

**WIKI EDUCATION FOUNDATION**

**JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS

# Wiki Education Foundation

## Independent Auditors' Report and Financial Statements

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A Century Strong

## Independent Auditors' Report

THE BOARD OF DIRECTORS  
WIKI EDUCATION FOUNDATION  
Chico, California

### Report on the Financial Statements

We have audited the accompanying financial statements of **WIKI EDUCATION FOUNDATION (the Foundation)** which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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 the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wiki Education Foundation as of June 30, 2021 and 2020, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hood & Strong LLP*

San Francisco, California  
February 4, 2022

# Wiki Education Foundation

## Statement of Financial Position

<i>Years Ended June 30,</i>	2021	2020
<b>Assets</b>		
Cash and equivalents	\$ 802,549	\$ 156,590
Accounts receivable	154,528	19
Prepaid expenses and other assets	73,073	54,361
<b>Total assets</b>	<b>\$ 1,030,150</b>	<b>\$ 210,970</b>
<b>Liabilities and Net Assets (Deficit)</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 15,489	\$ 3,384
Accrued expenses	53,920	43,866
Paycheck Protection Program loan	240,587	302,390
Deferred revenues	12,500	11,597
<b>Total liabilities</b>	<b>322,496</b>	<b>361,237</b>
<b>Net Assets (Deficit):</b>		
Without donor restrictions	584,054	(186,909)
With donor restrictions	123,600	36,642
<b>Total net assets</b>	<b>707,654</b>	<b>(150,267)</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 1,030,150</b>	<b>\$ 210,970</b>

See accompanying notes to financial statements.

**Wiki Education Foundation**  
**Statement of Activities and Changes in Net Assets**

*Years Ended June 30,*

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Grants and contributions	\$ 1,634,972	\$ 123,600	\$ 1,758,572	\$ 1,523,983	\$ 106,000	\$ 1,629,983
Forgiveness of PPP loan	302,390		302,390			
Program services	205,649		205,649	182,566		182,566
Net assets released from restrictions	36,642	(36,642)	-	561,834	(561,834)	
<b>Total revenue and support</b>	<b>2,179,653</b>	<b>86,958</b>	<b>2,266,611</b>	<b>2,268,383</b>	<b>(455,834)</b>	<b>1,812,549</b>
<b>Expenses:</b>						
Program services	964,905		964,905	1,605,543		1,605,543
General and administrative	301,769		301,769	420,169		420,169
Fundraising	142,016		142,016	221,424		221,424
<b>Total expenses</b>	<b>1,408,690</b>	<b>-</b>	<b>1,408,690</b>	<b>2,247,136</b>	<b>-</b>	<b>2,247,136</b>
<b>Change in Net Assets</b>	<b>770,963</b>	<b>86,958</b>	<b>857,921</b>	<b>21,247</b>	<b>(455,834)</b>	<b>(434,587)</b>
<b>Net Assets - Beginning of year</b>	<b>(186,909)</b>	<b>36,642</b>	<b>(150,267)</b>	<b>(208,156)</b>	<b>492,476</b>	<b>284,320</b>
<b>Net Assets - End of year</b>	<b>\$ 584,054</b>	<b>\$ 123,600</b>	<b>\$ 707,654</b>	<b>\$ (186,909)</b>	<b>\$ 36,642</b>	<b>\$ (150,267)</b>

See accompanying notes to financial statements.

# Wiki Education Foundation

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
<b>Operating Activities:</b>		
Change in net assets	\$ 857,921	\$ (434,587)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Changes in operating assets and liabilities:		
Forgiveness of Paycheck Protection Program loan	(302,390)	
Accounts receivable	(154,509)	301,888
Prepaid expenses and other assets	(18,712)	(2,881)
Accounts payable	12,105	(41,195)
Accrued expenses	10,054	(3,050)
Deferred revenues	903	11,597
Net cash provided by (used in) operating activities	405,372	(168,228)
<b>Financing Activities:</b>		
Proceeds from Paycheck Protection Program Loan	240,587	302,390
Net cash provided by financing activities	240,587	302,390
<b>Net Increase in Cash and Equivalents</b>	645,959	134,162
<b>Cash and Equivalents - Beginning of year</b>	156,590	22,428
<b>Cash and Equivalents - End of year</b>	\$ 802,549	\$ 156,590

See accompanying notes to financial statements.

