

**WIKI EDUCATION FOUNDATION**

**JUNE 30, 2022 AND 2021**

---

INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS

# Wiki Education Foundation

## Independent Auditors' Report and Financial Statements

---

<b>Independent Auditors' Report</b>	1 - 2
-------------------------------------	-------

### **Financial Statements**

Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 12



A Century Strong

## Independent Auditors' Report

THE BOARD OF DIRECTORS  
WIKI EDUCATION FOUNDATION  
Chico, California

### Opinion

We have audited the financial statements of **WIKI EDUCATION FOUNDATION (the Foundation)**, which comprise the statement of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 the Foundation's ability to continue as a going concern for one year from the date of this report.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, 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 the Foundation'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 the Foundation'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.

*Hood & Strong LLP*

San Francisco, California  
May 5, 2023

# Wiki Education Foundation

## Statement of Financial Position

<i>Years Ended June 30,</i>	2022	2021
<b>Assets</b>		
Cash and equivalents	\$ 253,046	\$ 802,549
Accounts receivable	1,218,019	154,528
Prepaid expenses and other assets	30,901	73,073
<b>Total assets</b>	<b>\$ 1,501,966</b>	<b>\$ 1,030,150</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 23,948	\$ 15,489
Accrued expenses	53,412	53,920
Paycheck Protection Program loan		240,587
Deferred revenues	19,500	12,500
<b>Total liabilities</b>	<b>96,860</b>	<b>322,496</b>
<b>Net Assets:</b>		
Without donor restrictions	894,860	584,054
With donor restrictions	510,246	123,600
<b>Total net assets</b>	<b>1,405,106</b>	<b>707,654</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,501,966</b>	<b>\$ 1,030,150</b>

See accompanying notes to the financial statements.

# Wiki Education Foundation

## Statement of Activities and Changes in Net Assets

Years Ended June 30,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Grants and contributions	\$ 889,217	\$ 1,070,000	\$ 1,959,217	\$ 1,634,972	\$ 123,600	\$ 1,758,572
Forgiveness of PPP loan	240,587		240,587	302,390		302,390
Program services	173,382		173,382	205,649		205,649
Net assets released from restrictions	683,354	(683,354)	-	36,642	(36,642)	-
<b>Total revenue and support</b>	<b>1,986,540</b>	<b>386,646</b>	<b>2,373,186</b>	<b>2,179,653</b>	<b>86,958</b>	<b>2,266,611</b>
<b>Expenses:</b>						
Program services	1,090,624		1,090,624	964,905		964,905
General and administrative	340,181		340,181	301,769		301,769
Fundraising	244,929		244,929	142,016		142,016
<b>Total expenses</b>	<b>1,675,734</b>	<b>-</b>	<b>1,675,734</b>	<b>1,408,690</b>	<b>-</b>	<b>1,408,690</b>
<b>Change in Net Assets</b>	<b>310,806</b>	<b>386,646</b>	<b>697,452</b>	<b>770,963</b>	<b>86,958</b>	<b>857,921</b>
<b>Net Assets - beginning 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>
<b>Net Assets - end of year</b>	<b>\$ 894,860</b>	<b>\$ 510,246</b>	<b>\$ 1,405,106</b>	<b>\$ 584,054</b>	<b>\$ 123,600</b>	<b>\$ 707,654</b>

See accompanying notes to the financial statements.

# Wiki Education Foundation

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Activities:</b>		
Change in net assets	\$ 697,452	\$ 857,921
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Forgiveness of Paycheck Protection Program loan	(240,587)	(302,390)
Accounts receivable	(1,063,491)	(154,509)
Prepaid expenses and other assets	42,172	(18,712)
Accounts payable	8,459	12,105
Accrued expenses	(508)	10,054
Deferred revenues	7,000	903
Net cash (used in) provided by operating activities	(549,503)	405,372
<b>Financing Activities:</b>		
Proceeds from Paycheck Protection Program Loan		240,587
Net cash provided by financing activities		240,587
<b>Net Change in Cash and Equivalents</b>	(549,503)	645,959
<b>Cash and Equivalents - beginning of year</b>	802,549	156,590
<b>Cash and Equivalents - end of year</b>	\$ 253,046	\$ 802,549

See accompanying notes to the financial statements.

