



**CONSOLIDATED FINANCIAL STATEMENTS  
WITH CONSOLIDATING INFORMATION**

**December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wisconsin Professional Police Association, Inc.  
Madison, Wisconsin

**Opinion**

We have audited the financial statements of Wisconsin Professional Police Association, Inc., which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, 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 Wisconsin Professional Police Association, Inc. as of December 31, 2022 and 2021, 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.

**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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wisconsin Professional Police Association, Inc. 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.

**Adoption of New Accounting Guidance**

As discussed in Note 1 to the financial statements, Wisconsin Professional Police Association, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs as of January 1, 2022. Our opinion is not modified with respect to this matter.

**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 Wisconsin Professional Police Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's 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 auditor's 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 Wisconsin Professional Police Association, Inc.'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 Wisconsin Professional Police Association, Inc.'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.

### ***Report on Consolidating Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities are 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 consolidating 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 or to 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 consolidating information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
April 14, 2023

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 322,904	\$ 291,166
Investments	1,234,742	1,523,571
Accounts receivable, net		
Dues	82,369	88,679
Other	2,554	-
Prepaid expenses	35,672	50,642
Inventory	4,098	4,101
	<u>1,682,339</u>	<u>1,958,159</u>
Total current assets		
Equipment and leasehold improvements, net	18,627	28,487
Operating lease right-of-use asset	1,162,954	-
Deferred compensation investments	208,256	246,115
	<u>1,389,837</u>	<u>274,607</u>
<b>Total assets</b>	<b><u>\$ 3,072,176</u></b>	<b><u>\$ 2,232,761</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,261	\$ 28,363
Accrued payroll and payroll taxes	68,200	62,130
Other accrued expenses	12,865	8,521
Deferred revenue	118,649	85,793
Current portion of operating lease liability	66,775	-
	<u>267,750</u>	<u>184,807</u>
Total current liabilities		
LONG-TERM LIABILITIES		
Long-term operating lease liability	1,104,959	-
Severance liability	143,866	137,748
Deferred compensation obligation	208,256	246,115
	<u>1,457,081</u>	<u>383,863</u>
Total liabilities	1,724,831	568,670
NET ASSETS		
Board designated extended legal protection plan	136,069	-
Undesignated	1,211,276	1,664,091
	<u>1,347,345</u>	<u>1,664,091</u>
Total net assets without member restrictions		
<b>Total liabilities and net assets</b>	<b><u>\$ 3,072,176</u></b>	<b><u>\$ 2,232,761</u></b>

See accompanying notes.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2022 and 2021

	2022	2021
<b>NET ASSETS WITHOUT MEMBER RESTRICTIONS</b>		
REVENUES		
Membership dues	\$ 2,867,745	\$ 2,887,769
Supervisory officers relations division dues	86,184	85,034
Extended legal protection plan fees	164,076	168,134
Contributions	8,070	6,202
Convention	33,584	30,355
Investment return, net	(230,706)	196,433
Other	17,978	8,322
PAC income	33,438	34,216
Total revenues without member restrictions	2,980,369	3,416,465
EXPENSES		
Program services		
Collective bargaining	1,822,584	1,764,567
Extended legal protection plan	118,510	88,014
Legislative	81,844	111,791
Other programs	128,201	90,004
Total program services	2,151,139	2,054,376
Supporting activities		
Management and general	980,045	859,875
Membership development	165,931	165,104
Total supporting activities	1,145,976	1,024,979
Total expenses	3,297,115	3,079,355
<b>Change in net assets</b>	(316,746)	337,110
Net assets at beginning of year - as restated	1,664,091	1,326,981
<b>Net assets at end of year</b>	\$ 1,347,345	\$ 1,664,091