# Wiki Education Foundation

## Notes to Financial Statements

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### Note 1 - Nature of Organization and Summary of Significant Accounting Policies:

#### a. Nature of Organization

The Wiki Education Foundation (the Foundation) supports innovative uses of Wikipedia and related projects in communities of teaching, learning, and inquiry in the United States and Canada. The Foundation aims to improve the breadth, scope, and quality of Wikipedia content; enhance student information fluency; and increase the number and diversity of contributors to the free knowledge movement by engaging educators, researchers, and students. The Foundation relies primarily on grants and philanthropic donations to cover operational costs.

#### b. Management's Plans

Due to the overall negative effect of the COVID-19 pandemic (see Note 8) on philanthropy in the United States, the Foundation took strong and decisive action aimed at reducing its expenses: in June 2020, it laid off seven of their fourteen staff members, reduced upper management's weekly work hours, suspended all travel, and moved all meetings online. In addition, subsequent to the fiscal year ended June 30, 2021, the Foundation was able to terminate its lease in San Francisco as most employees continued working remote.

In addition to the above, the Foundation will continue increasing the amount of earned income generated through its pay-for-service model. The Foundation's work in this area has been more successful than expected and management and staff will work on further increasing this stream of revenue.

#### c. Basis of Presentation and Description of Net Assets

The Foundation's financial statements are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for not-for-profit organizations.

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2021 and 2020, the Foundation does not have any net assets that donors have restricted in perpetuity.



# Wiki Education Foundation

## Notes to Financial Statements

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d. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

e. Concentrations of Risk

Financial instruments that potentially subject the Foundation to credit risk consist of cash and contribution revenue. The Foundation maintains cash with a major financial institution. As of June 30, 2021, and 2020, the Foundation had cash deposits in excess of federally insured limits. Contribution revenue representing 99% of total contributions was received from four donors and 92% from three donors for the years ended June 30, 2021 and 2020, respectively.

f. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

g. Revenue Recognition

*Contributions*

Contributions are recognized as revenue at fair value when received or unconditionally promised. The Foundation reports contributions that are restricted by the donor as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using the estimated market rates. Amortization of discounts is included in contribution revenue.

Contributions receivable represents amounts unconditionally committed by donors that have not been received by the Foundation. The Foundation makes judgments as to the ability to collect all of its outstanding receivables and provides an allowance when collection becomes doubtful. Provisions are made based upon a specific review of past due and other outstanding balances for which collection is considered uncertain.

The contributions receivable of \$123,600 included in accounts receivable as of June 30, 2021, are expected to be collected in the following year.

# Wiki Education Foundation

## Notes to Financial Statements

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### *Fees for Services*

Fees for services are recorded as revenue when the contract's performance obligation has been satisfied and are then recognized as program services revenue. Fees for services are mostly for the teaching of specific training courses for which the performance obligation is met over the time period the course is taught. Fees billed and collected in advance of the satisfaction of the performance obligation are recorded as deferred revenue.

### h. Income Taxes

The Foundation, as described in Section 501(c)(3) of the U.S. Internal Revenue Code, is exempt from income taxes on related income under provisions of the U.S. Internal Revenue Code and the California Tax Code.

The Foundation regularly evaluates its uncertain tax positions. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. Management evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax exempt status and had taken no uncertain tax positions that required adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

### i. Functional Classification of Expenses

The costs of providing the various program and general services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs, primarily occupancy and meetings, have been allocated based on management estimates of staff usage among the classifications.

### j. New Accounting Pronouncements

#### *Pronouncements Effective in the Future*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under the ASU, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months for the rights and obligations created by those leases. The ASU is effective for the Foundation's fiscal year ending June 30, 2023. Early application will be permitted. The Foundation is currently assessing the impact the adoption of this ASU will have on its financial statements.

# Wiki Education Foundation

## Notes to Financial Statements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changes the required presentation and disclosures for in-kind contributions. The ASU is effective for the Foundation for the fiscal year beginning after June 15, 2021 with early application permitted. The Foundation is currently assessing the impact the adoption of this ASU will have on its financial statements.

k. Subsequent Events

The Foundation evaluated subsequent events from June 30, 2021 through February 4, 2022, the date these financial statements were available to be issued and determined there were no material subsequent events that required recognition in these financial statements as discussed in Note 1b, 5 and 9.

**Note 2 - Liquidity Management:**

The Foundation's financial assets available within one year of June 30, 2021 and 2020 for general expenditures are as follows:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 802,549	\$ 156,590
Accounts receivable	154,528	19
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Total financial assets	957,077	156,609
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Less amounts not available to be used within one year:		
Net assets with donor restrictions	123,600	36,642
Less net assets with purpose restrictions to be met within one year	-	(36,642)
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	123,600	-
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Financial assets available to meet general expenditures within one year	\$ 833,477	\$ 156,609

The Foundation utilizes corporate credit cards with Chase Bank which provide \$67,000 in available credit limit, including \$3,350 in available cash advances. Financial assets are considered unavailable when they are illiquid or not convertible to cash within one year. The Foundation's goal is to maintain financial assets to meet all grant and operating needs as they become due. The Foundation's cash flows have variations during the year attributable to the timing of contributions received and payments for earned income.

