended March 31, 2024 based off a valuation published by Feeding America. Clothing is valued at \$5.83 per pound based off a valuation that WayForward estimated in fiscal year 2020 by comparison to other thrift store prices. In valuing supplies and other items, WayForward estimated the fair value based on estimated fair value that would be received for similar products. Food, clothing, and supplies and other items are used for client assistance and operations. Professional fees were used across all functions and the fair value was based on current rates for similar services provided by the vendors. No donated materials and services received were restricted for use.

During the year ended March 31, 2024, WayForward received 26,660 hours of volunteer time. No amounts have been recognized in the financial statements for these services because the criteria for recognition have not been satisfied.

NOTE 12—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the year ended March 31 are restricted for the following periods or purposes:

For subsequent years' activities	\$ 241,530
Subject to purpose restrictions:	
School supplies	8,729
Caring Closets	4,108
Other	<u>462</u>
Net assets with donor restrictions	<u>\$ 254,829</u>

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 13—NET ASSETS WITHOUT DONOR RESTRICTIONS

The board of directors has designated net assets without donor restrictions for the year ended March 31 for the following purposes:

Undesignated	\$ 2,285,899
Board-designated	
Capacity building	348,754
Capital reserve	337,077
Operating reserve	741,650
MCF endowment	<u>62,521</u>
Net assets without donor restrictions	<u>\$ 3,775,901</u>

NOTE 14—BOARD-DESIGNATED ENDOWMENT

At March 31, 2024, WayForward's board of directors has designated \$62,521 of net assets without donor restrictions as a general endowment fund to support the mission of WayForward. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

WayForward established a fund at the Madison Community Foundation (Foundation) to invest its endowment assets. The agreement between WayForward and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to WayForward. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation's spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of WayForward if WayForward ceases to exist or if the Foundation's board of governors votes that support of WayForward either is no longer necessary or is inconsistent with the needs of the community.

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 incorporating risk-based assets, including nonmarketable, illiquid alternatives.

Composition of and changes in endowment net assets for the year ended March 31, were as follows:

Board-designated endowment net assets at beginning of the year	\$ 57,900
Change in value of beneficial interest	7,069
Distributions	<u>(2,448)</u>
Board-designated endowment net assets at end of the year	<u>\$ 62,521</u>

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 15—COMMUNITY TRUST FUND

WayForward also has a component fund at the Foundation that was established in 2019. The Foundation, as a community trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Component funds of the Foundation are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors' stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the funds are not included in WayForward's financial statements.

The amount available for annual distributions represents 5% of a rolling twelve-quarter average. All other interest and appreciation are added to the funds. Principal may not be drawn from the funds except with approval of the Foundation's board of governors. The fair value of the fund at March 31, 2024 was \$58,213.

NOTE 16—NOTE PAYABLE

WayForward has a 6.5% note payable with monthly payments of \$3,276 including principal and interest with a final balloon payment due at maturity. The note matures in September 2028 and is secured by the property. Future minimum principal payments for the years ending on March 31 are as follows:

2025	\$ 11,328
2026	12,087
2027	12,896
2028	13,760
2029	<u>380,701</u>
Future minimum principal payments	<u>\$ 430,772</u>

WAYFORWARD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 17—LIQUIDITY AND AVAILABILITY

The table below reflects the financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the statement of financial position date because of contractual, board designations, or donor-imposed restrictions:

Cash	\$ 994,989
Unconditional promises to give	294,911
Grants receivable	7,333
Interest receivable	28,727
Other receivables	1,822
Investments	1,159,308
Beneficial interest in assets held by Madison Community Foundation	<u>62,521</u>
Financial assets at year-end	\$ 2,549,611
Less those unavailable for general expenditures within one year, due to contractual, board designations, or donor-imposed restrictions:	
Board-designated capacity building	(348,754)
Board-designated capital reserve	(337,077)
Board-designated operating reserve	(741,650)
Beneficial interest in assets held by Madison Community Foundation	(62,521)
Restricted by donor with purpose or period restrictions	<u>(254,829)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 804,780</u></u>

WayForward has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations that come due. Due to the timing of WayForward's contributions, WayForward holds liquid cash balances as working capital to fund its obligations during the year. The rest of WayForward's liquid assets are to fund fluctuations in contributions, unforeseen events, future program needs, and planned and unexpected building maintenance and repairs.

