

WIKI EDUCATION FOUNDATION

JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

**HOOD &
STRONG** LLP
CERTIFIED PUBLIC ACCOUNTANTS

Wiki Education Foundation

Independent Auditors' Report and Financial Statements

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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, 2023 and 2022, 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, 2023 and 2022, 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
February 27, 2024

Wiki Education Foundation

Statement of Financial Position

<i>Years Ended June 30,</i>	2023	2022
Assets		
Cash and equivalents	\$ 821,391	\$ 253,046
Accounts receivable	28	1,218,019
Prepaid expenses and other assets	57,177	30,901
Total assets	\$ 878,596	\$ 1,501,966
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 5,723	\$ 23,948
Accrued expenses	71,996	53,412
Deferred revenues	10,000	19,500
Total liabilities	87,719	96,860
Net Assets:		
Without donor restrictions	2,833	894,860
With donor restrictions	788,044	510,246
Total net assets	790,877	1,405,106
Total liabilities and net assets	\$ 878,596	\$ 1,501,966

See accompanying notes to the financial statements.

Wiki Education Foundation

Statement of Activities and Changes in Net Assets

Years Ended June 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Grants and contributions	\$ 82,067	\$ 951,753	\$ 1,033,820	\$ 889,217	\$ 1,070,000	\$ 1,959,217
Forgiveness of PPP loan				240,587		240,587
Program services	191,247		191,247	173,382		173,382
Net assets released from restrictions	673,955	(673,955)	-	683,354	(683,354)	-
Total revenue and support	947,269	277,798	1,225,067	1,986,540	386,646	2,373,186
Expenses:						
Program services	1,270,076		1,270,076	1,090,624		1,090,624
General and administrative	327,702		327,702	340,181		340,181
Fundraising	241,518		241,518	244,929		244,929
Total expenses	1,839,296	-	1,839,296	1,675,734	-	1,675,734
Change in Net Assets	(892,027)	277,798	(614,229)	310,806	386,646	697,452
Net Assets - beginning of year	894,860	510,246	1,405,106	584,054	123,600	707,654
Net Assets - end of year	\$ 2,833	\$ 788,044	\$ 790,877	\$ 894,860	\$ 510,246	\$ 1,405,106

See accompanying notes to the financial statements.

Wiki Education Foundation

Statement of Cash Flows

<i>Years Ended June 30,</i>	2023	2022
Operating Activities:		
Change in net assets	\$ (614,229)	\$ 697,452
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Forgiveness of Paycheck Protection Program loan		(240,587)
Accounts receivable	1,217,991	(1,063,491)
Prepaid expenses and other assets	(26,275)	42,172
Accounts payable	(18,225)	8,459
Accrued expenses	18,583	(508)
Deferred revenues	(9,500)	7,000
Net cash provided by (used in) operating activities	568,345	(549,503)
Net Change in Cash and Equivalents	568,345	(549,503)
Cash and Equivalents - beginning of year	253,046	802,549
Cash and Equivalents - end of year	\$ 821,391	\$ 253,046

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, 2023 and 2022, 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, 2023, and 2022, the Foundation had cash deposits in excess of federally insured limits. Contribution revenue representing 73% of total contributions was received from two donors and 95% from four donors for the years ended June 30, 2023 and 2022, 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 approximately \$30 included in accounts receivable as of June 30, 2023, were expected to be collected in the following year. The contributions receivable of approximately \$1,200,000 included in accounts receivable as of June 30, 2022, 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 and Note 6. Accordingly, certain costs, such as occupancy, utilities, maintenance, and insurance have been allocated based on management estimates of active personnel employed among the classifications.

i. Subsequent Events

The Foundation evaluated subsequent events from June 30, 2023 through February 27, 2024, 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, 2023 and 2022 for general expenditures were as follows:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 821,391	\$ 253,046
Accounts receivable	28	1,218,019
<hr/>		
Total financial assets	821,419	1,471,065
<hr/>		
Less amounts not available to be used within one year:		
Net assets with donor restrictions	788,044	510,246
Less net assets with donor restrictions to be met within one year	(645,228)	(510,246)
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	142,816	-
<hr/>		
Financial assets available to meet general expenditures within one year	\$ 678,603	\$ 1,471,065

The Foundation utilizes corporate credit cards with Chase Bank which provide an available credit limit of \$67,000, 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, 2023 net assets released from restriction as a result of fulfilling donor time and purpose restrictions were \$500,000 and \$173,955, respectively. 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.

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

	2023	2022
STEM and Science	\$ 85,525	\$ 246
Democracy, Public Policy and Civics	570,695	
Representation of Excluded Groups	28,308	
Art and Architecture	20,832	
Disability Healthcare	50,835	
LGBTQ+ Wiki Scholars		10,000
Education Hub	31,849	
Time		500,000
Net assets with donor restrictions	\$ 788,044	\$ 510,246

Note 4 - Related Party Transactions:

The Foundation received support from related parties, including Board members and employees, amounting to \$1,016 and \$2,909 for the years ended June 30, 2023 and 2022, respectively.

Note 5 - Future Commitments:

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 been 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

	2023			
	Program	General and Administrative	Fundraising	Total
Salaries, wages, and benefits	\$1,157,459	\$ 129,427	\$ 224,294	\$ 1,511,180
Professional services	42,010	104,303	2,500	148,813
Occupancy	9,610	1,510	1,248	12,368
Furniture, equipment, and software	11,466	14,534	8,300	34,300
Travel and conferences	12,211	15,758	639	28,608
Materials and reproduction costs	4,310	108	693	5,111
Meetings	1,767	58,810	-	60,577
Other operating expenses	31,243	3,252	3,844	38,339
	\$1,270,076	\$ 327,702	\$ 241,518	\$ 1,839,296

	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

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, 2023 and 2022, the Foundation made employer matching contributions of \$36,290 and \$35,501, respectively.