

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Audited Financial Statements

Year Ended December 31, 2023

(With Summarized Totals for the
Year Ended December 31, 2022)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Life Navigators, Inc.
Wauwatosa, Wisconsin

Opinion

We have audited the accompanying financial statements of Life Navigators, Inc. (a nonprofit organization) ("Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Navigators, Inc. as of December 31, 2023, and the changes in 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Life Navigators, 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 Life Navigators, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 generally accepted auditing standards 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted 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 Life Navigators, 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 Life Navigators, 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.

Report on Summarized Comparative Information

We have previously audited Life Navigators, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Reilly, Penner & Benton LLP

May 10, 2024
Milwaukee, Wisconsin

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Statements of Financial Position
December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets:		
Cash	\$ 166,798	\$ 66,534
Investments	1,698,684	1,790,695
Trade receivables (net of allowance for credit loss of \$0)	135,727	182,313
Promises to give	7,115	15,011
Prepaid expenses	15,717	13,681
Total current assets	2,024,041	2,068,234
Property and Equipment:		
Land	44,400	44,400
Building and improvements	1,576,366	1,576,366
Furniture and equipment	197,935	197,935
Less: Accumulated depreciation	(529,935)	(482,548)
Net property and equipment	1,288,766	1,336,153
Other Assets:		
Finance lease right of use	8,893	4,471
Greater Milwaukee Foundation investments	613,040	646,987
Other asset held for sale	17,005	-
Waukesha County Community Foundation investments	28,257	24,589
Total other assets	667,195	676,047
Total assets	\$ 3,980,002	\$ 4,080,434
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 18,684	\$ 16,206
Accrued payroll and payroll taxes	68,576	89,056
Accrued vacation	50,541	56,980
Finance lease liability	3,626	1,162
Line of credit	-	75,000
Total current liabilities	141,427	238,404
Long-Term Liabilities:		
Finance lease liability, net of current portion	5,308	3,280
Total liabilities	146,735	241,684
Net Assets:		
Without donor restriction:		
Operating	3,184,855	3,152,164
Board designated	641,297	598,051
Total without donor restriction	3,826,152	3,750,215
With donor restriction:		
Purpose restrictions	-	73,524
Time-restricted for future periods	7,115	15,011
Total with donor restriction	7,115	88,535
Total net assets	3,833,267	3,838,750
Total liabilities and net assets	\$ 3,980,002	\$ 4,080,434

The accompanying notes to financial statements
are an integral part of these statements.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Statement of Activities
For the Year Ended December 31, 2023
With Summarized Totals For the Year Ended December 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2023</u>	<u>Total 2022</u>
Support and Revenue:				
Exchange transactions:				
Fee for service:				
My Choice Family Care - care management	\$ 603,700	\$ -	\$ 603,700	\$ 1,361,410
Milwaukee County - guardianship	152,044	-	152,044	98,028
Milwaukee County Department of Aging - guardianship	113,450	-	113,450	65,850
Milwaukee County - court comprehensive evaluations	45,875	-	45,875	58,750
Milwaukee County - children's long-term support	56,645	-	56,645	-
Waukesha County - guardianship	33,905	-	33,905	-
Program service fees	265,813	-	265,813	158,749
Total exchange transactions	1,271,432	-	1,271,432	1,742,787
Non-exchange transactions:				
Contributions	224,358	7,115	231,473	792,033
Legacies and bequests	120,263	-	120,263	181,579
Federated fundraising	21,438	-	21,438	24,930
Milwaukee County Department of Aging grant	55,150	-	55,150	29,026
City of Wauwatosa CDBG grant	25,911	-	25,911	24,900
Pooled trust distributions	-	-	-	37,915
Contributed nonfinancial assets	46,766	-	46,766	38,599
Miscellaneous revenue	20,963	-	20,963	731
Total non-exchange transactions	514,849	7,115	521,964	1,129,713
Special Event revenue	414,972	-	414,972	324,128
Less: Direct benefit to donor	(67,893)	-	(67,893)	(63,518)
Net special events	347,079	-	347,079	260,610
Investment income	55,176	-	55,176	37,715
Less: Investment fees	(22,507)	-	(22,507)	(23,381)
Net investment income	32,669	-	32,669	14,334
Realized and unrealized gains (losses)	248,629	-	248,629	(388,059)
Satisfaction of restrictions	88,535	(88,535)	-	-
Net support and revenue	2,503,193	(81,420)	2,421,773	2,759,385
Expenses:				
Program Services:				
Advocacy	105,555	-	105,555	74,044
Self-Advocacy Independence Trust Pool	166,942	-	166,942	137,332
Trust Program	399,590	-	399,590	258,893
Guardianship	384,201	-	384,201	305,419
Intergenerational Family Support	211,779	-	211,779	200,244
Care Management Unit	619,110	-	619,110	1,392,234
Court Comprehensive Evaluations	101,552	-	101,552	68,467
Children's Long-Term Support	155,211	-	155,211	-
Total program services	2,143,940	-	2,143,940	2,436,633
Management and general	96,944	-	96,944	111,261
Fundraising	186,372	-	186,372	182,747
Total expenses	2,427,256	-	2,427,256	2,730,641
Net change in net assets	75,937	(81,420)	(5,483)	28,744
Net assets at beginning of year	3,750,215	88,535	3,838,750	3,810,006
Net assets at end of year	\$ 3,826,152	\$ 7,115	\$ 3,833,267	\$ 3,838,750