# Wiki Education Foundation

## Notes to Financial Statements

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### Note 3 - Net Assets:

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by passage of time. For the year ended June 30, 2021 net assets released from restriction as a result of fulfilling donor time and purpose restrictions were \$0 and \$36,642, respectively. For the year ended June 30, 2020 net assets released from restriction as a result of fulfilling donor time and purpose restrictions were \$300,000 and \$261,834, respectively.

Net assets with donor restrictions were as follows at June 30:

	2021	2020
Purpose restrictions	\$ -	\$ 36,642
Time restrictions	123,600	-
<u>Net assets with donor restrictions</u>	<u>\$ 123,600</u>	<u>\$ 36,642</u>

### Note 4 - Related Party Transactions:

The Foundation has received support from related parties, including board members, and employees, amounting to \$2,371 and \$1,995 for the years ended June 30, 2021 and 2020, respectively.

### Note 5 - Future Commitments:

The Foundation had a long-term lease for office space in San Francisco through October 2022. Subsequent to year end the Foundation terminated their lease agreement for the office space effective July 15, 2021 and received their security deposit in full.

The Foundation currently utilizes office space for its corporate address and executive officer in Chico California, under a month-to-month lease.

### Note 6 - Functional Allocation of Expenses:

Costs of providing the Foundation's activities have been summarized below on a functional basis. Programs are comprised of various initiatives that focus on (1) building the technological and operating platform that enables instructors and student editors to contribute content to Wikipedia, (2) create educational material targeted at instructors and students to ensure best practices, and (3) increase the participation of instructors assigning students to write Wikipedia articles.

# Wiki Education Foundation

## Notes to Financial Statements

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	2021			
	Program	General and Administrative	Fundraising	Total
Salaries, wages, and benefits	\$ 745,252	\$ 138,918	\$ 92,157	\$ 976,327
Professional services	29,500	116,174	32,500	178,174
Occupancy	152,059	29,557	14,331	195,947
Travel and conferences	250	1,561	-	1,811
Materials and reproduction costs	1,023	836	125	1,984
Meetings	37	5	4	46
Other operating expenses	36,784	14,718	2,899	54,401
	\$ 964,905	\$ 301,769	\$ 142,016	\$ 1,408,690

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	2020			
	Program	General and Administrative	Fundraising	Total
Salaries, wages, and benefits	\$ 1,334,124	\$ 193,044	\$ 190,924	\$ 1,718,092
Professional services	65,447	90,633	12,328	168,408
Occupancy	91,496	55,198	4,810	151,504
Travel and conferences	35,688	16,963	10,684	63,335
Materials and reproduction costs	9,714	2,022	259	11,995
Meetings	23,380	19,413	1,891	44,684
Other operating expenses	45,694	42,896	528	89,118
	\$ 1,605,543	\$ 420,169	\$ 221,424	\$ 2,247,136

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# Wiki Education Foundation

## Notes to Financial Statements

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### **Note 7 - Retirement Plan:**

The Foundation has a 401(k) plan available to its employees. The Foundation matches up to 4% of employee contributions to the plan and these employer contributions are vested 100% immediately. During the years ended June 30, 2021 and 2020, the Foundation made employer matching contributions of \$27,052 and \$51,284, respectively.

### **Note 8 - COVID-19 Pandemic:**

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. Many Federal, state and local governmental agencies including the city and county of San Francisco declared a state of emergency and issued a variety of mandates including the closure of non-essential businesses and reductions in capacity of offices and commercial businesses.

The Foundation transitioned its employees to working remotely which has continued through the date of these financial statements. See Footnote 1b for impact to the Foundation.

### **Note 9 - Paycheck Protection Program Loan:**

The Foundation received loan proceeds in the amount of \$240,587 and \$302,390 under the Paycheck Protection Program (PPP) during the years ended June 30, 2021 and 2020, respectively. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable as long as the Foundation used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its personnel levels. The amount of loan forgiveness will be reduced if certain requirements are not met. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%.

The PPP loan for \$302,390 was forgiven on June 30, 2021; the Foundation received notice that the PPP loan for \$240,587 has been forgiven in October 2021.