

Next Door Foundation, Inc.

Milwaukee, Wisconsin

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023



nextdoor
— Stronger Families Through Education —

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Next Door Foundation, Inc.

Years Ended June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Next Door Foundation, Inc.
Milwaukee, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Next Door Foundation, Inc. (the "Next Door"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Next Door Foundation, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits 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*, issued by the Comptroller General of the United States of America. 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 Next Door Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Next Door Foundation, 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 and *Government 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.

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 Next Door Foundation, 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 Next Door Foundation, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity, Schedules A1 to A6, and schedule of expenditures of federal and state awards, Schedule B, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and the Schedule of Charter School Revenue and Expenditures, are presented for purposes of additional analysis and are not required parts 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. 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 January 9, 2025, on our consideration of the Next Door Foundation, 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 Next Door Foundation, 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 the Next Door Foundation, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Green Bay, Wisconsin

January 9, 2025

Next Door Foundation, Inc.

Statements of Financial Position

June 30, 2024 and 2023

	<i>Assets</i>	2024	2023
Current assets:			
Cash and cash equivalents		\$ 2,112,047	\$ 2,211,983
Grants receivable		1,944,789	1,936,098
Promises to give, net		238,500	128,000
Prepaid expenses and other		429,421	252,131
Total current assets		4,724,757	4,528,212
Other assets:			
Cash surrender value of life insurance		794,763	763,056
Investments		2,251,423	1,991,513
Promises to give, net, less current portion		240,637	158,239
Total other assets		3,286,823	2,912,808
Property and equipment, net		9,813,073	10,544,927
TOTAL ASSETS		\$ 17,824,653	\$ 17,985,947

Next Door Foundation, Inc.
Statements of Financial Position (Continued)

June 30, 2024 and 2023

<i>Liabilities and Net Assets</i>	2024	2023
Current liabilities:		
Accounts payable, operations	\$ 382,919	\$ 359,982
Current maturities of long-term debt	164,625	164,625
Accrued payroll and related expenses	537,349	385,650
Refundable advance liability - private grants	600	336,281
Total current liabilities	1,085,493	1,246,538
Long-term debt, less current maturities, net	2,894,656	3,059,281
Total liabilities	3,980,149	4,305,819
Net assets:		
Without donor restrictions:		
Undesignated	10,126,974	11,034,872
Board designated - future improvements	1,582,029	1,478,357
Total net assets without donor restrictions	11,709,003	12,513,229
With donor restrictions	2,135,501	1,166,899
Total net assets	13,844,504	13,680,128
TOTAL LIABILITIES AND NET ASSETS	\$ 17,824,653	\$ 17,985,947

See accompanying notes to financial statements.

Next Door Foundation, Inc.

Statements of Activities

Year Ended June 30, 2024

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 375,040	\$ 20,510,600	\$ 20,885,640
United Way revenue	-	110,000	110,000
Contributions	1,001,702	265,788	1,267,490
Childcare revenue	2,208,379	-	2,208,379
Investment income	307,368	6,017	313,385
Other income	87,493	144,743	232,236
Noncash contributions	711,547	-	711,547
Net assets released from restrictions	20,068,546	(20,068,546)	-
Total revenue	24,760,075	968,602	25,728,677
Expenses:			
Program activities:			
Child development activities	22,604,504	-	22,604,504
Supportive services:			
Development and fundraising	627,866	-	627,866
Management and general	2,331,931	-	2,331,931
Total supportive services	2,959,797	-	2,959,797
Total expenses	25,564,301	-	25,564,301
Changes in net assets	(804,226)	968,602	164,376
Net assets at beginning	12,513,229	1,166,899	13,680,128
Net assets at end	\$ 11,709,003	\$ 2,135,501	\$ 13,844,504

Next Door Foundation, Inc.

Statements of Activities (Continued)

Year Ended June 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 848,057	\$ 20,499,330	\$ 21,347,387
United Way revenue	-	68,750	68,750
Contributions	761,123	463,955	1,225,078
Childcare revenue	2,332,690	-	2,332,690
Investment income	267,350	-	267,350
New market tax credit forgiveness	1,809,000	-	1,809,000
Other income	90,433	-	90,433
Noncash contributions	1,095,877	2,946	1,098,823
Net assets released from restrictions	20,722,846	(20,722,846)	-
Total revenue	27,927,376	312,135	28,239,511
Expenses:			
Program activities:			
Child development activities	23,695,647	-	23,695,647
Supportive services:			
Development and fundraising	553,945	-	553,945
Management and general	2,351,580	-	2,351,580
Total supportive services	2,905,525	-	2,905,525
Total expenses	26,601,172	-	26,601,172
Changes in net assets	1,326,204	312,135	1,638,339
Net assets at beginning	11,187,025	854,764	12,041,789
Net assets at end	\$ 12,513,229	\$ 1,166,899	\$ 13,680,128

See accompanying notes to financial statements.

Next Door Foundation, Inc.

Statements of Functional Expenses

Years Ended June 30, 2024 and 2023

	2024			
	Program Expenses	Management and General	Development and Fundraising	Total
Salaries and wages	\$ 11,951,676	\$ 1,119,965	\$ 388,063	\$ 13,459,704
Fringe benefits	3,160,402	261,789	132,543	3,554,734
Staff training and enrichment	274,006	11,952	1,466	287,424
Recruitment	-	5,577	12,050	17,627
Supplies	903,067	130,740	33,197	1,067,004
Family support costs	85,690	12,709	2,252	100,651
Collaboration expense	2,012,157	469,320	8,480	2,489,957
Postage	356	6,675	4,460	11,491
Telephone	95,675	58,971	2,712	157,358
Insurance	102,259	-	-	102,259
Dues and subscriptions	58,457	66,214	474	125,145
Professional fees	691,184	-	-	691,184
Occupancy	1,519,449	173,249	31,500	1,724,198
Depreciation	745,293	-	-	745,293
Interest	286,939	-	-	286,939
Other	6,347	14,770	10,669	31,786
Noncash contributions	711,547	-	-	711,547
Total	\$ 22,604,504	\$ 2,331,931	\$ 627,866	\$ 25,564,301

Next Door Foundation, Inc.