The purpose of the board designated operating reserve fund is to help ensure the long-term financial stability of WayForward and position it to respond to varying economic conditions and changes affecting WayForward's financial position and ability to carry out its mission. The target amount to be maintained in the operating reserve fund is equal to three months of the current operating budget (less in-kind). The purpose of the board designated capital reserve fund is to fund significant future anticipated capital projects (improvements and maintenance) for its property, building, vehicles, and equipment. The purpose of the board designated capacity building fund is to finance new programs that align with WayForward's mission, allowing the organization time to create sustainable funding plans for these programs. The fund also supports organizational investment that allows for accelerated capacity building. As more fully described in Note 9, WayForward also has a line of credit in the amount of \$325,000, which it could draw upon in the event of an unanticipated liquidity need.

WAYFORWARD RESOURCES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of the Treasury Pass-through Dane County Department of Health Services Emergency Rental Assistance Program	21.023	87149/15219	<u>\$ 66,857</u>

See notes to schedule of expenditures of federal awards.

WAYFORWARD RESOURCES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2024

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal and state award activity of WayForward Resources, Inc. under programs of the federal government and state agencies for the year ended March 31, 2024. The information in this Schedule is presented in accordance with the requirements of the *Department of Health Services Audit Guide*. Because the Schedule presents only a selected portion of the operations of WayForward Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of WayForward Resources, Inc.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the *Allowable Cost Policy Manual* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

WAYFORWARD RESOURCES, INC.
SCHEDULE OF REVENUE AND EXPENSES BY FUNDING SOURCE AND PROGRAM
Year Ended March 31, 2024

	Dane County ERA Doubled Up Housing Pilot	Other	Total
REVENUE	\$ 66,857	\$ 6,204,438	\$ 6,271,295
EXPENSES			
Program expenses			
Personnel	29,741	729,412	759,153
Operations	1,414	3,763,908	3,765,322
Space	1,810	66,732	68,542
Special costs	33,715	591,901	625,616
Other	177	-	177
Administrative expenses			
Personnel	-	557,532	557,532
Operations	-	317,356	317,356
Space	-	23,320	23,320
Special costs	-	-	-
Total expenses	66,857	6,050,161	6,117,018
Excess revenue	\$ -	\$ 154,277	\$ 154,277

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH: 3/31/2024

Provider Name: WayForward Resources, Inc.	Contract #:	87149	*Provider Certified By: Erica Hendricks	
Program Name: ERA Doubled Up Housing Pilot Direct Assistance	Program Group #:	9336		Date: 4/23/2024

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries				0		
Taxes				0		
Benefits				0		
Subtotal A	0	0	0	0	0	0.00%
B. OPERATING						
Insurance				0		
Professional Fees				0		
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
Subtotal B	0	0	0	0	0	0.00%
C SPACE						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
Subtotal C	0	0	0	0	0	0.00%
D SPECIAL COSTS						
Assistance to Individuals	457,500	0	33,715	33,715	423,785	
Subtotal D	457,500	0	33,715	33,715	423,785	92.04%
E. OTHER						
Other3:				0		
Other4:				0		
Subtotal E	0	0	0	0	0	0.00%
F. OFF-SETTING REVENUE						
This section for Adult - DD only. Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
Subtotal F	0	0	0	0	0	0.00%
TOTAL A THROUGH F	457,500	0	33,715	33,715	423,785	92.04%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

3/31/2024

Provider Name: WayForward Resources, Inc.	Contract #:	87149	*Provider Certified By: Erica Hendricks	
Program Name: ERA Doubled Up Housing Pilot application fees	Program Group #:	9337		Date: 4/23/2024

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries				0		
Taxes				0		
Benefits				0		
Subtotal A	0	0	0	0	0	0.00%
B. OPERATING						
Insurance				0		
Professional Fees	0	0	0	0	0	
Audit				0		
Data Processing Fees				0		
Postage, Office, and Program Supplies				0		
Equipment/Furnishings				0		
Depreciation				0		
Telephone				0		
Training/Conference				0		
Food/Household Supplies				0		
Auto Allowance				0		
Vehicle Costs				0		
Other1:				0		
Other2:				0		
Subtotal B	0	0	0	0	0	0.00%
C SPACE						
Rent				0		
Utilities				0		
Maintenance				0		
Mortgage Interest, Depreciation,				0		
Property Taxes				0		
Subtotal C	0	0	0	0	0	0.00%
D SPECIAL COSTS						
Assistance to Individuals	0	0	0	0		
Subtotal D	0	0	0	0	0	0.00%
E. OTHER						
Other3: Application Fees	800		177	177	623	
Other4:				0		
Subtotal E	800	0	177	177	623	71.59%
F. OFF-SETTING REVENUE						
Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0		
Private Pay (Trust Funds, etc.)				0		
Cost Share				0		
Other				0		
Subtotal F	0	0	0	0	0	0.00%
TOTAL A THROUGH F	800	0	177	177	623	71.59%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

