

**FOND DU LAC STEM INSTITUTE, INC.**

**FOND DU LAC, WISCONSIN**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**FOND DU LAC STEM INSTITUTE, INC.  
FOND DU LAC, WISCONSIN**

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**Erickson & Associates, S.C.**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Fond du Lac STEM Institute, Inc.

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Fond du Lac STEM Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fond du Lac STEM Institute, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis For Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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 the Organization'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 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 ones 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 base on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Fond du Lac STEM Institute, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fond du Lac STEM Institute, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2023, on our consideration of Fond du Lac STEM Institute, Inc. 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 the Organization'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 Fond du Lac STEM Institute, Inc. internal control over financial reporting and compliance.

*Ericksen & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

February 3, 2023

**FOND DU LAC STEM INSTITUTE, INC.  
FOND DU LAC, WISCONSIN**

**STATEMENT OF FINANCIAL POSITION  
June 30, 2022**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 28,325
Accounts receivable	<u>95,818</u>

Total assets	<u><u>\$ 124,143</u></u>
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**LIABILITIES AND NET ASSETS**

**Current liabilities:**

Accounts payable	\$ 95,818
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**Net assets:**

Without donor restrictions	<u>28,325</u>
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Total liabilities and net assets	<u><u>\$ 124,143</u></u>
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**FOND DU LAC STEM INSTITUTE, INC.**  
**FOND DU LAC, WISCONSIN**

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenues:</b>			
Contributions	\$ 11,310	\$ --	\$ 11,310
Government grants	124,194	--	124,194
Total revenues	135,504	--	135,504
<b>Expenses:</b>			
Program services	132,617	--	132,617
Fundraising	744	--	744
Total expenses	133,361	--	133,361
Change in net assets	2,143	--	2,143
Net assets, beginning of year	26,182	--	26,182
Net assets, end of year	\$ 28,325	\$ --	\$ 28,325

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**FOND DU LAC STEM INSTITUTE, INC.**  
**FOND DU LAC, WISCONSIN**

**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2022

	Program Services	Supporting Services Fundraising	Total Expenses
Marketing	\$ 3,823	\$ 744	\$ 4,567
Noncapital equipment	76,260	--	76,260
Staff training	11,083	--	11,083
Supplies	11,327	--	11,327
Technology equipment	21,701	--	21,701
Travel	6,240	--	6,240
General and administrative	75	--	75
Donations	2,108	--	2,108
	\$ 132,617	\$ 744	\$ 133,361
Total expenses			



**FOND DU LAC STEM INSTITUTE, INC.**  
**FOND DU LAC, WISCONSIN**

**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Government grants received	\$ 124,194
Contributions received	11,310
Cash paid for operating activities	<u>( 133,361)</u>
Net increase in cash	2,143
Cash balance, beginning of year	<u>26,182</u>
Cash balance, end of year	<u><u>\$ 28,325</u></u>

**RECONCILIATION OF CHANGES IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ 2,143
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	( 8,859)
Increase (decrease) in operating liabilities:	
Accounts payable	<u>8,859</u>
Net cash provided by operating activities	<u><u>\$ 2,143</u></u>

**FOND DU LAC STEM INSTITUTE, INC.**  
**FOND DU LAC, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies:**

This summary of significant accounting policies of Fond du Lac STEM Institute, Inc. (Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of Activities**

Fond du Lac STEM Institute, Inc. is a not-for-profit corporation organized in the State of Wisconsin to provide project based learning to engage and excite students about Science, Technology, Engineering, and Mathematic fields. The Organization is supported primarily through donor contributions and a grant through the Wisconsin Department of Public Instruction.

**Financial Statement Presentation**

The Organization's financial statements are presented in accordance with the requirements of the *Non-Profit Entities Topic of the FASB Accounting Standards Codification*. Under this standard, the Organization is required to report information regarding its financial position and activities based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions - amounts subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

**Measure of Operations**

The Organization's operating revenues in excess of expenses include all operating revenues and expenses that are an integral part of its programs and supporting activities and net assets released from donor restrictions to support operating expenditures. There is no difference between operating revenues in excess of expenses and the change in net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Organization generally limits its exposure to credit risk from balances on deposits in financial institutions in excess of the FDIC-insured limit. During the year ended June 30, 2022, the Organization did not exceed the FDIC-insured limit.

**FOND DU LAC STEM INSTITUTE, INC.  
FOND DU LAC, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**Accounts Receivable**

The accounts receivable recorded in the financial statements represents the amount billed on contracts at June 30, 2022, but payment was not received until sometime in the following year. The Organization uses the direct write-off method to provide for uncollectible accounts. There is no material effect on income in using this method rather than the allowance method. The accounts receivable is thought to be collectible.

**Contribution Recognition**

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions that are restricted by the donor are reported as an increase in without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in with donor restrictions. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. The Organization has a policy of selling donated securities as soon as practical.

**Contributed Services**

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill.

**Property, Equipment, and Depreciation**

Property and equipment are valued at cost or, if donated, at fair value at the date of donation. Maintenance and repair costs are charged to expense as incurred. All property and equipment is owned by the Fond du Lac School District and reported by the District.

**Functional Expenses**

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Costs are allocated based on the operations of the Organization and are adjusted accordingly as needed.