Statements of Functional Expenses (Continued)

Years Ended June 30, 2024 and 2023

	2023			
	Program Expenses	Management and General	Development and Fundraising	Total
Salaries and wages	\$ 12,167,566	\$ 985,856	\$ 330,187	\$ 13,483,609
Fringe benefits	3,068,673	161,098	115,029	3,344,800
Staff training and enrichment	245,649	88,035	5,259	338,943
Recruitment	50,586	-	-	50,586
Supplies	1,248,479	153,027	31,965	1,433,471
Family support costs	94,261	12,655	12,762	119,678
Collaboration expense	2,218,993	-	-	2,218,993
Postage	7,630	3,242	4,430	15,302
Telephone	142,694	37,435	2,626	182,755
Insurance	100,081	-	3,255	103,336
Dues and subscriptions	49,621	20,509	1,428	71,558
Professional fees	112,711	747,085	21,471	881,267
Occupancy	1,812,535	141,089	24,952	1,978,576
Depreciation	719,273	-	-	719,273
Interest	254,912	-	-	254,912
Deferred financing fees	264,910	-	-	264,910
Other	38,250	1,549	581	40,380
Noncash contributions	1,098,823	-	-	1,098,823
Total	\$ 23,695,647	\$ 2,351,580	\$ 553,945	\$ 26,601,172

See accompanying notes to financial statements.

Next Door Foundation, Inc.

Statements of Cash Flows

Year Ended June 30, 2024

	2024	2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 164,376	\$ 1,638,339
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	745,293	719,273
Amortization of deferred financing fees classified as interest	-	3,812
Write-off of deferred financing fees	-	264,910
Net realized and unrealized gain on investments	(270,407)	(197,459)
Forgiven debt	-	(1,809,000)
Change in discount on promises to give	15,102	7,200
Change in cash surrender value of life insurance	(31,707)	(25,044)
Changes in operating assets and liabilities:		
Grants receivable	(8,691)	(513,519)
Promises to give	(170,500)	(249,760)
Prepaid expenses and other	(177,290)	69,024
Accounts payable, operations	22,937	(114,570)
Accrued payroll and related expenses	151,698	(31,193)
Refundable advance liability - private grants	(335,681)	(43,313)
Net cash from operating activities	105,130	(281,300)
Cash flows from investing activities:		
Capital expenditures	(13,438)	(815,039)
Investment in LLC	-	(15,161)
Proceeds from sale of investments	12,106	52,877
Purchase of investments	(1,609)	(69,891)
Net cash from investing activities	(2,941)	(847,214)
Cash flows from financing activities:		
Proceeds from debt	-	3,292,500
Principal payments on debt	(164,625)	(3,743,689)
Proceeds received from contributions restricted for building improvements	(37,500)	112,501
Net cash from financing activities	(202,125)	(338,688)
Changes in cash and cash equivalents	(99,936)	(1,467,202)
Cash and cash equivalents at beginning of year	2,211,983	3,679,185
Cash and cash equivalents at end of year	\$ 2,112,047	\$ 2,211,983
Supplemental cash flow information:		
Cash paid for interest	\$ 286,939	\$ 261,502
Supplemental investing cash flow information:		
Investment in LLC applied to debt settlement	\$ -	\$ 479,017

See accompanying notes to financial statements.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Next Door Foundation, Inc. ("Next Door") makes a positive difference in people's lives by promoting their self-worth, dignity, and moral values. Focused primarily on the near west and north side neighborhoods of Milwaukee, Next Door's programs provide educational, counseling, employment, recreational, and supportive services through a nurturing one-on-one approach for children, youth, and families. Next Door strives to achieve common goals through creative partnerships with program participants, volunteers, public and private donors, churches, businesses, and other community agencies. One of Next Door's primary programming options is early childhood development for which they operate a Head Start and Early Head Start program for children ages 0 to 5, in addition to a Charter School (Next Door Charter School) for K4 and K5 age groups.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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, a board-designated endowment.

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 the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Concentration

Next Door received approximately 64% and 60% of total revenue from the federal and state Head Start grants for the years ended June 30, 2024 and 2023.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any 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.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards that are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue in accordance with ASC Topic 958-605 when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reflected as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized in accordance with ASC Topic 606 when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. Next Door does not have any contract liabilities at June 30, 2024 or 2023.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Childcare Revenue

Next Door recognized revenue from exchange transactions from contracts with customers for childcare fees received from Milwaukee Public Schools and Wisconsin Department of Children and Families on behalf of the family receiving services.

Milwaukee Public Schools: The contract period runs from July to June. Next Door's performance obligation is to provide 4K and 5K educational instruction to the children. Revenue from the Milwaukee Public Schools contract is recognized over time as the customers are simultaneously receiving and consuming the benefits of the services.

Next Door feels the input method is the most faithful depiction of the transfer of goods or service, using time elapsed.

Wisconsin Department of Children and Families: The contract period runs from July to June. Next Door's performance obligation is to provide childcare services to the children. Contract terms are established when parents enroll their child in the program. Pricing is established based on age of child, hours needed per day, and if enrolled on a full time or part time basis. If a family is eligible for the Wisconsin Shares Child Care Subsidy through the State of Wisconsin, the family is responsible for applying for and maintaining eligibility. Revenue is recognized over time as the customers are simultaneously receiving and consuming the benefits of the services. Next Door feels the input method is the most faithful depiction of the transfer of goods or service, using time elapsed.