The accompanying notes to financial statements
are an integral part of these statements.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Statement of Functional Expenses
For the Year Ended December 31, 2023
With Summarized Information for the Year Ended December 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Direct Benefit to Donor</u>	<u>Total 2023</u>	<u>Total 2022</u>
Expenses:						
Salaries	\$ 1,418,977	\$ 64,428	\$ 83,313	\$ -	\$ 1,566,718	\$ 1,843,953
Employee benefits	180,596	6,300	8,207	-	195,103	208,220
Payroll tax expense	103,948	4,549	5,579	-	114,076	132,425
Amortization of right of use asset	3,347	87	146	-	3,580	1,118
Bank and investment fees	-	6,891	-	-	6,891	5,687
Client support	16,113	263	230	-	16,606	9,746
Credit loss expense	-	-	-	-	-	2,125
Conferences, conventions and meetings	19,361	546	1,825	-	21,732	25,349
Contributed nonfinancial assets	17,761	-	12,000	-	29,761	38,599
Depreciation	44,305	1,145	1,935	-	47,385	46,166
Equipment rental and maintenance	39,516	1,109	1,684	-	42,309	55,685
Insurance	25,314	634	1,061	-	27,009	26,018
Interest expense	-	3,759	-	-	3,759	549
Interest on finance leases	-	334	-	-	334	69
Miscellaneous	20,444	2,246	1,336	-	24,026	40,739
Occupancy	67,357	1,765	2,890	-	72,012	55,376
Office supplies	4,449	67	-	-	4,516	14,649
Pooled trust distributions	63,713	-	-	-	63,713	38,500
Postage and shipping	3,404	81	2,440	-	5,925	6,667
Printing and publications	16,682	250	1,232	-	18,164	17,062
Professional fees	65,242	1,630	31,929	-	98,801	98,415
Special event expenses	-	-	29,222	67,893	97,115	87,060
Travel	33,411	860	1,343	-	35,614	39,982
Total functional expenses	<u>2,143,940</u>	<u>96,944</u>	<u>186,372</u>	<u>67,893</u>	<u>2,495,149</u>	<u>2,794,159</u>
Less expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,893)</u>	<u>(67,893)</u>	<u>(63,518)</u>
Total expenses included in the expense section of the statement of activities	2,143,940	96,944	186,372	-	2,427,256	2,730,641
Administrative allocation	92,448	(96,944)	4,496	-	-	-
Total expenses after allocation	<u>\$ 2,236,388</u>	<u>\$ -</u>	<u>\$ 190,868</u>	<u>\$ -</u>	<u>\$ 2,427,256</u>	<u>\$ 2,730,641</u>