See accompanying notes.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2022

	Collective bargaining	Extended legal protection plan	Legislative	Other programs	Management and general	Membership development	Total Expenses
Personnel	\$ 1,555,669	\$ 100,131	\$ 23,242	\$ 28,932	\$ 704,095	\$ 131,193	\$ 2,543,262
Occupancy	108,080	8,582	1,739	2,165	59,908	9,816	190,290
Travel	96,170	272	3	174	24,369	23	121,011
Office	5,397	6,656	-	37,861	50,574	2,251	102,739
Professional fees	17,278	2,019	39,600	-	18,093	-	76,990
Conferences, conventions, and meetings	3,028	462	-	55,588	6,024	450	65,552
Dues & subscriptions	29,624	-	2,170	-	1,846	20,779	54,419
Grants & scholarships	-	-	15,000	3,000	24,325	-	42,325
Advertising & promotion	-	-	-	-	37,195	-	37,195
Information technology	557	-	-	369	26,044	910	27,880
Insurance	750	-	-	-	24,842	-	25,592
Depreciation	6,031	388	90	112	2,730	509	9,860
<b>Total expenses</b>	<b><u>\$ 1,822,584</u></b>	<b><u>\$ 118,510</u></b>	<b><u>\$ 81,844</u></b>	<b><u>\$ 128,201</u></b>	<b><u>\$ 980,045</u></b>	<b><u>\$ 165,931</u></b>	<b><u>\$ 3,297,115</u></b>

See accompanying notes.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2021

	Collective bargaining	Extended legal protection plan	Legislative	Other programs	Management and general	Membership development	Total Expenses
Personnel	\$ 1,445,336	\$ 60,899	\$ 22,672	\$ 28,589	\$ 661,451	\$ 127,988	\$ 2,346,935
Occupancy	108,080	8,582	1,630	2,055	39,156	9,200	168,703
Travel	79,970	-	734	-	25,218	-	105,922
Office	52,475	4,167	867	1,093	26,873	4,244	89,719
Professional fees	8,355	11,997	39,300	-	18,376	-	78,028
Conferences, conventions, and meetings	5,466	329	-	57,621	9,346	-	72,762
Dues & subscriptions	30,214	-	2,762	-	1,495	20,779	55,250
Grants & scholarships	-	-	43,313	-	-	-	43,313
Advertising & promotion	-	-	-	-	38,639	-	38,639
Information technology	18,944	1,409	278	349	6,179	1,567	28,726
Insurance	750	-	-	-	26,289	-	27,039
Depreciation	14,977	631	235	297	6,853	1,326	24,319
<b>Total expenses</b>	<b><u>\$ 1,764,567</u></b>	<b><u>\$ 88,014</u></b>	<b><u>\$ 111,791</u></b>	<b><u>\$ 90,004</u></b>	<b><u>\$ 859,875</u></b>	<b><u>\$ 165,104</u></b>	<b><u>\$ 3,079,355</u></b>

See accompanying notes.



**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (316,746)	\$ 337,110
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	9,860	24,319
Amortization of operating lease right-of-use asset	8,780	-
Net realized and unrealized (gains) losses on investments	313,362	(170,683)
Accounts receivable, net	3,756	1,556
Prepaid expenses	14,970	(9,144)
Inventory	3	(135)
Increase (decrease) in liabilities		
Accounts payable	(27,102)	9,688
Accrued payroll and payroll taxes	6,070	(9,008)
Other accrued expenses	4,344	(5,995)
Deferred revenue	32,856	(6,432)
Severance liability	6,118	-
Deferred compensation obligation	(37,859)	1,368
Net cash flows from operating activities	18,412	172,644
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	60,000	-
Purchases of investments	(17,304)	(178,644)
Interest and dividends earned but retained in investments	(29,370)	(25,684)
Purchases of equipment and leasehold improvements	-	(4,983)
Net cash flows from investing activities	13,326	(209,311)
<b>Net change in cash</b>	31,738	(36,667)
Cash at beginning of year	291,166	327,833
<b>Cash at end of year</b>	<u>\$ 322,904</u>	<u>\$ 291,166</u>

See accompanying notes.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Wisconsin Professional Police Association, Inc. (Association) serves the needs of law enforcement personnel in Wisconsin by providing employment relations, collective bargaining, legislative lobbying, and legal assistance services to its members. The Association's primary source of revenue is membership dues.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Wisconsin Professional Police Association, Inc. (Association), Wisconsin Professional Police Association Political Action Committee (PAC), Cops for Justice Fund, and The Wisconsin Law Enforcement Museum of Valor (Museum). PAC, Cops for Justice Fund, and Museum are consolidated since the Association has both an economic interest in these entities and control of these entities through a majority voting interest in their governing bodies. All material intra-entity transactions have been eliminated. For purposes of the consolidating schedules of financial position and activities, the amounts reported for Wisconsin Professional Police Association, Inc. include the Association, PAC, and Cops for Justice Fund.

