

**WISCONSIN LIBRARY SERVICES, INC.**

FINANCIAL STATEMENTS

June 30, 2022 and 2021

## CONTENTS

Independent Accountant's Review Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Wisconsin Library Services, Inc.  
Madison, Wisconsin

We have reviewed the accompanying financial statements of Wisconsin Library Services, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Wisconsin Library Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### ***Report on 2021 Financial Statements***

The 2021 financial statements were audited by us, and we expressed an unmodified opinion on them in our report, dated February 25, 2022. We have not performed any auditing procedures since that date.



Wegner CPAs, LLP  
Madison, Wisconsin  
March 7, 2023

**WISCONSIN LIBRARY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 (Reviewed) and 2021 (Audited)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash	\$ 2,207,465	\$ 865,217
Accounts receivable	227,804	563,312
Prepaid expenses	615,638	1,228,574
Investments	<u>641,403</u>	<u>742,240</u>
<b>Total assets</b>	<u><u>\$ 3,692,310</u></u>	<u><u>\$ 3,399,343</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 343,868	\$ 116,882
Deferred revenue	584,453	452,165
Member deposits	<u>336,232</u>	<u>361,585</u>
Total liabilities	1,264,553	930,632
<b>NET ASSETS</b>		
Without donor restrictions	<u>2,427,757</u>	<u>2,468,711</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 3,692,310</u></u>	<u><u>\$ 3,399,343</u></u>

See accompanying notes and independent accountant's review report.

**WISCONSIN LIBRARY SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2022 (Reviewed) and 2021 (Audited)

	<u>2022</u>	<u>2021</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES		
Co-op license program fees	\$ 10,332,853	\$ 9,570,232
Annual membership fees	183,086	186,379
Consulting and project management	442,607	398,658
Consortial management	378,486	316,548
Other income	184,763	192,322
Investment return, net	<u>(100,791)</u>	<u>105,668</u>
Total revenues	11,421,004	10,769,807
SUPPORT		
Grants and contributions	<u>180,065</u>	<u>138,012</u>
Total revenues and support	11,601,069	10,907,819
EXPENSES		
Program services		
Co-op services	10,111,305	9,693,264
Consulting and project management	1,122,339	1,054,483
Management and general	<u>408,379</u>	<u>398,296</u>
Total expenses	<u>11,642,023</u>	<u>11,146,043</u>
<b>Change in net assets</b>	(40,954)	(238,224)
Net assets at beginning of year	<u>2,468,711</u>	<u>2,706,935</u>
<b>Net assets at end of year</b>	<u><u>\$ 2,427,757</u></u>	<u><u>\$ 2,468,711</u></u>

See accompanying notes and independent accountant's review report.

**WISCONSIN LIBRARY SERVICES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2022 (Reviewed) and 2021 (Audited)

	Program Services		Supporting Activities	Total Expenses
	Co-op Services	Consulting and Project Management	Management and General	Year Ended June 30, 2022
Database and other outside services	\$ 9,997,148	\$ 79,027	\$ -	\$ 10,076,175
Personnel	114,157	937,944	89,474	1,141,575
Office expenses	-	95,280	313,656	408,936
Travel	-	10,088	5,249	15,337
<b>Total expenses</b>	<b>\$ 10,111,305</b>	<b>\$ 1,122,339</b>	<b>\$ 408,379</b>	<b>\$ 11,642,023</b>

  

	Program Services		Supporting Activities	Total Expenses
	Co-op Services	Consulting and Project Management	Management and General	Year Ended June 30, 2021
Database and other outside services	\$ 9,583,894	\$ 88,724	\$ -	\$ 9,672,618
Personnel	109,370	896,636	87,689	1,093,695
Office expenses	-	57,371	309,909	367,280
Bad debt expense	-	61	-	61
Travel	-	11,691	698	12,389
<b>Total expenses</b>	<b>\$ 9,693,264</b>	<b>\$ 1,054,483</b>	<b>\$ 398,296</b>	<b>\$ 11,146,043</b>

See accompanying notes and independent accountant's review report.

**WISCONSIN LIBRARY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2022 (Reviewed) and 2021 (Audited)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (40,954)	\$ (238,224)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	-	61
Net realized and unrealized (gain) loss on investments	107,342	(104,238)
(Increase) decrease in assets		
Accounts receivable	335,508	(40,317)
Prepaid expenses	612,936	(526,200)
Increase (decrease) in liabilities		
Accounts payable	226,986	(2,757)
Deferred revenue	132,288	(56,391)
Member deposits	(25,353)	(3,889)
Net cash flows from operating activities	1,348,753	(971,955)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments and reinvested income	(6,505)	(255,805)
<b>Net change in cash</b>	1,342,248	(1,227,760)
Cash at beginning of year	865,217	2,092,977
<b>Cash at end of year</b>	<u>\$ 2,207,465</u>	<u>\$ 865,217</u>

See accompanying notes and independent accountant's review report.

**WISCONSIN LIBRARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022 (Reviewed) and 2021 (Audited)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Wisconsin Library Services, Inc. (WiLS) was formed in 1970 to facilitate the sharing of Wisconsin library resources. Funding for WiLS is provided by fees assessed to member libraries and other users.

**Accounts Receivable**

Accounts receivable consist of amounts due from annual membership fees, co-op license program fees, consulting and project management fees, and consortial management fees. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of June 30, 2022 and 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**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 revenues and expenses. Actual results could differ from those estimates.

**Investments**

Investments at June 30, 2022 and 2021 consist of mutual funds, which are valued at the quoted net asset values of the shares as reported by the fund. The mutual funds held by WiLS are open-end mutual 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 mutual funds held by WiLS are considered to be actively traded. Realized and unrealized gains and losses are included in investment return, along with interest, dividends, and investment fees, in the accompanying statements of activities.