Total revenue from contracts recognized in accordance with ASC 606 during the year ended June 30, 2024 and 2023, and included in the statement of activities is summarized below:

	2024	2023
Milwaukee Public Schools – over time	\$ 917,526	\$ 1,233,961
Wisconsin Department of Children and Families – over time	1,290,852	1,098,729
Total	\$ 2,208,378	\$ 2,332,690

Noncash Contributions

Next Door has recorded noncash contributions for space, professional services, and supplies in the statements of activities in accordance with financial accounting standards. Those standards require that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. Next Door received contributions of nonprofessional volunteers with a value of \$468,780 and \$721,433 for the years ended June 30, 2024 and 2023, that are not recorded in the statements of activities.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of financial statement presentation, Next Door considers their checking, savings, overnight repurchase, and certain money market accounts, which have an original maturity of 90 days or less, to be cash and cash equivalents.

Investments

Investments are recorded at fair value as determined in an active market. Unrealized gains and losses are included in other income in the accompanying statements of activities. Investment fees, if any, are netted with return.

Grants Receivable

Grants receivable consist primarily of amounts billed under cost reimbursement contracts. Next Door analyzes the receivables and records an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as evaluations of the collectability, prior loss and at that time it is charged against the allowance. Next Door has determined that no allowance for uncollectible accounts is necessary at June 30, 2024 and 2023.

Promises to Give

Promises to give are unconditional promises to give in future periods. Promises to give expected to be collected within one year are recorded at their net realizable value. Promises to give expected to be collected in future years are recorded at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the year in which the promise is received. Amortization of discount is included in contribution revenue. Next Door has determined that no allowance for uncollectible accounts is necessary at June 30, 2024 and 2023.

Property and Equipment

Property and equipment are capitalized at cost or donated value and depreciated over their estimated useful lives using either the straight-line or an accelerated method. Next Door capitalizes items with a cost greater than \$5,000 and a useful life of more than one year.

Next Door reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Next Door reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by the Next Door while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds are normally restricted for use in specific programs operated by Next Door. The net book value of grant-funded property and equipment included on the statements of financial position is \$771,340 and \$913,300 at June 30, 2024 and 2023.

Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining debt to finance the construction and renovation at a childcare site. Unamortized financing fees have been recorded as a reduction to the related debt obligation. The costs are amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method, which approximates the effective interest method.

Income Taxes

Next Door is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Next Door is also exempt from Wisconsin state income tax. Next Door is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. Next Door has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present an analysis of expenses by nature and function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Subsequent Events

Next Door has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 9, 2025, which is the date the financial statements were available to be issued.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 2: Concentration of Credit Risk

Next Door maintains its bank accounts at one financial institution insured by the Federal Deposit Insurance Corporation (FDIC). Depository accounts at this institution are insured by the FDIC up to \$250,000. At times, balances exceed FDIC insured levels. Management has assessed the credit worthiness of this institution and does not feel the deposits are subject to significant risk.

Note 3: Liquidity and Availability

Next Door does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately one to two months of operating expenses. Next Door can rely on a lower cash balance as they are primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred an organization can request reimbursement from the funding source. Their grants have varying renewal dates. Next Door has grant commitments for future expenses of over \$20,400,000. In addition, Next Door has one line of credit available for cash flow needs up to \$750,000 as further described in Note 10.

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of June 30:

	2024	2023
Cash and cash equivalents	\$ 2,112,047	\$ 2,211,983
Cash surrender value of life insurance	794,763	763,056
Investments	2,251,423	1,991,513
Promises to give - current	238,500	128,000
Subtotal financial assets	5,396,733	5,094,552
Less: Restricted and designated program contributions included in cash and cash equivalents	(521,649)	(48,722)
Less: Restricted and designated Capital Campaign funds included in cash and cash equivalents	(448,458)	(208,626)
Less: Refundable advance liability – private grants in cash and cash equivalents	(600)	(336,281)
Less: Restricted and designated investments	(2,251,423)	(1,991,513)
Less: Promises to give restricted for purpose	(238,500)	(128,000)
Total	\$ 1,936,103	\$ 2,381,410

Next Door Foundation, Inc.

Notes to Financial Statements

Note 4: Investments

Investments, at fair value, consist of the following at June 30:

	2024	2023
Money market funds	\$ 35,980	\$ 36,278
Fixed income funds	935,372	866,270
Equity mutual funds	1,280,071	1,088,965
Totals	\$ 2,251,423	\$ 1,991,513

Investment income on the statements of activities, for the years ended June 30 on the above investments consists of the following:

	2024	2023
Net realized and unrealized gain	\$ 270,407	\$ 197,459
Dividends and interest	42,979	69,892
Totals	\$ 313,386	\$ 267,350

Note 5: Fair Value Measurements

GAAP specifies a three-tier fair value hierarchy, which prioritizes the inputs used in estimating fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's 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 maximize the use of observable inputs and minimize the use of unobservable inputs. Investments, which consist of Money Market funds, equity mutual funds, and fixed income mutual funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired investments, are measured at fair value on a nonrecurring basis. Next Door does not have any liabilities that are measured at fair value, nor are there assets or liabilities measured on a nonrecurring basis as of June 30, 2024 and 2023.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 5: Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis as of June 30, 2024, is as follows:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	\$ -	\$ 35,980	\$ -	\$ 35,980
Equity mutual funds:				
Domestic large blend funds	1,213,320	-	-	1,213,320
Foreign large blend funds	66,751	-	-	66,751
Intermediate term bond funds	935,372	-	-	935,372
Total	\$ 2,215,443	\$ 35,980	\$ -	\$ 2,251,423

Information regarding the fair value of assets measured at fair value on a recurring basis as of June 30, 2023, is as follows:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	\$ -	\$ 36,278	\$ -	\$ 36,278
Equity mutual funds:				
Domestic large blend funds	844,358	-	-	844,358
Foreign large blend funds	61,050	-	-	61,050
Intermediate term blend funds	183,557	-	-	183,557
Intermediate term bond funds	866,270	-	-	866,270
Total	\$ 1,955,235	\$ 36,278	\$ -	\$ 1,991,513

Note 6: Grants Receivable

The balance consists of amounts due from various agencies as follows:

	2024	2023
Federal grants	\$ 1,515,713	\$ 987,570
State of Wisconsin grants	429,076	948,528
Total Grant receivable	\$ 1,944,789	\$ 1,936,098

Next Door Foundation, Inc.