**Investments**

Wisconsin Professional Police Association, Inc. reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

**Accounts Receivable and Allowance for Uncollectible Receivables**

Accounts receivable primarily represent payments owed to the Association for membership dues and services provided. The allowance for uncollectible receivables is based on management's review of outstanding accounts at year-end. Receivables are considered impaired if principal payments are not received in accordance with the contractual terms. The Association's policy is to charge off uncollectible receivables when management has determined the receivable will not be collected. The allowance for doubtful accounts was \$902 at December 31, 2022 and 2021, respectively.

**Income Tax Status**

The Association is exempt from federal income tax under Section 501(c)(5) of the Internal Revenue Code. PAC and Cops for Justice Fund are Section 527 political organizations and are subject to taxation on net investment income. Income tax expense is recorded on any unrelated business income. The Museum is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Inventory**

Inventory is stated at the lower of cost or net realizable value, cost is determined by the first-in, first-out method.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, which are allocated on a basis of estimates of time and effort, and office, information technology, occupancy, and depreciation, which are allocated based on personnel dollars.

*Collective bargaining* – Collective bargaining activities include ongoing contract negotiations and enforcement of labor contracts for approximately 6,000 active members of 370 law enforcement and civilian municipal employee bargaining units. Legislative successes have included securing passage of new laws that permit off-duty and former law enforcement officers to carry concealed weapons on or near school grounds, creating penalties for committing and/or threatening an officer with battery, expanding the lawful use of administrative subpoenas to investigate internet crimes against children, and introducing legislation to allow certain survivors of law enforcement officers that are killed in the line of duty to maintain their health insurance benefits.

*Extended legal protection plan* – The Association's in-house attorneys represent members in a wide variety of areas that are connected to their employment and the collective bargaining agreements that govern that vital service. Association attorneys also represent members in critical incidents, such as when officers are involved in shootings, squad accidents, or in-custody deaths.

*Legislative* –WPPA employs lobbyists to advocate for law enforcement officers and the law enforcement community at large on a wide variety of criminal justice, labor and professional policy matters before the state legislature. Along with passing the Law Enforcement Officers Bill of Rights, which established "just cause" as the standard of review for disciplinary actions against officers by employers, some of our more recent accomplishments include new laws that require employers to pay the legal fees of officers who are exonerated in criminal proceedings arising from on-duty conduct, establish tougher penalties for individuals that injure officers while trying to escape, and require independent and transparent investigations into officer involved deaths by outside agencies.

*Other programs* – Other programs consist of costs incurred for the Annual Convention, Wisconsin Police Journal, and the Wisconsin Law Enforcement Museum of Valor.

*Management and general* – Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, and perform other administrative functions.

*Membership development* – Provides the structure necessary to encourage and secure Association membership.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Revenue Recognition**

The majority of the Association's revenues from contracts with customers, which include membership dues, SORD dues, and ELPP fees, are recognized over time, and consist of performance obligations that are satisfied within one year or less. In addition, the majority of the Association's contracts do not contain variable consideration and contract modifications are generally minimal.

A portion of the Association's revenue from contracts with customers, including convention revenue, is recognized at a point in time based on the occurrence of the convention. In addition, the majority of the Association's contracts do not contain variable consideration and contract modifications are generally minimal.

**Deferred Revenue**

Income from membership dues is deferred and recognized over the periods to which the dues relate.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Equipment and Leasehold Improvements**

All acquisitions of equipment and leasehold improvements in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Equipment and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Leases**

WPPA does not recognize short-term leases in the statement of financial position. For these leases, WPPA recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. WPPA also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, WPPA uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through April 14, 2023, the date which the consolidated financial statements were available to be issued.

**Adoption of New Accounting Guidance**

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, *Leases*, and creates FASB ASC Topic 842, *Leases*. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

WPPA adopted the requirements of Topic 842 as of January 1, 2022, using the optional transition method that allows WPPA to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. WPPA’s reporting for the year ended December 31, 2021, is in accordance with the previous guidance in Topic 840.