The accompanying notes to financial statements
are an integral part of these statements.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (5,483)	\$ 28,744
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	47,385	46,166
Amortization of right-of-use asset	3,580	1,118
Realized and unrealized (gains) losses	(248,629)	388,059
Donation of other asset held for sale	(17,005)	-
Donation of stock	(45,480)	(16,110)
Change in assets and liabilities:		
Accounts receivable	56,597	129,135
Promises to give	(2,115)	14,989
Prepaid expenses	(2,036)	7,187
Accounts payable	2,478	3,429
Accrued payroll and payroll taxes	(20,480)	6,065
Accrued vacation	(6,439)	2,076
Net cash provided (used) by operating activities	<u>(237,627)</u>	<u>610,858</u>
Cash Flows from Investing Activities:		
Proceeds from investment sales	2,727,816	481,512
Purchases of investments	(2,311,417)	(1,179,861)
Purchase of property and equipment	-	(48,785)
Net cash provided (used) by investing activities	<u>416,399</u>	<u>(747,134)</u>
Cash Flows from Financing Activities:		
Proceeds from line of credit	352,800	317,000
Payments on line of credit	(427,800)	(242,000)
Principal payments of finance lease	(3,508)	(1,147)
Net cash provided (used) by financing activities	<u>(78,508)</u>	<u>73,853</u>
Change in cash	100,264	(62,423)
Cash at beginning of year	<u>66,534</u>	<u>128,957</u>
Cash at end of year	<u>\$ 166,798</u>	<u>\$ 66,534</u>
Supplementary Information:		
Interest paid	<u>\$ 4,093</u>	<u>\$ 618</u>
Donated other asset held for sale	<u>\$ 17,005</u>	<u>\$ -</u>
Donated stock	<u>\$ 45,480</u>	<u>\$ 16,110</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	<u>\$ 316</u>	<u>\$ 69</u>
Financing cash flows from finance leases	<u>\$ 3,309</u>	<u>\$ 1,147</u>
Right-of-use assets obtained in exchange for lease liabilities:		
Finance leases	<u>\$ 8,002</u>	<u>\$ 5,589</u>

The accompanying notes to financial statements
are an integral part of these statements.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2023 and 2022

1. Nature of Organization

The mission of Life Navigators, Inc., (“Organization”) a nonprofit organization, is to improve the quality of life for individuals with developmental and related disabilities, their families and the community through information, education, advocacy and life planning programs. Life Navigators, Inc. is supported primarily through donor contributions, program fees and contracts. The Organization’s main activities consist of the following:

- **Information, Education and Advocacy** – Offers a variety of services that impact children, adults, and families with disabilities, including our helpline, education events, and community outreach.
- **Self-Advocacy and Independence** – Organizing opportunities for kids and adults to participate in community outings, education, trainings and volunteer opportunities.
- **Trust Program** – Offer planning assistance for the financial and service needs of individuals with disabilities to create bright futures.
- **Guardianship** – Securing the health, safety and happiness of individuals with disabilities who may not have a family member to provide this essential monitoring and support.
- **Integrated Family Support** – Connect families of kids and adults with disabilities to community resources and programs
- **Care Management Unit** – Coordinate long-term care services for individuals with disabilities through a partnership with My Choice Wisconsin’s Family Care Program. This program ended May 31, 2023.
- **Court Comprehensive Evaluations** – Providing an independent evaluation and court report to determine if an individual meets the standard for Chapter 55 protective placement. Contracted through Milwaukee County Aging and Disabilities Services.
- **Children’s Long Term Support** – Connects kids with disabilities and their families with the services they need to live a happy and healthy life.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Life Navigators, Inc. have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America (“U.S. GAAP”). Under these principles, the Organization is required to report information regarding its financial position and activities according to classes of net assets as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment fund.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets that are subject to perpetuity.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2023 and 2022
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Cash

The Organization considers all checking and savings accounts and all other highly liquid debt instruments purchased with an original maturity of three months or less to be cash, excluding amounts whose use is limited or restricted, and amounts held in the investment accounts.

Trade Receivables and Allowance for Credit Losses

Trade receivables are recorded at contract value.