Notes to Financial Statements

Note 7: Promises to Give

Unconditional promises to give are reflected at present value of estimated future cash flows using a discount rate of 3.5% for the year ended June 30, 2024 and 5.2% for June 30, 2023.

	2024	2023
Receivable in less than one year	\$ 238,500	\$ 128,000
Receivable in one to five years	257,500	160,000
Total	496,000	288,000
Discount to net present value	(16,863)	(1,761)
Promises to give, net	\$ 479,137	\$ 286,239

	2024	2023
Current promises to give	\$ 238,500	\$ 128,000
Long-term promises to give	240,637	158,239
Totals	\$ 479,137	\$ 286,239

Note 8: Cash Surrender Value of Life Insurance

Next Door is the owner of various life insurance policies that were donated in previous years. The policies are recorded based on the policy cash surrender value. The value was \$794,763 and \$763,056 at June 30, 2024 and 2023.

Note 9: Property and Equipment

Property and equipment consist of the following:

	2024	2023
Land and improvements	\$ 1,189,147	\$ 1,189,147
Buildings and improvements	15,367,423	15,353,985
Equipment	2,793,002	2,793,002
Sub totals	19,349,572	19,336,134
Accumulated depreciation	(9,536,499)	(8,791,207)
Property and equipment, net of accumulated depreciation	\$ 9,813,073	\$ 10,544,927

Next Door Foundation, Inc.

Notes to Financial Statements

Note 10: Line of Credit

Next Door maintains a \$750,000 line of credit, with BMO Harris that is due upon demand, with a variable interest rate of prime less 0.15%, with prime being 8.5%. The interest rate at June 30, 2024, was 8.35%. The line of credit is collateralized by cash and securities held by BMO Harris, except those accounts that are restricted. There were no outstanding balances as of June 30, 2024 and 2023.

Note 11: Long-Term Debt

Long-term debt consisted of the following at June 30:

	2024	2023
Note payable secured with the capital drive property in Milwaukee. Payable in monthly installments of \$13,719, with a variable interest rate of prime plus 0.5%, with prime being 8.5%. The interest rate at June 30, 2024 was 9%. The note matures January 5, 2030.	\$ 3,059,281	\$ 3,223,906
Long-term debt	3,059,281	3,223,906
Less: Current maturities	(164,625)	(164,625)
Long term portion	\$ 2,894,656	\$ 3,059,281

Future scheduled maturities beyond June 30, 2024 are as follows:

2025	\$ 164,625
2026	164,625
2027	164,625
2028	164,625
2029	164,625
Thereafter	2,071,531
Total	\$ 2,894,656

Next Door Foundation, Inc.

Notes to Financial Statements

Note 12: Net Assets with Donor Restriction

Net assets with donor restrictions, which have either purpose or time restrictions, are as follows as of June 30:

	2024	2023
29th Street campaign	\$ -	\$ 12,239
Promises to give – time and purpose restriction	288,500	171,500
Promises to give – 29th Street renovation	207,500	24,000
Pieper Family Endowment Fund – perpetual in nature	878,020	721,782
CCP Capital Projects	151,624	-
Pathways	60,000	188,656
Book purchases	110,996	27,195
Family advocacy	90,000	-
Men in education services	96,169	-
Early intervention services	50,000	-
Outdoor classroom	37,500	-
Other	165,192	21,526
Total net assets with donor restrictions	\$ 2,135,501	\$ 1,166,898

The balance in the Pieper Family Endowment Fund agreement allows for half of the annual appreciated value to be available to be distributed to the Next Door Foundation Endowment Fund. No such appropriations were made during the years ended June 30, 2024 and 2023.

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
Expiration of time restrictions	\$ 16,239	\$ 63,182
Capital expenses for Capital and 29th Street campaigns	117,500	158,392
Purpose restrictions accomplished – program operations	19,934,807	20,501,272
Total net assets released from donor restrictions	\$ 20,068,546	\$ 20,722,846

Note 13: Employee Benefit Plan

All eligible employees are covered under a 401(k) Plan. Employees may elect to contribute to the plan through salary deferrals. Next Door provides a match of employee contributions up to 3.5%. Next Door did not elect to make a profit sharing contribution in 2024 and 2023. Total plan expense for the years ended June 30, 2024 and 2023, were \$380,035 and \$356,789.

Next Door Foundation, Inc.

Notes to Financial Statements

Note 14: Endowment Funds

Wisconsin legislature adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors has interpreted UPMIFA as requiring Next Door to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, Next Door classifies net assets with donor restrictions that are perpetual in nature as (a) the original value of the donor's gifts to the restricted endowment, (b) the original value of a donor's subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the restricted endowment fund is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by Next Door in a manner consistent with the standard prudence prescribed by UPMIFA.

Next Door has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to preserve the purchasing power of the endowment assets. Under Next Door's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and Next Door's objectives.

The Pieper Family Endowment Fund was established by the Pieper Family Fund. This endowment is for the benefit of Next Door. In connection with the Pieper Family Endowment Fund, the Next Door Endowment Fund was established to hold the annual distributions made from the Pieper Family Endowment Fund and any contributions made to the endowment fund that are not within the Pieper Family Endowment Fund's investment strategies.

Changes in endowment net assets for the year ended June 30:

	Without Donor Restriction	With Donor Restriction	Total
Endowments at June 30, 2022	\$ 1,169,948	\$ 607,092	\$ 1,777,040
Contributions	32,991	-	32,991
Interest and dividends	109,511	114,690	224,201
Distribution	(42,719)	-	(42,719)
Endowments at June 30, 2023	1,269,731	721,782	1,991,513
Contributions	13,325	-	13,325
Interest and dividends	22,458	8,839	31,297
Distribution	(48,029)	(7,060)	(55,089)
Net appreciation	115,918	154,459	270,377
Endowments at June 30, 2024	\$ 1,373,403	\$ 878,020	\$ 2,251,423

Next Door Foundation, Inc.

