

WISCONSIN LIBRARY SERVICES, INC.

FINANCIAL STATEMENTS

June 30, 2025 and 2024

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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 statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 reviews.

Accountant's Conclusion

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



Wegner CPAs, LLP
Madison, Wisconsin
February 27, 2026

WISCONSIN LIBRARY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 1,282,017	\$ 2,392,842
Accounts receivable	239,225	250,116
Prepaid expenses	739,837	472,695
Investments	<u>1,098,736</u>	<u>1,013,376</u>
Total assets	<u>\$ 3,359,815</u>	<u>\$ 4,129,029</u>
LIABILITIES		
Accounts payable	\$ 203,442	\$ 292,485
Deferred revenue	523,330	642,101
Member deposits	<u>465,482</u>	<u>414,280</u>
Total liabilities	1,192,254	1,348,866
NET ASSETS		
Without donor restrictions	<u>2,167,561</u>	<u>2,780,163</u>
Total liabilities and net assets	<u>\$ 3,359,815</u>	<u>\$ 4,129,029</u>

See accompanying notes and independent accountant's review report.

WISCONSIN LIBRARY SERVICES, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Co-op license program fees	\$ 11,280,440	\$ 11,065,630
Annual membership fees	182,399	183,752
Consulting and project management	288,214	370,909
Consortial management	428,247	353,107
Other income	12,653	11,060
Investment return, net	<u>119,020</u>	<u>108,673</u>
 Total revenues	 12,310,973	 12,093,131
SUPPORT		
Grants and contributions	<u>320,029</u>	<u>162,966</u>
 Total revenues and support	 12,631,002	 12,256,097
EXPENSES		
Program services		
Co-op services	11,466,719	10,173,893
Consulting and project management	1,223,142	1,129,995
Management and general	<u>553,743</u>	<u>451,414</u>
 Total expenses	 <u>13,243,604</u>	 <u>11,755,302</u>
 Change in net assets	 (612,602)	 500,795
 Net assets at beginning of year	 <u>2,780,163</u>	 <u>2,279,368</u>
 Net assets at end of year	 <u><u>\$ 2,167,561</u></u>	 <u><u>\$ 2,780,163</u></u>

See accompanying notes and independent accountant's review report.

WISCONSIN LIBRARY SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2025 and 2024

	<u>Program Services</u>		<u>Supporting Activities</u>	Total Expenses Year Ended June 30, 2025
	<u>Co-op Services</u>	<u>Consulting and Project Management</u>	<u>Management and General</u>	
Database and other outside services	\$ 11,378,215	\$ 42,496	\$ -	\$ 11,420,711
Personnel	85,809	994,432	105,080	1,185,321
Office expenses	1,100	167,076	439,430	607,606
Travel	1,595	19,138	9,233	29,966
Total expenses	\$ 11,466,719	\$ 1,223,142	\$ 553,743	\$ 13,243,604

	<u>Program Services</u>		<u>Supporting Activities</u>	Total Expenses Year Ended June 30, 2024
	<u>Co-op Services</u>	<u>Consulting and Project Management</u>	<u>Management and General</u>	
Database and other outside services	\$ 10,085,975	\$ 56,972	\$ -	\$ 10,142,947
Personnel	85,223	970,478	97,021	1,152,722
Office expenses	1,180	83,596	344,129	428,905
Travel	1,515	18,949	10,264	30,728
Total expenses	\$ 10,173,893	\$ 1,129,995	\$ 451,414	\$ 11,755,302

See accompanying notes and independent accountant's review report.

WISCONSIN LIBRARY SERVICES, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (612,602)	\$ 500,795
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	(56,992)	(43,498)
(Increase) decrease in assets		
Accounts receivable	10,891	208,587
Prepaid expenses	(267,142)	373,453
Increase (decrease) in liabilities		
Accounts payable	(89,043)	73,478
Deferred revenue	(118,771)	88,736
Member deposits	51,202	127,307
	<u>(1,082,457)</u>	<u>1,328,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and reinvested income	<u>(28,368)</u>	<u>(28,584)</u>
Net change in cash	(1,110,825)	1,300,274
Cash at beginning of year	<u>2,392,842</u>	<u>1,092,568</u>
Cash at end of year	<u><u>\$ 1,282,017</u></u>	<u><u>\$ 2,392,842</u></u>

See accompanying notes and independent accountant's review report.