The Organization estimates expected credit losses on trade receivables based on historical credit loss experience, current economic conditions, and reasonable and supportable forecasts that affect the collectability of the trade receivables. The Organization has determined that no allowance for credit loss on trade receivables is necessary for the years ending December 31, 2023 and 2022, based on management's review of outstanding receivables, historical collection information, and existing economic conditions.

The credit risk profile of trade receivables is categorized based on credit quality indicators. The Organization uses this information to determine appropriate allowances for expected credit losses. The determination of expected credit losses involves significant judgments and estimates. Changes in economic conditions or customer payment behavior may impact the allowance for credit losses.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The Organization wrote off \$0 and \$2,125 in trade receivables for the years ending December 31, 2023 and 2022, respectively.

The Organization had trade receivable balances as follows:

	<u>January 1, 2022</u>		<u>December 31, 2022</u>		<u>December 31, 2023</u>
Trade Receivables	\$ 177,293	\$	182,313	\$	135,727

Promises to Give

Promises to give are recorded at their estimated fair value, less an appropriate present value discount. Management has determined all to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

Investments

Under U.S. GAAP, investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair value in the statements of financial position. Unrealized gains and losses are included in the change of net assets on the statement of activities.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2023 and 2022
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. It emphasizes that fair value is a market-based measurement and not an entity-specific measurement. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

Level 1 – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlation with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Stocks, other and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at net asset value of shares held by the Organization at year-end

Bonds: Valued at net asset value of bond holdings held by the Organization at year-end

Held by the Greater Milwaukee Foundation and Waukesha County Community Foundation: Valued at the net asset value provided by the trust for investments held by the trust at year-end.

Property and Equipment

The Organization's policy is to capitalize all property and equipment costing over \$5,000. Property and equipment are capitalized at cost or at fair value if donated and depreciated over their estimated useful lives using the straight-line method. The cost and related accumulated depreciation of property and equipment are removed from asset accounts upon disposal. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense for 2023 and 2022 was \$47,385 and \$46,166, respectively.

Leases

The Organization determines if an arrangement is a lease at inception. Finance leases are included in finance lease right of use assets, finance lease liabilities, and finance lease liability, net of current portion on the Organization's statement of financial position.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a short-term basis.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2023 and 2022
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to its leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The finance lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Estimates

The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from performance obligations satisfied at a point in time consists of the following:

- **Fee for service contracts and program service fees** – recognized as performance obligations are met

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash, legacies and bequests, pooled trust distributions and promises to give** - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, 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. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at prime interest rate and is reported as contribution revenue.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2023 and 2022
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- **Federal and state contracts** – Federal and state contracts are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses are incurred.
- **Contributed nonfinancial assets** – contributed tangible assets are recognized at fair market value when received or when a gift of in-kind service is performed on behalf of the Organization

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- **Special event revenue** – The direct benefit to donors is recognized as revenue as an exchange transaction, while the remaining is recognized as a non-exchange contribution.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on the functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimate of appropriate level of employee full-time equivalents worked within that program.

Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (May 10, 2024). There were no subsequent events that required recognition or disclosure.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements. Life Navigators, Inc. is not considered to be a private foundation by the IRS.

The Organization has implemented accounting for uncertainty in income taxes in accordance with accounting principles generally accepted in the United States of America. This standard prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosures required. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

LIFE NAVIGATORS, INC.
Wauwatosa, Wisconsin

Notes to the Financial Statements
Years Ended December 31, 2023 and 2022
(Continued)

2. Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Guidance – Allowance for Credit Losses

In June 2016, the FASB issued guidance FASB ASC 326, *Financial Instruments – Credit Losses* (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model, that is referred to as the current expected credit loss ("CECL") methodology. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization has implemented the standard using the modified retrospective approach and has elected the practical expedient to not adjust the comparative periods presented in the financial statements. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

3. Liquidity and Availability

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 166,798	\$ 66,534
Investments	1,698,684	1,790,695
Greater Milwaukee Foundation investments	613,040	646,987
Waukesha County Community Foundation investments	28,257	24,589
Promises to give	7,115	15,011
Trade receivables	<u>135,727</u>	<u>182,313</u>
Total financial assets	2,649,621	2,726,129
Less amounts not available to be used within one year for general expenditures:		
Restricted by donor with purpose restrictions	-	(73,524)
Board designation – endowment fund for long-term investing	<u>(641,297)</u>	<u>(598,051)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>2,008,324</u>	\$ <u>2,054,554</u>

The Organization's endowment funds consist of funds designated by the board. The Organization does not intend to take distributions from the funds. Time restrictions included above are those that will not be collected within the next 12 months.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the Organization's cash for the years ended December 31, 2023 and 2022.