Notes to Financial Statements

Note 14: Endowment Funds (Continued)

Pieper Endowment fund corpus to be held in perpetuity was originally valued at \$100,000 upon endowment inception in 2001. However, each year the corpus held in perpetuity is reevaluated based on one half of the annual appreciated value as that becomes the new endowment fund level. The endowment fund had an estimated \$488,121 and \$410,891 of corpus held in perpetuity as of June 30, 2024, and 2023 respectively.

Note 15: Conditional Awards

Next Door had commitments under various grants of approximately \$20,400,000 as of June 30, 2024. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Note 16: Noncash Contributions

Contributed nonfinancial assets consist of the following for the years ended June 30:

	2024	2023
Contributed services	\$ 84,851	\$ 132,699
Program supplies	626,696	966,124
Total contributed non-financial assets	\$ 711,547	\$ 1,098,823

Next Door recognizes contributed non-financial assets within revenue, including services and program supplies. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions. Contributed program supplies are utilized by the program in which the supply was intended to support. It is valued at fair market value, as determined by the donor, at the time of the donation. Contributed services recognize professional services used in program support. Contributed services are valued and reported at the professional rate provided by the donor.

Note 17: Contingent Liabilities

Next Door receives a significant portion of their source of funds from federal, state, and local government funding. As such, Next Door is subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Next Door is also subject to funding source monitoring in relation to program compliance with grants and contracts. These monitoring reports from time-to-time may identify practices for which costs may be repayable to the funding source. Any potential liability for reimbursement, which may arise as a result of such audits, is not believed, by Next Door's management, to be material.

Supplementary Information

Next Door Foundation, Inc.

Schedule A-1

Schedule of Program Activity

Year Ended June 30, 2024

	FEDERAL PROGRAMS				
	USDA				DHHS
	10.558				93.505
	Total	Food Program (1)	Food Program (2)	10.558 Subtotal	Home Visitation (3)
REVENUE					
Total Grant Revenue Public	\$ 17,848,965	\$ 101,702	\$ 475,513	\$ 577,215	\$ 47,229
Grant revenue, private	3,036,675	-	-	-	-
United Way revenue	110,000	-	-	-	-
Contributions	1,267,490	-	-	-	13,904
Childcare revenue	2,208,379	-	-	-	-
Other income	232,235	15	-	15	9,597
Investment income	313,386	-	-	-	-
Noncash contributions	711,547	-	-	-	8,767
Transfers	-	-	-	-	-
Total Revenue	25,728,677	101,717	475,513	577,230	79,497
EXPENSES					
Salaries and wages	13,459,704	81,521	278,250	359,771	28,184
Fringe benefits	3,554,734	30,592	108,745	139,337	9,595
Staff training and enrichment	287,424	153	954	1,107	499
Recruitment	17,627	-	-	-	-
Supplies	1,067,004	58,296	259,406	317,702	14,178
Family support costs	100,651	455	-	455	644
Nutrition costs	-	(104,301)	(240,134)	(344,435)	-
Health and wellness costs	-	-	-	-	1,648
Collaboration expense	2,489,957	-	-	-	-
Student transportation	3,038	-	-	-	-
Travel	29,374	-	-	-	-
Postage	11,491	-	-	-	-
Telephone	157,358	122	685	807	97
Insurance	102,259	-	-	-	-
Dues and subscriptions	125,145	-	99	99	-
Professional fees	691,184	-	252	252	8,670
Occupancy	1,724,198	34,879	112,118	146,997	722
Depreciation	745,293	-	-	-	-
Interest	286,939	-	-	-	-
Administration	5,153	-	-	-	6,493
Other	(5,779)	-	-	-	-
Noncash expenses	711,547	-	-	-	8,767
Total Expenses	25,564,301	101,717	520,375	622,092	79,497
Change in Net Assets	164,376	-	(44,862)	(44,862)	-
Net assets at beginning	13,680,128	-	44,862	44,862	-
NET ASSETS AT END	\$ 13,844,504	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

Next Door Foundation, Inc.

Schedule A-2

Schedule of Program Activity

Year Ended June 30, 2024

	FEDERAL PROGRAMS			
	Department of Health and Human Services (DHHS)			
	93.505	93.600		
	Home Visitation (4)	93.505 Subtotal	Early Head Start - CCP (5)	Head Start (6)
REVENUE				
Total Grant Revenue Public	\$ 400,212	\$ 447,441	\$ 4,703,415	\$ 9,039,697
Grant revenue, private	1,400	1,400	387,905	450,000
United Way revenue	-	-	-	-
Contributions	2,750	16,654	-	-
Childcare revenue	-	-	163,764	971,635
Other income	2,884	12,481	66	12,163
Investment income	-	-	-	-
Noncash contributions	39,121	47,888	648,046	349,341
Transfers	-	-	-	415,613
Total Revenue	446,367	525,864	5,903,196	11,238,449
EXPENSES				
Salaries and wages	202,010	230,194	1,338,222	4,324,954
Fringe benefits	57,122	66,717	336,690	1,052,857
Staff training and enrichment	629	1,128	90,688	40,810
Recruitment	-	-	2,740	-
Supplies	40,741	54,919	247,293	742,068
Family support costs	7,590	8,234	107,452	1,397,330
Nutrition costs	-	-	16,132	144,696
Health and wellness costs	25,655	27,303	54,249	485,275
Collaboration expense	-	-	2,306,650	157,653
Student transportation	-	-	-	-
Travel	589	589	5,615	14,093
Postage	-	-	-	991
Telephone	4,075	4,172	18,029	27,988
Insurance	-	-	-	-
Dues and subscriptions	395	395	13,602	12,956
Professional fees	8,360	17,030	4,835	11,679
Occupancy	11,110	11,832	160,236	1,153,441
Depreciation	-	-	-	-
Interest	-	-	-	-
Administration	48,970	55,463	546,035	1,221,895
Other	-	-	6,682	100,422
Noncash expenses	39,121	47,888	648,046	349,341
Total Expenses	446,367	525,864	5,903,196	11,238,449
Change in Net Assets	-	-	-	-
Net assets at beginning	14,941	14,941	-	-
NET ASSETS AT END	\$ 14,941	\$ 14,941	\$ -	\$ -

See Independent Auditor's Report

Next Door Foundation, Inc.