# Wiki Education Foundation

## Notes to the Financial Statements

---

### 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. 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, 2022 and 2021, the Foundation does not have any net assets that donors have restricted in perpetuity.

#### c. 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.

#### d. 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, 2022, and 2021, the Foundation had cash deposits in excess of federally insured limits. Contribution revenue representing 95% of total contributions was received from four donors and 99% from four donors for the years ended June 30, 2022 and 2021, respectively.



# Wiki Education Foundation

## Notes to the Financial Statements

---

e. 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.

f. 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 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 \$1,200,000 included in accounts receivable as of June 30, 2022, were expected to be collected in the following year. The contributions receivable of \$123,600 included in accounts receivable as of June 30, 2021, were expected to be collected in the following year.

*Fees for Services*

Fees for services are recorded as program services revenue when the contract's performance obligation has been satisfied. Fees for services are related to teaching 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.

# Wiki Education Foundation

## Notes to the Financial Statements

---

g. 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 Revenue and 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.

h. 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 among the classifications.

i. New Accounting Pronouncements

*Pronouncement Effective in the Future*

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (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. The Foundation is currently assessing the impact the adoption of this ASU will have on its financial statements.

j. Subsequent Events

The Foundation evaluated subsequent events from June 30, 2022 through May 5, 2023, 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.

# Wiki Education Foundation

## Notes to the Financial Statements

---

### Note 2 - Liquidity Management:

The Foundation's financial assets available within one year of June 30, 2022 and 2021 for general expenditures were as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 253,046	\$ 802,549
Accounts receivable	1,218,019	154,528
<hr/>		
Total financial assets	1,471,065	957,077
<hr/>		
Less amounts not available to be used within one year:		
Net assets with donor restrictions	510,246	123,600
Less net assets with donor restrictions to be met within one year	(510,246)	-
<hr/>		
	-	123,600
<hr/>		
Financial assets available to meet general expenditures within one year	\$ 1,471,065	\$ 833,477

The Foundation utilizes corporate credit cards with Chase Bank which provide an available credit limit of \$67,000 in available credit limit, including \$3,350 in available for 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 the Financial Statements

---

### 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, 2022 net assets released from restriction as a result of fulfilling donor time and purpose restrictions were \$623,600 and \$59,754, respectively. 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.

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

	2022	2021
Purpose restrictions	\$ 10,246	\$ -
Time restrictions	500,000	123,600
<hr/>		
Net assets with donor restrictions	\$ 510,246	\$ 123,600

### Note 4 - Related Party Transactions:

The Foundation received support from related parties, including Board members and employees, amounting to \$2,909 and \$2,371 for the years ended June 30, 2022 and 2021, respectively.

### Note 5 - Future Commitments:

The Foundation had a long-term lease for office space in San Francisco through October 2022. The Foundation terminated this lease agreement effective July 15, 2021 and received the 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 - Allocation of Functional Expenses:

Costs of providing the Foundation's activities have allocated below to the Foundation's functional categories. 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 the Financial Statements

---

	2022			
	Program	General and Administrative	Fundraising	Total
Salaries, wages, and benefits	\$ 981,355	\$ 167,508	\$ 178,890	\$ 1,327,753
Professional services	48,909	97,830	43,738	190,477
Occupancy	13,270	1,896	1,896	17,062
Furniture, equipment, and software	17,068	7,211	11,426	35,705
Travel and conferences	-	3,679	5,287	8,966
Materials and reproduction costs	801	185	349	1,335
Meetings	345	58,242	190	58,777
Other operating expenses	28,876	3,630	3,153	35,659
	\$ 1,090,624	\$ 340,181	\$ 244,929	\$ 1,675,734

---

	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

---

### 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, 2022 and 2021, the Foundation made employer matching contributions of \$35,501 and \$27,052, respectively.

# Wiki Education Foundation

## Notes to the Financial Statements

---

### **Note 8 - 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. 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 PPP loan for \$302,390 was forgiven on June 30, 2021 and the PPP loan for \$240,587 was forgiven in October 2021.