

CONNEXUS ASSOCIATION, INC.

December 31, 2014

CONTENTS

Page

INDEPENDENT AUDITORS' REPORT

1 and 2

FINANCIAL STATEMENTS

Statement of Financial Position

3

Statement of Activities

4

Statement of Functional Expenses

5

Statement of Cash Flows

6

Notes to Financial Statements

7 - 8



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Connexus Association, Inc.
Wausau, Wisconsin

We have audited the accompanying financial statements of Connexus Association, Inc. (a not-for-profit corporation) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 of 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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 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 Connexus Association, Inc. as of December 31, 2014, 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.

Schorck Sc

Certified Public Accountants

Green Bay, Wisconsin
July 20, 2015

CONNEXUS ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2014

ASSETS

| | |
|---------------------------|-------------------|
| Current assets | |
| Cash and cash equivalents | \$ <u>363,673</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|-------------------|
| Current liabilities | |
| Accounts payable | \$ 265 |
| Accrued expenses | <u>155</u> |
| Total current liabilities | 420 |
| Unrestricted net assets | <u>363,253</u> |
| Total liabilities and net assets | <u>\$ 363,673</u> |

See Notes to Financial Statements.

CONNEXUS ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

| | |
|----------------------------------|--------------------------|
| Revenue, gains and other support | |
| Contributions | <u>\$ 231,202</u> |
| Expenses | |
| Program services | 86,954 |
| Supporting activities | |
| Management and general | <u>2,531</u> |
| Total expenses | <u>89,485</u> |
| Change in net assets | 141,717 |
| Net assets at beginning of year | <u>221,536</u> |
| Net assets at end of year | <u><u>\$ 363,253</u></u> |

See Notes to Financial Statements.

CONNEXUS ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
|-----------------------|-----------------------------|-----------------------------------|------------------|
| Salaries | \$ 484 | \$ 1,937 | \$ 2,421 |
| Payroll taxes | 40 | 160 | 200 |
| Professional fees | - | 265 | 265 |
| Donations | 86,221 | - | 86,221 |
| Licenses and permits | - | 84 | 84 |
| Meals and conferences | 209 | 11 | 220 |
| Postage | - | 74 | 74 |
| | <hr/> | <hr/> | <hr/> |
| Total expenses | <u>\$ 86,954</u> | <u>\$ 2,531</u> | <u>\$ 89,485</u> |

See Notes to Financial Statements.

CONNEXUS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

| | <u>2014</u> |
|---|-------------------|
| Operating activities | |
| Change in net assets | \$ 141,717 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Changes in assets and liabilities | |
| Accounts payable | 265 |
| Accrued expenses | <u>155</u> |
| Net cash provided by operating activities | 142,137 |
| Cash and cash equivalents | |
| Beginning | <u>221,536</u> |
| Ending | <u>\$ 363,673</u> |

See Notes to Financial Statements.

CONNEXUS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 1 - Nature of organization and significant accounting policies

A. Nature of organization

Connexus Association, Inc. (the Association) is a not-for-profit corporation organized under the laws of the State of Wisconsin, whose purpose is to provide scholarships for education, to assist educational institutions, and to provide financial literacy education to help borrowers and savers reach their financial goals.

B. Basis of accounting

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

C. Basis of presentation

The Association is required to report information regarding its net assets and its activities in the following three classes of net assets:

Unrestricted net assets - net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations.

Temporarily restricted net assets - net assets that result from contributions whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations.

Permanently restricted net assets - net assets resulting from contributions whose use by the Association is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

The Association had only unrestricted net assets as of December 31, 2014.

D. Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

E. Cash and cash equivalents

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

CONNEXUS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

Note 1 - Nature of organization and significant accounting policies, continued

F. Contribution recognition

Contributions are recognized as revenue when they are received or unconditionally promised. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires during the reporting period in which the support is recognized. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contribution of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Association. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

G. Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

H. Income tax status

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation on unrelated business income. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Association is also exempt from Wisconsin income taxes.

Penalties and interest assessed by income taxing authorities are included in management and general expenses, if applicable. The Association had no interest and penalties related to income taxes for the year ended December 31, 2014. The Association's federal returns are subject to examination generally for three years after they are filed and its state returns are subject to examination generally for four years after they are filed.

I. Subsequent events

The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 20, 2015, the date on which the financial statements are available to be issued.

Note 2 - Concentration of credit risk

The Association maintains its bank accounts at one financial institution in the Wausau area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. The Association's cash deposits may exceed these federally insured limits at times during the year. The Association has not experienced any losses on these accounts. Management believes the Association is not exposed to any significant credit risk on cash.