DANE COUNTY DEPARTMENT OF HUMAN SERVICES

PROVIDER AGENCY EXPENSE REPORT THROUGH:

3/31/2024

Provider Name: WayForward Resources, Inc.	Contract #:	87149	*Provider Certified By: Erica Hendricks	
Program Name: ERA Doubled Up Housing Pilot Housing Stabilit	Program Group #:	9338	10/1/2023 - 9/30/2025	Date: 4/23/2024

	1 Approved County-Funded Budget	2 YTD County-Funded Admin Expense	3 YTD County-Funded Program Expense	4 YTD County-Funded Expense Total (= Col. 2 + 3)	5 YTD County-Funded Budget	6 YTD % Variance from Budget
A PERSONNEL						
Salaries	219,360		25,722	25,722	193,638	
Taxes	18,333		2,481	2,481	15,852	
Benefits	17,347		1,539	1,539	15,808	
Subtotal A	255,040	0	29,741	29,741	225,299	86.80%
B. OPERATING						
Insurance	1,750		288	288	1,462	
Professional Fees				0	0	
Audit				0	0	
Data Processing Fees	1,030		472	472	558	
Postage, Office, and Program Supp	825		253	253	572	
Equipment/Furnishings	1,630		176	176	1,454	
Depreciation				0	0	
Telephone	825		163	163	662	
Training/Conference	2,725			0	2,725	
Food/Household Supplies				0	0	
Auto Allowance	615		62	62	553	
Vehicle Costs				0	0	
Other1:				0	0	
Other2:				0	0	
Subtotal B	9,400	0	1,414	1,414	7,986	82.29%
C SPACE						
Rent				0	0	
Utilities	1,125		285	285	840	
Maintenance	1,147		526	526	621	
Mortgage Interest, Depreciation,	3,255		999	999	2,256	
Property Taxes				0	0	
Subtotal C	5,527	0	1,810	1,810	3,717	51.30%
D SPECIAL COSTS						
Assistance to Individuals	0	0	0	0	0	
Subtotal D	0	0	0	0	0	0.00%
E. OTHER						
Other3:				0	0	
Other4:				0	0	
Subtotal E	0	0	0	0	0	0.00%
F. OFF-SETTING REVENUE						
This section for Adult - DD only. Show as negative numbers:						
Government Benefits (SSI, SSDI, etc.)				0	0	
Private Pay (Trust Funds, etc.)				0	0	
Cost Share				0	0	
Other				0	0	
Subtotal F	0	0	0	0	0	0.00%
TOTAL A THROUGH F	269,967	0	32,965	32,965	237,002	86.09%

*CERTIFICATION: I certify the expenses listed above are true, correct, and allowable, in the amount stated and have not been reimbursed heretofore.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
AND THE DEPARTMENT OF HEALTH SERVICES AUDIT GUIDE

To the Board of Directors
WayForward Resources, Inc.
Middleton, Wisconsin

We have audited, in accordance with the 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, and the *Department of Health Services Audit Guide*, issued by the Wisconsin Department of Health Services, the financial statements of WayForward Resources, Inc., which comprise WayForward Resources, Inc.'s statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WayForward Resources, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WayForward Resources, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of WayForward Resources, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether WayForward Resources, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Department of Health Services Audit Guide*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Middleton, Wisconsin
July 22, 2024

WAYFORWARD RESOURCES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended March 31, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Is a material weakness in internal control over financial reporting disclosed?	No
Is a significant deficiency in internal control over financial reporting disclosed?	None reported
Is any noncompliance that is material to the financial statements disclosed?	No

FINDINGS

No matters were reported.

OTHER ISSUES

Identification of DHS-funded programs tested:

<u>DHS Identification Number</u>	<u>Name of Program</u>
87149	ERA Doubled Up Housing Pilot

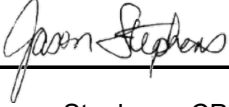
Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	No
--	----

Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grants and contracts with funding agencies that require audits to be in accordance with the *Department of Health Services Audit Guide* :

Dane County Department of Human Services	No
--	----

Was a management letter or other document conveying audit comments issued as a result of this audit?	No
--	----

Name and signature of partner



Jason Stephens, CPA

Date of report

July 22, 2024