

CITIZEN UTILITY BOARD OF WISCONSIN, INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

As of and for Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Citizens Utility Board of Wisconsin, Inc.
Madison, Wisconsin

KMA, S.C., formally known as KMA Bodilly CPAs & Consultants, S.C. ("we" and "our") were engaged to audit the accompanying financial statements of Citizens Utility Board of Wisconsin, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 Citizens Utility Board of Wisconsin, Inc., as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in March 2020, the World Health Organization classified COVID-19 as a pandemic and multiple jurisdictions in the United States of America have declared a state of emergency. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 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 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.

Report on Summarized Comparative Information

We have previously audited the Citizens Utility Board of Wisconsin, Inc. financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KMA, S.C.

KMA, S.C., formally known as KMA Bodilly CPAs & Consultants, S.C.
Madison, Wisconsin
September 23, 2020

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31,

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 193,473	\$ 228,943
Contract receivables	71,888	2,569
Contributions receivable	-	1,568
Total current assets	<u>265,361</u>	<u>233,080</u>
FIXED ASSETS		
Office equipment	22,242	22,242
Less: Accumulated depreciation	<u>(22,242)</u>	<u>(22,242)</u>
Net fixed assets	<u>-</u>	<u>-</u>
DEPOSIT	<u>1,514</u>	<u>1,514</u>
Total assets	<u><u>\$ 266,875</u></u>	<u><u>\$ 234,594</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,148	\$ 13,547
Accrued intervenor expenses	72,021	-
Accrued retirement plan payable	-	567
Accrued compensation absences	<u>11,030</u>	<u>13,159</u>
Total current liabilities	<u>87,199</u>	<u>27,273</u>
NET ASSETS		
Without donor restrictions	(55,248)	94,987
With donor restrictions	<u>234,924</u>	<u>112,334</u>
Total net assets	<u>179,676</u>	<u>207,321</u>
Total liabilities and net assets	<u><u>\$ 266,875</u></u>	<u><u>\$ 234,594</u></u>

See accompanying notes and independent auditor's report.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES, GAINS AND OTHER SUPPORT		
Membership dues and contributions	\$ 119,121	\$ 122,665
Public Service Commission of Wisconsin	177,509	225,986
Interest income	1	2
Total revenues, gains and other support	296,631	348,653
Net assets released from restrictions	177,410	229,779
Total revenues	474,041	578,432
EXPENSES		
PROGRAM SERVICES		
PSC intervention	479,751	371,534
Consumer education	37,376	42,304
Energy policy	12,451	15,824
Total program services	529,578	429,662
SUPPORTING SERVICES		
Lobbying	6,960	7,035
Fundraising expenses	70,644	80,379
Management and General	17,094	16,048
Total supporting services	94,698	103,462
Total expenses	624,276	533,124
Net change in net assets without donor restrictions	(150,235)	45,308
NET ASSETS WITH DONOR RESTRICTIONS		
Grants	300,000	300,000
Net assets released from restrictions	(177,410)	(229,779)
Net change in net assets with donor restrictions	122,590	70,221
Change in net assets	(27,645)	115,529
Net assets at beginning of year	207,321	91,792
Net assets at end of year	\$ 179,676	\$ 207,321

See accompanying notes and independent auditor's report.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2019
(With Comparative Totals Year Ended December 31, 2018)

	Programs			Supporting Services			Totals	
	PSC Intervention	Consumer Education	Energy Policy	Lobbying	Fundraising	Management & General	2019	2018
Personnel	\$ 266,479	\$ 17,063	\$ 10,209	\$ 5,707	\$ 50,305	\$ 14,017	\$ 363,780	\$ 373,397
Intervenor, legal and consultants	154,768	-	-	-	-	-	154,768	20,486
Development	-	-	-	-	9,295	-	9,295	23,104
Communications	26,270	18,249	1,006	563	4,959	1,382	52,429	63,702
Professional fees	6,718	430	257	144	1,268	353	9,170	8,425
Office expenses	24,168	1,548	927	517	4,563	1,271	32,994	41,244
Travel	601	38	23	13	113	32	820	176
Interest	172	11	7	4	33	9	236	-
Subscriptions and memberships	575	37	22	12	108	30	784	2,590
Total	\$ 479,751	\$ 37,376	\$ 12,451	\$ 6,960	\$ 70,644	\$ 17,094	\$ 624,276	\$ 533,124

See accompanying notes and independent auditor's report.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
STATEMENT OF CASH FLOWS
Years ended December 31,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (27,645)	\$ 115,529
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in:		
Contract receivables	(69,319)	39,821
Contributions receivable	1,568	2,627
Accounts payable	(9,399)	288
Accrued intervenor expenses	72,021	(30,858)
Accrued retirement plan payable	(567)	(578)
Accrued compensated absences	(2,129)	(1,642)
Other accrued liabilities	-	(1,568)
Net cash provided by (used in) operating activities	<u>(35,470)</u>	<u>123,619</u>
Change in cash	(35,470)	123,619
Cash at beginning of year	<u>228,943</u>	<u>105,324</u>
Cash at end of year	<u>\$ 193,473</u>	<u>\$ 228,943</u>

See accompanying notes and
independent auditor's report.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Organizational Purpose – The Citizens Utility Board of Wisconsin, Inc. (the “Organization”) is a non-profit organization that provides services to residential, farm, and small business utility consumers in the State of Wisconsin. These services include communication and education to its member consumers, representation before regulatory agencies, the legislature, the courts, and other public bodies, and advocating for reliable, affordable and environmentally sound utility services. The Organization is primarily supported by membership fees, contributions, grants and intervenor compensation from the Public Service Commission of Wisconsin (“PSC”).