**Revenue Recognition**

WiLS revenue consists of co-op license program fees, annual membership fees, consulting and project management fees, and consortial management fees.

Co-op license program fees are generally considered to be a single performance obligation that is satisfied at a point in time. Revenue is recognized when co-op licenses are purchased and members receive access to that license or subscription. Co-op license program fees are generally billed to members at the time licenses and subscriptions are purchased by WiLS, when that performance obligation is considered satisfied. Occasionally, members pay for licenses and subscriptions before WiLS purchases or gains access to such licenses and subscriptions. Such payments are considered deferred revenue. Purchases of licenses and subscriptions billed, but not yet received are considered accounts receivable. Co-op license program fees are nonrefundable.



**WISCONSIN LIBRARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022 (Reviewed) and 2021 (Audited)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue Recognition (continued)**

Membership dues are assessed annually and run concurrent to WiLS' fiscal year. Purchasing discounts, access to various events and programming, periodical communications, networking and community services, and other similar services are provided by WiLS throughout the membership period. Due to the irregular frequency and nature of benefits received, income from membership dues is deferred and recognized ratably over the course of the membership period, generally on a monthly basis. WiLS bills members annually in June for the upcoming membership year. Annual membership fees are generally received in July at the beginning of the applicable membership period and are deferred and recognized as revenue over the course of the membership period. Members billed but not received are considered accounts receivable. Annual membership fees are nonrefundable.

WiLS receives payment for the consulting and project management fees at agreed upon times throughout the period in which the consulting and project management services are provided. Due to the consulting and project management services being provided over a period of time, income from consulting and project management fees is deferred and recognized ratably over the contract period in which the services are provided. Consulting and project management fees provided but not received are considered accounts receivable. Consulting and project management fees are nonrefundable.

Consortial management contracts generally run over a period of time concurrent to WiLS fiscal year. WiLS receives payment for the management fees at agreed upon times throughout the period in which the management fees are provided. Due to the services being provided over a period of time, income from consortial management is deferred and recognized ratably over the contract period in which the services are provided. Management fees provided but not received are considered accounts receivable. Management fees are nonrefundable.

**Grants and Contributions**

Grants and 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.

**Member Deposits**

WiLS acts as a fiscal agent for various members and consortia of its constituents. The revenue and expense related to these relationships is not included in the statements of activities. Amounts received and held for others are included as member deposits on the statements of financial position.

**WISCONSIN LIBRARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022 (Reviewed) and 2021 (Audited)

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 travel, which are allocated on the basis of estimates of time and effort.

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

*Co-op services*—WiLS coordinates group discount purchasing for libraries with an emphasis on electronic databases.

*Consulting and project management*—WiLS provides its members with a variety of consulting and project management services, including planning services, reports and data collection, brokering projects with experts in the library field, events for continuing education, and collaborative project management. In addition, WiLS acts as project manager for a number of consortia including three ebook consortia (the Wisconsin Public Library Consortium, the Horticulture Library Consortium, and the Wisconsin Schools Digital Library Consortium) and the WISPALS Consortium, which provides library catalog and other services to Technical College libraries.

*Management and general*—Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of WiLS' program strategy; secure proper administrative functioning of the board of directors; and maintain and manage the financial and budgetary responsibilities of WiLS.

**Income Tax Status**

WiLS is an exempt public charity under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to federal and state income or franchise taxes.

**Date of Management's Review**

Management has evaluated subsequent events through March 7, 2023, the date which the financial statements were available to be issued.

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

WiLS maintains cash balances at financial institutions located in Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or the National Credit Union Association up to \$250,000. Additionally, WiLS maintains cash balances at other institutions, which are uninsured. At June 30, 2022 and 2021, WiLS' uninsured cash balances totaled approximately \$2,037,000 and \$840,000.

**WISCONSIN LIBRARY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2022 (Reviewed) and 2021 (Audited)

---

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The following represents WiLS' financial assets as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions or board designations. General expenditures are defined as all budgeted programmatic and operational expenses for the fiscal years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,207,465	\$ 865,217
Accounts receivable	227,804	563,312
Investments	<u>641,403</u>	<u>742,240</u>
Financial assets at year-end	3,076,672	2,170,769
Less those unavailable for general expenditures within one year due to:		
Board designations		
Transition and close of business fund	(400,000)	(400,000)
New initiative fund	(295,997)	(295,997)
Recollection WI Consortium	(6,945)	(2,699)
Wisconsin Public Library Consortium	<u>(665,001)</u>	<u>(578,747)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,708,729</u></u>	<u><u>\$ 893,326</u></u>

As part of WiLS' liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due.

**NOTE 4 – RELATED PARTY TRANSACTIONS**

WiLS is a membership organization. WiLS' Board of Directors consists of representatives from various Wisconsin libraries. The Board members are associated with the libraries that are members of WiLS.

**WISCONSIN LIBRARY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 (Reviewed) and 2021 (Audited)

---

---

NOTE 5 – NET ASSETS

As of June 30, 2022 and 2021, the Board of Directors has chosen to place the following limitations on net assets without donor restrictions:

	<u>2022</u>	<u>2021</u>
Transition and close of business fund	\$ 400,000	\$ 400,000
New initiative fund	295,997	295,997
Recollection WI Consortium	6,945	2,699
Wisconsin Public Library Consortium	665,001	578,747
Undesignated	<u>1,059,814</u>	<u>1,191,268</u>
Net assets without donor restrictions	<u><u>\$ 2,427,757</u></u>	<u><u>\$ 2,468,711</u></u>