WPPA elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed WPPA to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

NOTE 2—LEASES

Wisconsin Professional Police Association, Inc. has a 10-year operating lease for office space which began on April 1, 2022 and contains an option to extend the lease term for an additional 3 years at the discretion of WPPA which is reasonably certain to be exercised. The lease contains a 3% annual payment escalator.

The components of total lease costs are as follows:

Operating lease cost	\$ 83,027
Short-term lease cost	<u>22,282</u>
Total lease cost	<u>\$ 105,309</u>

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 2—LEASES (continued)

Other information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liability	
Operating cash flows from operating leases	\$ 68,850
Right-of-use assets obtained in exchange for new operating lease liability	1,224,640
Weighted-average remaining lease term	
Operating lease	12
Weighted-average discount rate	
Operating lease	2.39%

The maturities of operating lease liabilities as of December 31, 2022 are as follows:

Year ending December 31:	
2023	\$ 93,870
2024	96,684
2025	99,583
2026	102,570
2027	105,647
Thereafter	<u>863,214</u>
Total minimum lease payments	1,361,568
Imputed Interest	<u>(189,834)</u>
Total lease liabilities	<u>\$ 1,171,734</u>

NOTE 3—EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at December 31, 2022 and 2021 consist of:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 216,489	\$ 216,488
Office furniture and equipment	58,506	58,506
Construction in progress	13,500	13,500
Less accumulated depreciation	<u>(269,868)</u>	<u>(260,007)</u>
Equipment and leasehold improvements, net	<u>\$ 18,627</u>	<u>\$ 28,487</u>

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 4—COMMITMENTS

The Association has signed contracts with a hotel for its annual conferences through 2030. If the conferences get cancelled, or if the Association uses fewer than its contracted number of room nights, the Association could be subject to a maximum penalty of approximately \$64,000.

The Association has an employment contract with its executive director which requires deferred compensation and severance benefits. Under the contract, the Association will make voluntary contributions in the amount of 10% of the executive director's gross salary each year to the deferred compensation plan.

The contract also requires the Association to pay the executive director a severance benefit upon the expiration or termination of his employment. Payment will be equal to one month of the executive director's annual salary for the year in which the termination occurs for each year served as executive director, up to a maximum of ten months, rounded to the nearest year.

NOTE 5—INVESTMENTS

Investments at December 31, 2022 and 2021 consisted of the following:

	2022	2021
General investments		
Money market funds	\$ 77,899	\$ 57,175
Common stocks	78,554	327,569
Mutual funds	1,078,289	1,138,827
Deferred compensation investments		
Mutual funds	208,256	246,115
Total investments	\$ 1,442,998	\$ 1,769,686

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Money market funds are valued using amortized cost, which approximates fair value. The investment objective of money market funds is to provide current income consistent with stability of principal. Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Association are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Association are considered to be actively traded. Fair values of common stocks are based on the closing prices reported on the active market where the individual securities are traded.

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

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NOTE 6—RETIREMENT PLAN

The Association sponsors a safe harbor 401(k) plan and contributed 8% of all participants' compensation to the plan for the years ended December 31, 2022 and 2021, respectively. Retirement expense was \$141,408 and \$126,978 for the years ended December 31, 2022 and 2021.

NOTE 7—LINE OF CREDIT

The Association maintained a \$75,000 line of credit. The interest rate is 4.25% and the line of credit is secured by the assets of the Association. The line of credit carried no outstanding balance at December 31, 2022 and 2021.

NOTE 8—LIQUIDITY AND AVAILABILITY

Wisconsin Professional Police Association, Inc. had financial assets available within one year of the dates of the consolidated statements of financial position to meet cash needs for general expenditures consisting of the following:

	2022	2021
Cash	\$ 322,904	\$ 291,166
Accounts receivable	84,923	88,679
Investments	1,234,742	1,523,571
Financial assets available within one year to meet cash needs for general expenditures	\$ 1,642,569	\$ 1,903,416

None of these financial assets are subject to member or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statements of financial position dates. The Association also has \$208,256 and \$246,117 in deferred compensation investments as of December 31, 2022 and 2021, which have been set aside to for the deferred compensation obligation, but could be available for general expenditures with approval of the Board of Directors. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 8—PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that investment activity for the Association's deferred compensation obligation was being recorded as a change in net assets on the statement of activities. It was further determined that this activity should have only had an effect on the deferred compensation asset and liability and accordingly an adjustment of \$98,840 was made to net assets without member restrictions and deferred compensation obligation as of December 31, 2021.