WISCONSIN LIBRARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

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 primarily represent amounts due for unpaid annual membership fees, co-op license program fees, consulting and project management fees, and consortial management fees. WiLS uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant.

Investments

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

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 statement of activities as net assets released from restrictions.

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.

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 statement of activities. Amounts received and held for others are included as member deposits on the statement of financial position.

WISCONSIN LIBRARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

WiLS revenue consists primarily 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.

Membership fees 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. Member fees 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.

WISCONSIN LIBRARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable and deferred revenue from contracts with customers at are as follows:

	2025	2024
Beginning of year accounts receivable	\$ 250,116	\$ 458,703
End of year accounts receivable	239,225	250,116
Beginning of year deferred revenue	(642,101)	(553,365)
End of year deferred revenue	(523,330)	(642,101)

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.

Date of Management's Review

Management has evaluated subsequent events through February 27, 2026, the date which the financial statements were available to be issued.

WISCONSIN LIBRARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 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 revenues and expenses. Actual results could differ from those estimates.

NOTE 2 – CONCENTRATION 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, 2024, WiLS' uninsured cash balances totaled approximately \$743,000. At June 30, 2025, there were no uninsured cash balances.

NOTE 3 – NET ASSETS

The Board of Directors has chosen to place the following limitations on net assets without donor restrictions:

	2025	2024
Transition and close of business fund	\$ 500,000	\$ 400,000
New initiatives fund	270,997	270,997
Ideas to action fund	50,000	50,000
Recollection WI Consortium	16,632	1,889
Wisconsin Public Library Consortium	297,614	995,511
Undesignated	1,082,318	1,111,766
Net assets without donor restrictions	\$ 2,167,561	\$ 2,780,163

NOTE 4 – INVESTMENTS

Investments are comprised of the following:

	2025	2024
Money market funds	\$ 59,976	\$ 41,758
Exchange-traded funds	113,427	103,545
Mutual funds	925,333	868,073
Investments	\$ 1,098,736	\$ 1,013,376

WISCONSIN LIBRARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 – INVESTMENTS (continued)

Fair values of mutual funds and exchange-traded funds are determined based on quoted net asset values of the shares as reported by the fund, which are Level 1 fair value measurements. The mutual funds held by WiLS are open-end mutual funds and exchange-traded are closed-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 and exchange-traded funds may be bought and sold throughout the day at the quoted price listed on the exchange. The mutual funds and exchange-traded funds held by WiLS are considered to be actively traded. Certificates of deposit are valued using quoted prices for similar assets in active markets, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data, which are Level 2 fair value measurements. The fair value of the money market funds approximates their carrying values due to the short-term nature of these financial assets.

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 statement of financial position. WiLS will continue to monitor its investments as it has successfully done in the past and has no immediate plans to change its investment portfolio.

NOTE 5 – 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 and transact with WiLS in the normal course of business.

NOTE 6 – LIQUIDITY AND AVAILABILITY

The following represents WiLS' financial assets as of the date of the statement 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, 2025 and 2024.

WISCONSIN LIBRARY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 6 – LIQUIDITY AND AVAILABILITY (continued)

	2025	2024
Cash	\$ 1,282,017	\$ 2,392,842
Accounts receivable	239,225	250,116
Investments	1,098,736	1,013,376
Financial assets at year-end	2,619,978	3,656,334
Less those unavailable for general expenditures within one year due to:		
Board designations		
Transition and close of business fund	(500,000)	(400,000)
New initiatives fund	(270,997)	(270,997)
Ideas to action fund	(50,000)	(50,000)
Recollection WI Consortium	(16,632)	(1,889)
Wisconsin Public Library Consortium	(297,614)	(995,511)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,484,735	\$ 1,937,937

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. WiLS holds funds in investments intended to retain initial balances and gain a moderate rate of return. To fund cash flow, WiLS has the ability to liquidate these funds to meet cash needs.