Schedule A-3

Schedule of Program Activity

Year Ended June 30, 2024

	FEDERAL PROGRAMS		
	DHHS		
	93.600		Total Federal Programs
	Early Head Start (7)	93.600 Subtotal	
REVENUE			
Total Grant Revenue Public	\$ 2,508,067	\$ 16,251,179	\$ 17,275,835
Grant revenue, private	-	837,905	839,305
United Way revenue	-	-	-
Contributions	-	-	16,654
Childcare revenue	199,064	1,334,463	1,334,463
Other income	34	12,263	24,759
Investment income	-	-	-
Noncash contributions	134,667	1,132,054	1,179,942
Transfers	-	415,613	415,613
Total Revenue	2,841,832	19,983,477	21,086,571
EXPENSES			
Salaries and wages	1,141,600	6,804,776	7,394,741
Fringe benefits	278,688	1,668,235	1,874,289
Staff training and enrichment	28,776	160,274	162,509
Recruitment	-	2,740	2,740
Supplies	180,479	1,169,840	1,542,461
Family support costs	204,660	1,709,442	1,718,131
Nutrition costs	22,216	183,044	(161,391)
Health and wellness costs	142,844	682,368	709,671
Collaboration expense	-	2,464,303	2,464,303
Student transportation	-	-	-
Travel	2,264	21,972	22,561
Postage	-	991	991
Telephone	12,943	58,960	63,939
Insurance	-	-	-
Dues and subscriptions	4,722	31,280	31,774
Professional fees	9,982	26,496	43,778
Occupancy	355,524	1,669,201	1,828,030
Depreciation	-	-	-
Interest	-	-	-
Administration	309,103	2,077,033	2,132,496
Other	13,364	120,468	120,468
Noncash expenses	134,667	1,132,054	1,179,942
Total Expenses	2,841,832	19,983,477	21,131,433
Change in Net Assets	-	-	(44,862)
Net assets at beginning	-	-	59,803
NET ASSETS AT END	\$ -	\$ -	\$ 14,941

See Independent Auditor's Report

Next Door Foundation, Inc.

Schedule A-4

Schedule of Program Activity

Year Ended June 30, 2024

STATE & LOCAL PROGRAMS					
	Wisconsin Head Start (9)	Milwaukee Public Schools K4/K5 (10)	Books for Kids (11)	ESSER II ESSER III (12)	Pathways (13)
REVENUE					
Total Grant Revenue Public	\$ 410,300	\$ -	\$ -	\$ 162,830	\$ -
Grant revenue, private	-	-	-	-	117,025
United Way revenue	-	-	-	-	35,000
Contributions	-	-	87,396	-	25,000
Childcare revenue	-	820,236	-	-	-
Other income	-	6,288	-	-	827
Investment income	-	-	-	-	-
Noncash contributions	385	-	-	-	-
Transfers	-	295,899	217,858	16,282	143,362
Total Revenue	410,685	1,122,423	305,254	179,112	321,214
EXPENSES					
Salaries and wages	207,239	309,636	112,867	124,038	221,739
Fringe benefits	43,992	77,416	46,013	36,938	62,734
Staff training and enrichment	23	608	-	-	55,180
Recruitment	-	-	157	-	-
Supplies	31,126	227,800	39,204	33	6,710
Family support costs	5,642	167,921	-	-	12,520
Nutrition costs	-	19,878	-	-	-
Health and wellness costs	32,415	52,819	-	-	-
Collaboration expense	25,654	-	-	-	-
Student transportation	-	-	3,038	-	-
Travel	-	-	-	-	34
Postage	-	5	337	-	-
Telephone	2,100	2,073	496	-	655
Insurance	-	-	-	-	-
Dues and subscriptions	395	2,304	95	-	22
Professional fees	18	12,261	-	-	74
Occupancy	20,130	134,189	95,407	1,820	6,270
Depreciation	-	-	-	-	-
Interest	-	-	-	-	-
Administration	41,566	101,864	34,419	16,283	43,932
Other	-	13,649	416	-	-
Noncash expenses	385	-	-	-	-
Total Expenses	410,685	1,122,423	332,449	179,112	409,870
Change in Net Assets	-	-	(27,195)	-	(88,656)
Net assets at beginning	-	-	27,195	-	188,656
NET ASSETS AT END	\$ -	\$ -	\$ -	\$ -	\$ 100,000

See Independent Auditor's Report

Next Door Foundation, Inc.