**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
December 31, 2022

	WPPA	Museum	Eliminations	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 282,550	\$ 40,354	\$ -	\$ 322,904
Investments	1,170,726	64,016	-	1,234,742
Accounts receivable, net				
Dues	82,369	-	-	82,369
Accounts receivable other	2,554	-	-	2,554
Prepaid expenses	35,672	-	-	35,672
Inventory	-	4,098	-	4,098
<b>Total current assets</b>	<b>1,573,871</b>	<b>108,468</b>	<b>-</b>	<b>1,682,339</b>
Equipment and leasehold improvements, net	5,127	13,500	-	18,627
Operating lease right-of-use asset	1,162,954	-	-	1,162,954
Deferred compensation investments	208,256	-	-	208,256
<b>Total assets</b>	<b>\$ 2,950,208</b>	<b>\$ 121,968</b>	<b>\$ -</b>	<b>\$ 3,072,176</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,261	\$ -	\$ -	\$ 1,261
Accrued payroll and payroll taxes	68,200	-	-	68,200
Other accrued expenses	12,865	-	-	12,865
Deferred revenue	118,649	-	-	118,649
Current portion of operating lease liability	66,775	-	-	66,775
<b>Total current liabilities</b>	<b>267,750</b>	<b>-</b>	<b>-</b>	<b>267,750</b>
<b>LONG-TERM LIABILITIES</b>				
Long-term operating lease liability	1,104,959	-	-	1,104,959
Severance liability	143,866	-	-	143,866
Deferred compensation obligation	208,256	-	-	208,256
<b>Total long-term liabilities</b>	<b>1,457,081</b>	<b>-</b>	<b>-</b>	<b>1,457,081</b>
<b>Total liabilities</b>	<b>1,724,831</b>	<b>-</b>	<b>-</b>	<b>1,724,831</b>
<b>NET ASSETS</b>				
Board designated extended legal protection plan	136,069	-	-	136,069
Undesignated	1,089,308	121,968	-	1,211,276
<b>Total without member restrictions</b>	<b>1,225,377</b>	<b>121,968</b>	<b>-</b>	<b>1,347,345</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,950,208</b>	<b>\$ 121,968</b>	<b>\$ -</b>	<b>\$ 3,072,176</b>

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
December 31, 2021

	WPPA	Museum	Eliminations	Consolidated
<b>ASSETS</b>				
CURRENT ASSETS				
Cash	\$ 256,076	\$ 35,090	\$ -	\$ 291,166
Investments	1,459,555	64,016	-	1,523,571
Accounts receivable, net				
Dues	88,679	-	-	88,679
Prepaid expenses	50,642	-	-	50,642
Inventory	-	4,101	-	4,101
<b>Total current assets</b>	<b>1,854,952</b>	<b>103,207</b>	<b>-</b>	<b>1,958,159</b>
Equipment and leasehold improvements, net	14,987	13,500	-	28,487
Deferred compensation investments	246,115	-	-	246,115
<b>Total assets</b>	<b>\$ 2,116,054</b>	<b>\$ 116,707</b>	<b>\$ -</b>	<b>\$ 2,232,761</b>
<b>LIABILITIES AND NET ASSETS</b>				
CURRENT LIABILITIES				
Accounts payable	\$ 28,360	\$ 3	\$ -	\$ 28,363
Accrued payroll and payroll taxes	62,130	-	-	62,130
Other accrued expenses	8,521	-	-	8,521
Deferred revenue	85,793	-	-	85,793
<b>Total current liabilities</b>	<b>184,804</b>	<b>3</b>	<b>-</b>	<b>184,807</b>
LONG-TERM LIABILITIES				
Severance liability	137,748	-	-	137,748
Deferred compensation obligation	246,115	-	-	246,115
<b>Total long-term liabilities</b>	<b>383,863</b>	<b>-</b>	<b>-</b>	<b>383,863</b>
<b>Total liabilities</b>	<b>568,667</b>	<b>3</b>	<b>-</b>	<b>568,670</b>
NET ASSETS				
Without member restrictions	1,547,387	116,704	-	1,664,091
<b>Total liabilities and net assets</b>	<b>\$ 2,116,054</b>	<b>\$ 116,707</b>	<b>\$ -</b>	<b>\$ 2,232,761</b>