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(Continued)

4. Investments

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP:

<u>Description</u>	<u>Fair Value Measurement at Reporting Date Using</u>			
	<u>Total</u> <u>12/31/23</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Cash held in investment account	\$ 20,093	\$ 20,093	\$ -	\$ -
Exchange traded funds:				
Intermediate govt bond	86,676	86,676	-	-
Large blend	144,557	144,557	-	-
Large growth	87,610	87,610	-	-
Large value	168,057	168,057	-	-
Mid-cap growth	17,340	17,340	-	-
Mid-cap value	53,493	53,493	-	-
Short-term govt bond	57,747	57,747	-	-
Small blend	46,475	46,475	-	-
Mutual funds:				
Large blend	169,956	169,956	-	-
Large growth	214,393	214,393	-	-
Large value	108,581	108,581	-	-
Mid-cap growth	43,953	43,953	-	-
Mid-cap value	43,840	43,840	-	-
Ultrashort bond	118,431	118,431	-	-
Intermediate Core Bond	172,833	172,833	-	-
Short-term bond	144,649	144,649	-	-
Total	\$ 1,698,684	\$ 1,698,684	\$ -	\$ -
Investments held by the Greater Milwaukee Foundation	\$ 613,040	\$ -	\$ 613,040	\$ -
Investments held by the Waukesha Community Foundation	\$ 28,257	\$ -	\$ 28,257	\$ -

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Notes to the Financial Statements
Years Ended December 31, 2023 and 2022
(Continued)

4. Investments (continued)

<u>Description</u>	<u>Fair Value Measurement at Reporting Date Using</u>			
<u>Total</u> <u>12/31/22</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Cash held in investment account	\$ 23,287	\$ 23,287	\$ -	\$ -
Exchange traded funds:				
Large blend	162,641	162,641	-	-
Large value	147,408	147,408	-	-
Small blend	18,549	18,549	-	-
Foreign large blend	66,201	66,201	-	-
Mid-cap blend	82,968	82,968	-	-
Mutual funds:				
Large blend	212,304	212,304	-	-
Large growth	92,911	92,911	-	-
Large value	116,839	116,839	-	-
Mid-cap growth	97,601	97,601	-	-
Mid-cap value	105,069	105,069	-	-
Ultrashort bond	363,988	363,988	-	-
Short-term bond	300,929	300,929	-	-
Total	\$ 1,790,695	\$ 1,790,695	\$ -	\$ -
Investments held by the Greater Milwaukee Foundation	\$ 646,987	\$ -	\$ 646,987	\$ -
Investments held by the Waukesha Community Foundation	\$ 24,589	\$ -	\$ 24,589	\$ -

The statement of activities includes realized and unrealized gains (losses) of \$248,629 and (\$388,059) for the years ended December 31, 2023 and 2022, respectively.

The investment objective of the Organization is to meet or exceed and absolute total annualized rate of return of 8-10%. On an annual basis, approximately 5% of the market value of the investment trust, as determined on June 30 of the previous year, is budgeted toward operating support. This is an internally imposed restriction; the full investment balance is available for use.

The Organization's investments are exposed to various risks of loss, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

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(Continued)

5. Promises to Give

The Organization's promises to give are all receivable within one year and therefore no present value discount calculated for the years ended December 31, 2023 and 2022. Unconditional promises are expected to be realized in the following periods:

	<u>2023</u>	<u>2022</u>
In one year or less	\$ 7,115	\$ 15,011
Less: Present value discount	-	-
Net promises to give	<u>\$ 7,115</u>	<u>\$ 15,011</u>

6. Leases

The Organization has finance leases for a mailing machine and a copy machine. As of December 31, 2023 and 2022, assets recorded as finance lease right of use assets were \$13,591 and \$5,589, respectively and accumulated amortization of \$4,698 and \$1,118, respectively.