Schedule A-5

Schedule of Program Activity

Year Ended June 30, 2024

	STATE & LOCAL PROGRAMS			DISCRETIONARY ACTIVITY		
				Board Designated		
	Special Purpose (14)	Total State & Local Programs	Total Programs	Helwig Center (15)	Next Door Endowment Fund (16)	Capital Improvement Fund (17)
REVENUE						
Total Grant Revenue Public	\$ -	\$ 573,130	\$ 17,848,965	\$ -	\$ -	\$ -
Grant revenue, private	65,450	182,475	1,021,780	-	-	-
United Way revenue	-	35,000	35,000	-	-	-
Contributions	45,478	157,874	174,528	-	-	-
Childcare revenue	-	820,236	2,154,699	-	-	-
Other income	-	7,115	31,874	-	-	-
Investment income	-	-	-	-	103,672	-
Noncash contributions	-	385	1,180,327	-	-	-
Transfers	(12,758)	660,643	1,076,256	-	-	-
Total Revenue	98,170	2,436,858	23,523,429	-	103,672	-
EXPENSES						
Salaries and wages	59,412	1,034,931	8,429,672	-	-	-
Fringe benefits	32,272	299,365	2,173,654	-	-	-
Staff training and enrichment	3,050	58,861	221,370	-	-	-
Recruitment	-	157	2,897	-	-	-
Supplies	41,411	346,284	1,888,745	-	-	-
Family support costs	2,750	188,833	1,906,964	-	-	-
Nutrition costs	-	19,878	(141,513)	-	-	-
Health and wellness costs	-	85,235	794,906	-	-	-
Collaboration expense	-	25,654	2,489,957	-	-	-
Student transportation	-	3,038	3,038	-	-	-
Travel	294	328	22,889	-	-	-
Postage	-	342	1,333	-	-	-
Telephone	172	5,496	69,435	-	-	-
Insurance	-	-	-	-	-	-
Dues and subscriptions	-	2,816	34,590	-	-	-
Professional fees	45,030	57,383	101,161	-	-	-
Occupancy	45,881	303,697	2,131,727	-	-	-
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Administration	8,599	246,663	2,379,159	-	-	-
Other	(134,117)	(120,052)	416	-	-	-
Noncash expenses	-	385	1,180,327	-	-	-
Total Expenses	104,754	2,559,294	23,690,727	-	-	-
Change in Net Assets	(6,584)	(122,436)	(167,298)	-	103,672	-
Net assets at beginning	6,584	222,436	282,239	58,626	1,269,731	150,000
NET ASSETS AT END	\$ -	\$ 100,000	\$ 114,941	\$ 58,626	\$ 1,373,403	\$ 150,000

See Independent Auditor's Report

Next Door Foundation, Inc.

Schedule A-6

Schedule of Program Activity

Year Ended June 30, 2024

	OTHER			WITH REST.		
	GAAP Adjustments	Other	Total Discretionary Activity	Pieper Foundation Endowment	Other Restricted Activity	Total Restricted Activity
	(18)	(19)	(20)	(21)	(22)	
REVENUE						
Grant revenue, public	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant revenue, private	-	1,129,736	1,129,736	-	885,159	885,159
United Way revenue	-	75,000	75,000	-	-	-
Contributions	-	1,001,703	1,001,703	-	91,259	91,259
Childcare revenue	-	53,680	53,680	-	-	-
Other income	-	197,475	197,475	-	2,886	2,886
Investment income	-	53,476	157,148	156,238	-	156,238
Noncash contributions	(468,780)	-	(468,780)	-	-	-
Transfers	-	(1,186,932)	(1,186,932)	-	110,676	110,676
Total Revenue	(468,780)	1,324,138	959,030	156,238	1,089,980	1,246,218
EXPENSES						
Salaries and wages	-	5,030,032	5,030,032	-	-	-
Fringe benefits	-	1,381,080	1,381,080	-	-	-
Staff training and enrichment	-	66,054	66,054	-	-	-
Recruitment	-	14,730	14,730	-	-	-
Supplies	-	(821,741)	(821,741)	-	-	-
Family support costs	-	(1,806,313)	(1,806,313)	-	-	-
Nutrition costs	-	141,513	141,513	-	-	-
Health and wellness costs	-	(794,906)	(794,906)	-	-	-
Collaboration expense	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Travel	-	6,485	6,485	-	-	-
Postage	-	10,158	10,158	-	-	-
Telephone	-	87,923	87,923	-	-	-
Insurance	-	102,259	102,259	-	-	-
Dues and subscriptions	-	90,555	90,555	-	-	-
Professional fees	-	590,023	590,023	-	-	-
Occupancy	-	(407,529)	(407,529)	-	-	-
Depreciation	-	745,293	745,293	-	-	-
Interest	-	286,939	286,939	-	-	-
Administration	-	(2,374,006)	(2,374,006)	-	-	-
Other	-	(6,195)	(6,195)	-	-	-
Noncash expenses	(468,780)	-	(468,780)	-	-	-
Total Expenses	(468,780)	2,342,354	1,873,574	-	-	-
Change in Net Assets	-	(1,018,216)	(914,544)	156,238	1,089,980	1,246,218
Net assets at beginning	773,963	10,256,287	12,508,607	721,782	167,501	889,283
NET ASSETS AT END	\$ 773,963	\$ 9,238,071	\$ 11,594,063	\$ 878,020	\$ 1,257,481	\$ 2,135,501

See Independent Auditor's Report

Next Door Foundation, Inc.

Schedule B

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2024

Federal Grantor/Program Title	AL Number	Pass-through Entity Identifying Number	Program Period	Federal Expenditures
DEPARTMENT OF AGRICULTURE				
Passed through the State of Wisconsin Department of Public Instruction				
Child and Adult Care Food Program	10.558	None provided	10/01/22-09/30/23	\$ 101,702
Child and Adult Care Food Program			10/01/23-09/30/24	475,513
Total Department of Agriculture and Total Federal Expenditures AL 10.558				577,215
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the State of Wisconsin Department of Children and Families				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.505	CFA0064	10/01/22-09/30/23	47,229
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Grant Program		CFA0064	10/01/23-09/30/24	400,212
Total Federal Expenditures AL 93.505				447,441
Direct Federal				
Head Start Cluster				
Early Head Start - Child Care Partnership	93.600	05HP00043104	07/01/23-05/31/24	4,334,830
Early Head Start - Child Care Partnership		05HP00043105	06/01/24-05/31/25	368,585
Head Start		05CH01102105	07/01/23-05/31/24	8,242,999
Head Start		05CH01262401	06/01/24-05/31/25	796,698
Early Head Start		05CH01198703	07/01/23-05/31/24	2,348,083
Early Head Start		05CH01198704	06/01/24-05/31/25	159,984
Total Federal Expenditures AL 93.600				16,251,179
Total Department of Health and Human Services				16,698,620
TOTAL FEDERAL EXPENDITURES				\$ 17,275,835
STATE OF WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION				
State Head Start		DPI-327-407042-HS	07/01/23-06/30/24	410,301
TOTAL STATE EXPENDITURES				\$ 410,301

Notes to Schedule of Expenditures of Federal and State Awards

Note 1: Basis of Presentation - The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Next Door Foundation, Inc. under programs of the federal and state government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State Single Audit Guidelines as required by the State of Wisconsin Department of Administration. Because the schedule presents only a selected portion of the operations of Next Door Foundation, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Next Door Foundation, 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 contained in the Uniform Guidance and State Single Audit Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate - Next Door Foundation, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Subrecipients - Next Door Foundation, Inc. does not have any subrecipient expenditures for the year ended June 30, 2024.