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
Year Ended December 31, 2022

	<u>WPPA</u>	<u>Museum</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>NET ASSETS WITHOUT MEMBER RESTRICTIONS</b>				
<b>REVENUES</b>				
Membership dues	\$ 2,867,745	\$ -	\$ -	\$ 2,867,745
Supervisory officers relations division dues	86,184	-	-	86,184
Extended legal protection plan fees	164,076	-	-	164,076
Contributions	-	8,070	-	8,070
Convention	33,584	-	-	33,584
Investment return, net	(230,714)	8	-	(230,706)
Other	17,978	-	-	17,978
PAC income	33,438	-	-	33,438
<b>Total revenues without member restrictions</b>	<b>2,972,291</b>	<b>8,078</b>	<b>-</b>	<b>2,980,369</b>
<b>EXPENSES</b>				
<b>Program services</b>				
Collective bargaining	1,822,584	-	-	1,822,584
Extended legal protection plan	118,510	-	-	118,510
Legislative	81,844	-	-	81,844
Other programs	125,387	2,814	-	128,201
<b>Total program services</b>	<b>2,148,325</b>	<b>2,814</b>	<b>-</b>	<b>2,151,139</b>
<b>Supporting activities</b>				
Management and general	980,045	-	-	980,045
Membership development	165,931	-	-	165,931
<b>Total supporting activities</b>	<b>1,145,976</b>	<b>-</b>	<b>-</b>	<b>1,145,976</b>
<b>Total expenses</b>	<b>3,294,301</b>	<b>2,814</b>	<b>-</b>	<b>3,297,115</b>
<b>Change in net assets</b>	<b>(322,010)</b>	<b>5,264</b>	<b>-</b>	<b>(316,746)</b>
Net assets at beginning of year - as restated	1,547,387	116,704	-	1,664,091
<b>Net assets at end of year</b>	<b>\$ 1,225,377</b>	<b>\$ 121,968</b>	<b>\$ -</b>	<b>\$ 1,347,345</b>

**WISCONSIN PROFESSIONAL POLICE ASSOCIATION, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
Year Ended December 31, 2021

	WPPA	Museum	Eliminations	Consolidated
<b>NET ASSETS WITHOUT MEMBER RESTRICTIONS</b>				
<b>REVENUES</b>				
Membership dues	\$ 2,887,769	\$ -	\$ -	\$ 2,887,769
Supervisory officers relations division dues	85,034	-	-	85,034
Extended legal protection plan fees	168,134	-	-	168,134
Contributions	-	6,202	-	6,202
Convention	30,355	-	-	30,355
Investment return, net	192,402	4,031	-	196,433
Other	8,322	-	-	8,322
PAC income	34,216	-	-	34,216
<b>Total revenues without member restrictions</b>	<b>3,406,232</b>	<b>10,233</b>	<b>-</b>	<b>3,416,465</b>
<b>EXPENSES</b>				
<b>Program services</b>				
Collective bargaining	1,764,567	-	-	1,764,567
Extended legal protection plan	88,014	-	-	88,014
Legislative	111,791	-	-	111,791
Other programs	89,277	727	-	90,004
<b>Total program services</b>	<b>2,053,649</b>	<b>727</b>	<b>-</b>	<b>2,054,376</b>
<b>Supporting activities</b>				
Management and general	859,875	-	-	859,875
Membership development	165,104	-	-	165,104
<b>Total supporting activities</b>	<b>1,024,979</b>	<b>-</b>	<b>-</b>	<b>1,024,979</b>
<b>Total expenses</b>	<b>3,078,628</b>	<b>727</b>	<b>-</b>	<b>3,079,355</b>
<b>Change in net assets</b>	<b>327,604</b>	<b>9,506</b>	<b>-</b>	<b>337,110</b>
Net assets at beginning of year - as restated	1,219,783	107,198	-	1,326,981
<b>Net assets at end of year</b>	<b>\$ 1,547,387</b>	<b>\$ 116,704</b>	<b>\$ -</b>	<b>\$ 1,664,091</b>