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America as contained in the Accounting Standards Codification (“ASC”) issued by the Financial Standards Accounting Board (“FASB”), and have been consistently applied.

Basis of Accounting

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

Classes of Net Assets

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or are time restricted.

Cash

Cash includes amounts in a checking account and savings account.

Contract Receivables

The Organization considers all contract receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Fixed Assets

The Organization capitalizes fixed assets over \$5,000. Lesser amounts are expensed. Purchased fixed assets are stated at cost. Fixed assets are depreciated using the straight-line method over five years.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization is also exempt from Wisconsin franchise or income tax.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Revenue and Expenses

Revenues are recognized in accordance with Accounting Standards Codification Topic 606 as a result of the Organization's adoption of ASU 2014-09, *Revenue from Contracts with Customers*, effective January 1, 2019, using the modified retrospective approach. The ASU requires revenue to be recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. There was no material impact on the Organization's results of operations or financial condition upon adoption of the new standard.

Revenue is recognized when earned and support when contributions are made. Certain grant agreements require the organization to spend grant funds consistent with the grant application. Costs allocated to these programs are in accordance with established procedures and are subject to review by the grantor. No determination has been made regarding the effect, if any; such review could have on the financial statements.

Expenses are recorded when incurred.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risk Management

The Organization is exposed to various risks of losses to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Organization maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses.

Subsequent Events

The Plan has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the Plan's financial statements.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 2 – CONTRACT RECEIVABLES

Contract receivables with PSC totaled \$71,888 and \$2,569 as of December 31, 2019 and 2018.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions with PSC totaled \$234,924 and \$112,334 as of December 31, 2019 and 2018.

Net assets with donor restrictions were released from restrictions as follows for the years ended December 31:

Purpose restriction	2019	2018
Public Service Commission of Wisconsin	\$ 177,410	\$ 187,666
CUB NextGen: Branding & Small Business Engagement	-	42,113
Total	\$ 177,410	\$ 229,779

NOTE 4 – OPERATING LEASES, AS LESSEE

The Organization, as lessee, leases office space and office equipment on long-term operating leases. Total rental expense on all operating leases approximated \$21,700 and \$20,900 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments required under the operating lease agreements for the years ending December 31 are as follows:

2020	\$ 22,742
2021	3,468
2022	3,468
2023	3,468
2024	2,312
Total	\$ 35,458

NOTE 5 – ECONOMIC DEPENDENCY

For the years ended December 31, 2019 and 2018, the Organization received revenues of approximately 81%, respectively, of total revenues from one entity.

NOTE 6 – JOINT COSTS

The Organization incurred joint costs in direct mail and website for fundraising and communications. For the years ended December 31, 2019 and 2018, joint costs in these activities totaled \$9,998 and \$21,982, respectively. Fifty percent of these costs were allocated to programs and fifty percent were allocated to fundraising.

CITIZENS UTILITY BOARD OF WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2019 and 2018

NOTE 7 – EMPLOYEE BENEFIT PLAN

Starting in 2019, the Organization adopted a 401(k) retirement plan (the “Plan”) that covers all employees who satisfy minimum service requirements. The Plan provides for discretionary matching contributions as a percentage of each eligible employee’s salary. For the year ended December 31, 2019, the Organization made discretionary matching contributions totaling \$12,802.

During 2018, the Organization sponsored a Savings Incentive Match Plan for Employees (“SIMPLE”) IRA plan covering all employees. Under the SIMPLE, the Organization matched dollar for dollar up to 3 percent of each eligible employee’s salary. For the year ended December 31, 2018, the Organization paid matching contributions totaling \$7,606.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets at December 31, reduced by amounts not available for general expenditure within one year of the balance sheet date:

	2019	2018
Total financial assets	\$ 265,361	\$ 233,080
Less those available for general expenditure within one year due to :		
Purpose restrictions	(234,924)	(112,334)
Financial assets available to meet cash needs for general expenditures within one year	\$ 30,437	\$ 120,746

NOTE 9 – COVID-19

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (“COVID-19”), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of the date these financial statements were available to be issued, management believes that a material impact on the Organization’s operations is reasonably possible.

SUPPLEMENTARY INFORMATION

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
PUBLIC SERVICE COMMISSION OF WISCONSIN AUDIT REQUIREMENTS**

To the Board of Directors
Citizens Utility Board of Wisconsin, Inc.

KMA, S.C., formally known as KMA Bodilly CPAs & Consultants, S.C. ("we" and "our") were engaged to audit the financial statements of Citizens Utility Board of Wisconsin, Inc., as of and for the years ended December 31, 2019 and 2018 and have issued our report thereon dated September 23, 2020.

We have applied procedures to test Citizens Utility Board of Wisconsin, Inc.'s compliance with the requirements applicable to the Public Service Commission of Wisconsin Rule 3 Section 3.08 for the years ended December 31, 2019 and 2018. Our procedures were substantially less in scope than that of an audit, the objective of which is the expression of an opinion on Citizens Utility Board of Wisconsin, Inc.'s compliance with the requirements listed in the preceding sentence. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of the procedures disclosed no material instances of noncompliance with the requirement listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Citizens Utility Board of Wisconsin, Inc. had not complied, in all material respects, with the requirements.

This report is intended solely for the information and use of the board of directors, management and the Public Service Commission of Wisconsin and is not intended to be and should not be used by anyone other than these specified parties.

KMA, S.C.

KMA, S.C., formally known as KMA Bodilly CPAs & Consultants, S.C.
Madison, Wisconsin
September 23, 2020