The components of finance lease expense were as follows for the years ended December 31:

Finance lease cost:	<u>2023</u>	<u>2022</u>
Amortization of right of use assets	\$ 3,580	\$ 1,118
Interest on lease liabilities	334	69
Total	<u>\$ 3,914</u>	<u>\$ 1,187</u>

The following summarizes the weighted average remaining lease term and discount rate for the finance lease as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term	2.53 years	4 years
Weighted Average Discount Rate	3.16%	1.37%

The maturities of finance lease liabilities as of were as follows for years ending December 31:

2024	\$ 3,844
2025	3,844
2026	1,570
Total future minimum lease payments	<u>9,258</u>
Less: present value discount	(324)
Total lease liabilities	<u>\$ 8,934</u>

7. State Unemployment Reserve

The Organization has an irrevocable standby letter of credit as a reserve for state unemployment. The letter of credit expires on December 31, 2026 and has an available balance of \$19,852. As of December 31, 2023 and 2022, there was no outstanding balance on the letter of credit.

8. Employee Retirement Plan

The Organization sponsors a 403(b) savings plan in which Life Navigators, Inc. will match one-half of the employee's voluntary contribution up to six percent of annual compensation for all eligible employees. The Organization's contribution in 2023 and 2022 was \$31,252 and \$31,944, respectively.

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9. Line of Credit

The Organization has a variable interest rate line of credit in the amount of \$150,000 from Associated Bank to enable it to meet expenses while awaiting grant disbursements. The Organization agreed to secure this line of credit with the Organization's assets. The line matures on June 12, 2028 and accrues interest at 1.95 percentage points above index with a minimum of 9.10%. The interest rate was 10.45% and 8.50% at December 31, 2023 and 2022, respectively. The line had an outstanding balance of \$0 and \$75,000 at December 31, 2023 and 2022, respectively and interest expense of \$3,759 and \$549 for the years ended December 31, 2023 and 2022, respectively.

10. Net Assets with Donor Restriction

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

	<u>2023</u>	<u>2022</u>
Restricted to expenditure for specified purpose:		
Greater Milwaukee Foundation investments	\$ -	\$ 73,524
Restricted for passage of time:		
Promises to give, net	7,115	5,000
Restricted for future use	-	10,011
Total subject to expenditure for passage of time	7,115	15,011
Total net assets with donor restriction	\$ 7,115	\$ 88,535

The Organization's governing board has designated from net assets without donor restrictions, net assets for the following purposes:

	<u>2023</u>	<u>2022</u>
Life Navigators Endowment Fund	\$ 163,307	\$ 148,695
Schaus Family Fund	449,733	424,767
Life Navigators Fund	28,257	24,589
Total board designated net assets	\$ 641,297	\$ 598,051

11. Quasi-Endowment Funds

The Organization's endowment funds consist of three individual funds established to support the mission of the Organization for years to come. The three funds resulted from an internal designation and are not donor-restricted, therefore, they are classified and reported as board designated without donor restriction.

The Life Navigators Endowment Fund and Schaus Family Fund are being held at the Greater Milwaukee Foundation. The Life Navigators Fund is held at the Waukesha County Community Foundation. The Organization utilizes the investment policies described in Note 4 when managing these endowment funds. The Organization has no current plans to take a distribution from the endowment funds.

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(Continued)

11. Quasi-Endowment Funds (continued)

A reconciliation of the Organization's board designated, without donor restriction endowment activities are as follows:

Balance, December 31, 2021	\$	175,872
Investment activity, net		(101,015)
Contributions		525,000
Administration fees		(1,806)
Balance, December 31, 2022	\$	598,051
Investment activity, net		49,327
Administration fees		(6,081)
Balance, December 31, 2023	\$	641,297