See Independent Auditor's Report.

Next Door Foundation, Inc.

Schedule of Charter School Revenue and Expenditures

Year Ended June 30, 2024

	Contract Budget	Actual	Variance
Revenues			
MPS Charter School	\$ 1,078,097	\$ 754,697	\$ (323,400)
Total Revenues	1,078,097	754,697	(323,400)
Expenses Instruction/Instructional Support Costs			
Salaries	448,184	313,123	(135,061)
Benefits	112,747	74,544	(38,203)
Other Wages	-	-	-
Benefits	-	-	-
Purchased Services	204,378	153,119	(51,259)
Supplies	8,522	3,152	(5,370)
Capital Expenses	-	-	-
Other Wages	-	-	-
Total Expenses - Instructional	773,831	543,938	(229,893)
Expenses Non-Instruction/Instructional Support Costs			
Salaries	132,253	83,838	(48,415)
Benefits	7,047	18,592	11,545
Other Wages	-	-	-
Benefits	-	-	-
Purchased Services	164,220	107,556	(56,663)
Supplies	745	772	27
Capital Expenses	-	-	-
Other Wages	-	-	-
Total Expenses - Non-Instructional	304,266	210,759	(93,507)
Total Expenses	1,078,097	754,697	(323,400)
Revenues in Excess of Expenditures	\$ -	\$ -	\$ -

See Independent Auditor's Report.

Independent Auditor's Report on the Schedule of Charter School Revenue and Expenditures

Board of Directors
Next Door Foundation, Inc.
Milwaukee, Wisconsin

We have audited the accompanying schedule of charter school revenues and expenditures (as defined in the contract dated May 27, 2021, between Milwaukee Public Schools (MPS) and Next Door Foundation, Inc.) for Next Door Charter School for the year ended June 30, 2024. This schedule is the responsibility of Next Door Charter School's management. Our responsibility is to (1) express an opinion on this schedule based on our audit and (2) express an opinion on Next Door Charter School's compliance with the contract requirement that Next Door Charter School expend MPS charter school contract revenues consistent with the provisions of the contract and the 2021-2024 charter school operating budget approved by MPS Contracted Schools Services.

We conducted the audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of charter school revenues and expenditures is free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of charter school revenues and expenditures. An audit also includes assessing the accounting principles used and significant estimates made by the management of Next Door Charter School, as well as by the management of MPS. We believe that our audit provides a reasonable basis for our opinion.

Government Auditing Standards also require that we consider internal controls over financial reporting and compliance with requirements of laws, regulations, contracts, and grants. The management of Next Door Charter School is responsible for establishing and maintaining effective internal controls. In planning and performing our audit, we considered Next Door Charter School's internal control over compliance with requirements that could have a direct and material effect on the financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the schedule of charter school revenues and expenditures. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving control over financial reporting and its operation that we consider to be material weaknesses.

In our opinion, (1) the schedule of charter school revenue and expenditures referred to above presents fairly, in all material respects, the expenditure and revenue activities of Next Door Foundation, Inc. for the year ended June 30, 2024, as defined in the contract referred to in the first paragraph, and (2) the expenditures reported for the year ended June 30, 2024, comply with the expenditure and annual operating budget requirements as defined in the contract referred to in the first paragraph.

Wipfli LLP

Wipfli LLP
Green Bay, Wisconsin

January 9, 2025

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*

Board of Directors
Next Door Foundation, Inc.
Milwaukee, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Next Door Foundation, Inc., which comprise the statement of financial position as of June 30, 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 January 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Next Door Foundation, 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 Next Door Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Next Door Foundation, 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 reasonable possibility that a material misstatement of Next Door Foundation, Inc.'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 Next Door Foundation, 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*.

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 Next Door Foundation, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Next Door Foundation, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wipfli LLP
Green Bay, Wisconsin

January 9, 2025

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Guidelines

Board of Directors
Next Door Foundation, Inc.
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Next Door Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of Next Door Foundation, Inc.'s major federal and state programs for the year ended June 30, 2024. Next Door Foundation, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Next Door Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Next Door Foundation, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Next Door Foundation, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Next Door Foundation, Inc.'s federal and state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Next Door Foundation, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration and the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Next Door Foundation, Inc.'s compliance with the requirements of the major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, *State Single Audit Guidelines*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Next Door Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Next Door Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Next Door Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Green Bay, Wisconsin

January 9, 2025

Next Door Foundation, Inc.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x no

Noncompliance material to financial statements noted? ___ yes x no

Federal and State Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? ___ yes x no

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster

Identification of major state programs:

<u>Identifying Number</u>	<u>Name of State Program or Cluster</u>
N/A	State Head Start

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee? Yes

Next Door Foundation, Inc.
Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Prior Year Findings and Questioned Costs

None

Section V - Other Issues

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? ___ yes x no

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, reportable condition, management letter comment) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Wisconsin Department of Public Instruction ___ yes x no

Was a management letter or other document conveying audit comments issued as a result of this audit? ___ yes x no

Name and Signature of Partner


Stephanie Cavadeas, CPA

Report Date

January 9, 2025