**Use of Estimates**

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

**FOND DU LAC STEM INSTITUTE, INC.**  
**FOND DU LAC, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Tax Exempt Status:**

Fond du Lac STEM Institute, Inc., a voluntary health and welfare organization, is a not-for-profit, voluntary health agency exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization has been classified as an organization that is not a private foundation, and donations made to the Organization qualify for the charitable deduction. The Organization is also exempt from Wisconsin income taxes.

The Organization adopted the provisions of the *Income Taxes Topic of the FASB Accounting Standards Codification*. As a result, the Organization evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. The Organization continually evaluates its tax positions, changes in tax law and new authoritative rulings for potential implications on its tax status. The Organization's federal tax returns are subject to examination generally for three years after they are filed.

**Note 3. Liquidity Management:**

The Organization's financial assets available within one year of the balance sheet for general expenditures are as follows:

Cash	\$ 28,325
Accounts receivable	<u>95,818</u>
Total	<u>\$ 124,143</u>

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 4. Major Support:**

During the year, the Organization received major support from one source-a DPI grant which is a major concentration of revenue, and exceeded 10% of the Organization's total support. Support from this source was \$124,194 for the year ended June 30, 2022. The Organization also had receivables from this source, which exceeded 10% of the Organization's total receivable. Receivables from this source was \$95,818 for the year ended June 30, 2022.

**Note 5. Subsequent Events:**

The Organization has evaluated all subsequent events through February 3, 2023, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 6/30/2022</u>
<u>\$ 124,194</u>	<u>\$ 28,376</u>	<u>\$ 95,818</u>

SEE NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.

**FOND DU LAC STEM INSTITUTE, INC.  
FOND DU LAC, WISCONSIN**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

**Note 1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal funding passed through from Wisconsin Department of Public Instruction to Fond du Lac STEM Institute, Inc. and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Pass-through entity identifying numbers are presented where available.



# **Erickson & Associates, S.C.**

*Certified Public Accountants*

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## **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***

To the Board of Directors of  
Fond du Lac STEM Institute, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fond du Lac STEM Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 3, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fond du Lac STEM Institute, Inc. internal control over financial reporting (internal control) as a basis for designing the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying summary of auditor's results as item 2022-001 that we consider to be a significant deficiency.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

### **Fond du Lac STEM Institute, Inc.'s Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit is described in the accompanying summary of auditor's results. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Appleton, Wisconsin  
February 3, 2023

**FOND DU LAC STEM INSTITUTE, INC.**  
**FOND DU LAC, WISCONSIN**

**SUMMARY OF AUDITOR'S RESULTS**  
For the Year Ended June 30, 2022

**Summary of Auditor's Results:**

*Financial Statements*

Type of auditor's report on financial statements:	Unmodified opinion
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements?	No

**Financial Statement Findings:**

**2022-001 Financial Statement Preparation**

**Condition:** The Organization has relied upon its auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Organization's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the Organization's internal controls.

**Criteria:** We are required to report on whether the Organization is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting financial statements, including the related footnotes.

**Cause:** The additional costs with hiring staff experienced in preparing financial statements, along with additional training time, outweigh the derived benefits.

**Effect:** Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

**Identification of a**

**Repeat Finding:** This is a repeat finding from previous audit, see 2021-001.

**Recommendation:** The Organization should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to the external auditors.

**Views of  
Responsible  
Officials:**

See Organization's Corrective Action Plan.

FOND DU LAC STEM INSTITUTE, INC.  
FOND DU LAC, WISCONSIN

SUMMARY OF AUDITOR'S RESULTS - CONTINUED  
For the Year Ended June 30, 2022

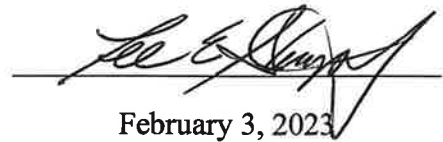
**Other Issues**

Does the auditor have substantial doubt as to the  
auditee's ability to continue as a going concern? No

Does the audit report show audit issues related to  
grants/contracts with funding agencies that require  
audits to be in accordance with the *Government  
Auditing Standards*? No

Was a Management Letter or other document conveying  
audit comments issued as a result of this audit? Yes

Signature of shareholder



February 3, 2023

Date of report

**FOND DU LAC STEM INSTITUTE, INC.  
FOND DU LAC, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2022

**Status of Prior Year Findings:**

The findings noted in the 2021 summary of auditor's results have been reported to the proper federal and state agencies.

Regarding finding 2021-001, management has determined that it is in the best interest of the Organization to continue to outsource the task of preparing the financial statements to the auditors.

## **CORRECTIVE ACTION PLAN**

For the Year Ended June 30, 2022

### **2022-001 Financial Statement Preparation**

The Organization has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to an external accountant. It would be cost prohibitive to hire additional staff or outsource the task to an outside accountant. However, management of the Fond du Lac STEM Institute, Inc., has obtained the necessary skills, knowledge, and experience to accept responsibility for the preparation of the Organization's financial statements.

Anticipated Corrective Action Plan Completion Date: Ongoing

Contact Information: For more information regarding this finding please contact Michael Gerlach.



Michael Gerlach

Director of Business Services

920-906-6540