12. Greater Milwaukee Foundation Investments

U.S. GAAP requires that if a community foundation accepts a contribution from an Agency and agrees to transfer those assets, the return on investment of those assets or both back to the Agency, then these contributions are presented as a liability (instead of as a net asset) on the financial statements of the community foundation and as an asset on the financial statements of the donor. As a result, assets transferred by the Organization to the Greater Milwaukee Foundation, a community foundation, for which the Organization, as donor, is the beneficiary of the transferred assets, have been reflected on the Organization's statement of financial position as an asset entitled "Greater Milwaukee Foundation Investments." The Board of Trustees of the Greater Milwaukee Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

13. Life Navigators Fund at Waukesha County Community Foundation

The Organization entered into an agreement with the Waukesha County Community Foundation, Inc. (the "Foundation") to form an endowment fund to be known as the Life Navigators Fund ("Fund"). This endowment fund started with an initial investment of \$25,000. The terms of the agreement state that the fund must maintain a \$10,000 balance at all times. The assets of the Fund are assets of the Foundation and not a separate trust. Funds are available for distribution to the Organization in accordance with the Foundation's distribution policies in order that the principal is maintained and preserved. The use of distributions is at the discretion of the Organization and is therefore unrestricted.

14. Special Events

Special event activities are reported by their natural classification in the statements of activities. Gross special event revenues and expenses are as follows for the years ended December 31:

	<u>2023</u>		<u>2022</u>
Revenue:			
Non-exchange contributions	\$ 347,079	\$	260,610
Exchange direct benefit to donor	67,893		63,518
Total revenue	414,972		324,128
Expenses:			
Direct benefit to donors	(67,893)		(63,518)
Incidental benefits	(29,222)		(23,542)
Total expense	(97,115)		(87,060)
Special events, net	\$ 317,857	\$	237,068

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15. Contributed Nonfinancial Assets

Contributed nonfinancial assets of goods and services are recorded as revenue and expenses at their fair value. Contributed services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included as contributed nonfinancial asset expense. The statement of activities includes the following contributed nonfinancial services recognized by category for the year ended December 31, 2023:

<u>Type</u>	<u>2023</u>	<u>2022</u>	<u>Utilization in Activities</u>	<u>Donor Restrictions</u>
Donated goods	\$ 13,549	\$ 27,919	Self-advocacy independence trust pool	None
Donated goods	12,000	2,947	Fundraising	None
Advertising	-	3,639	Fundraising	None
Advertising	1,914	-	Self-advocacy independence trust pool	None
Museum artifacts	17,005	-	Fundraising	None
Website development	-	2,330	Fundraising	None
Printing services	-	1,764	Fundraising	None
Printing services	2,190	-	Self-advocacy independence trust pool	None
Printing services	108	-	Advocacy	None
Total	<u>\$ 46,766</u>	<u>\$ 38,599</u>		

The Organization received all remaining assets from the Eisner Museum of Advertising with the intention to sell the assets to raise funds for the benefit of the Organization. The museum is shown as an asset on the statement of financial position as other asset held for sale.

The Organization used the following valuation techniques and inputs to recognize contributed nonfinancial assets:

Advertising, website development and printing services – Valued at the estimated fair value based on retail rates for similar services.

Donated goods – Valued at the estimated fair value based on retail rates for similar items.

Museum artifacts – Valued at the estimated fair value based on anticipated proceeds to be received on sale of the items.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the furtherance of its exempt purpose. The values of these services are not recorded in the financial statements.

16. Concentrations

Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization's bank accounts were insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2023 and 2022. The Organization has never experienced any losses related to these balances.

Approximately 24% and 49% of the Organization's support for the years ended December 31, 2023 and 2022 came from the My Choice Family Care – Care Management program, respectively. This program ended May 31, 2023. Approximately 19% of the Organization's support for the year ended December 31, 2022, came from donations from a board member of the Organization.

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17. Related Party

During 2022, the Organization employed a business manager whose husband was the president and CEO of the Organization's bookkeeping firm. The Organization paid the related party \$38,895 during the year ended December 31, 2023. The bookkeeping firm is no longer a related party for the year ended December 31, 2023.

18. Commitments and Contingencies

The Organization has received government grants for specific purposes that are subject to review and audit by the funding agencies. Such audits could lead to requests for reimbursement to the funding agency for expenditures disallowed under terms of the grants. Management believes any such disallowances, if any, would be immaterial.