



LA CROSSE
COMMUNITY
FOUNDATION

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT**

DECEMBER 31, 2021 AND 2020

LA CROSSE COMMUNITY FOUNDATION

CONTENTS

DECEMBER 31, 2021 AND 2020

Page

2-3 Independent Auditor's Report

FINANCIAL STATEMENTS

4 Statements of Financial Position

5 Statements of Activities

6 Statements of Functional Expenses

7 Statements of Cash Flow

8-17 Notes to Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
La Crosse Community Foundation

Opinion

We have audited the accompanying financial statements of La Crosse Community Foundation (the "Foundation"), nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits 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 opinions.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits 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 generally accepted auditing standards 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, including omissions, 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.

Auditor's Responsibilities for the Audits of the Financial Statements – Continued

In performing audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
February 9, 2022

LA CROSSE COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	DECEMBER 31,	
	2021	2020
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,338,836	\$ 447,588
Investments	62,773,278	57,414,090
Property and equipment, net	5,428	8,699
Contributions and bequests receivable	538,700	215,181
Other assets	60,422	60,539
Beneficial interest in perpetual trusts	5,010,335	4,672,137
TOTAL ASSETS	\$ 69,726,999	\$ 62,818,234
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 2,838	\$ -
Payroll liabilities	33,254	1,241
Grants payable	160,000	166,143
Deferred revenue	49,806	-
Agency endowment funds	5,129,165	4,671,320
TOTAL LIABILITIES	5,375,063	4,838,704
NET ASSETS		
Net assets without donor restrictions		
Board-designated		
Operating and Administrative funds	1,086,255	981,569
Community Giving funds	9,404,483	8,469,072
Special Projects and Temporary funds	517,540	1,650,608
Field of Interest funds	13,098,996	11,875,713
Donor-designated funds	19,127,379	16,825,847
Donor-advised funds	15,568,248	13,289,403
Total net assets without donor restrictions	58,802,901	53,092,212
Net assets with donor restrictions	5,549,035	4,887,318
TOTAL NET ASSETS	64,351,936	57,979,530
TOTAL LIABILITIES AND NET ASSETS	\$ 69,726,999	\$ 62,818,234

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	YEAR ENDED DECEMBER 31, 2021			YEAR ENDED DECEMBER 31, 2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Public support - contributions and bequests	\$ 3,510,425	\$ 528,700	\$ 4,039,125	\$ 3,510,927	\$ -	\$ 3,510,927
Net investment return	7,011,721	-	7,011,721	6,214,500	-	6,214,500
Other income	58,841	-	58,841	70,665	-	70,665
Change in perpetual trusts	-	338,198	338,198	-	365,547	365,547
Net assets released from restrictions	205,181	(205,181)	-	275,768	(275,768)	-
TOTAL SUPPORT AND REVENUE	10,786,168	661,717	11,447,885	10,071,860	89,779	10,161,639
EXPENSES						
Program services:						
Grants and scholarships	4,467,063	-	4,467,063	4,318,863	-	4,318,863
Program-related expenses	321,166	-	321,166	213,051	-	213,051
Support services:						
Management and general	187,420	-	187,420	207,624	-	207,624
Development	99,830	-	99,830	68,446	-	68,446
TOTAL EXPENSES	5,075,479	-	5,075,479	4,807,984	-	4,807,984
Loss on sale of real estate	-	-	-	116,747	-	116,747
TOTAL EXPENSES AND LOSSES	5,075,479	-	5,075,479	4,924,731	-	4,924,731
CHANGE IN NET ASSETS	5,710,689	661,717	6,372,406	5,147,129	89,779	5,236,908
NET ASSETS AT BEGINNING OF YEAR	53,092,212	4,887,318	57,979,530	47,945,083	4,797,539	52,742,622
NET ASSETS AT END OF YEAR	\$ 58,802,901	\$ 5,549,035	\$ 64,351,936	\$ 53,092,212	\$ 4,887,318	\$ 57,979,530

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	YEAR ENDED DECEMBER 31, 2021			
	SUPPORT SERVICES			TOTAL
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	
EXPENSES				
Grants and scholarships	\$ 4,467,063	\$ -	\$ -	\$ 4,467,063
Salaries and benefits	199,279	144,501	66,987	410,767
Professional fees	-	9,660	-	9,660
Dues, meetings and events	109	2,851	250	3,210
Printing, postage and supplies	5,091	3,225	1,552	9,868
Newsletter and report publication	4,849	-	4,612	9,461
Software fees and website expenses	17,629	11,168	5,375	34,172
Advertising and marketing	11,468	-	13,539	25,007
Occupancy, utilities and telephone	12,610	7,989	3,845	24,444
Insurance	2,759	1,748	841	5,348
Travel and conferences	7,657	4,851	2,335	14,843
Program expenses	56,804	-	-	56,804
Other expenses	2,911	1,427	494	4,832
TOTAL FUNCTIONAL EXPENSES	\$ 4,788,229	\$ 187,420	\$ 99,830	\$ 5,075,479
	YEAR ENDED DECEMBER 31, 2020			
	SUPPORT SERVICES			TOTAL
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	
EXPENSES				
Grants and scholarships	\$ 4,318,863	\$ -	\$ -	\$ 4,318,863
Administrative salaries and benefits	169,477	124,531	58,108	352,116
Professional fees	-	10,160	-	10,160
Dues and meetings	1,419	1,423	1,419	4,261
Printing, postage and supplies	865	5,387	-	6,252
Newsletter and report publication	4,017	6,215	4,467	14,699
Software fees and website expenses	-	20,259	-	20,259
Advertising and marketing	-	25,736	254	25,990
Occupancy, utilities and telephone	12,031	8,675	3,570	24,276
Insurance	1,297	936	385	2,618
Travel and conferences	110	2,329	33	2,472
Program expenses	19,279	-	-	19,279
Other expenses	4,556	1,973	210	6,739
TOTAL FUNCTIONAL EXPENSES	\$ 4,531,914	\$ 207,624	\$ 68,446	\$ 4,807,984

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	YEAR ENDED DECEMBER 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,372,406	\$ 5,236,908
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,271	3,823
Contributions of stock	(1,109,586)	(571,478)
Net loss (gain) on investments	(3,901,347)	(5,154,535)
Loss (gain) on sale of property	-	116,747
Change in perpetual trusts	(338,198)	(365,547)
Changes in operating assets and liabilities:		
Contributions and bequests receivable	(323,519)	277,286
Prepaid expenses	(689)	2,792
Accounts payable	2,838	-
Payroll liabilities	32,013	34
Security deposits payable	-	(6,977)
Deferred revenue	49,806	-
Grants payable	(6,143)	(72,607)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	780,852	(533,554)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	-	753,253
Purchase of investments	(8,293,192)	(20,453,210)
Proceeds from sale of investments	8,403,588	20,368,455
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	110,396	668,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	891,248	134,944
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	447,588	312,644
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,338,836	\$ 447,588

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization – The La Crosse Community Foundation and the La Crosse Community Foundation Corporation are not-for-profit organizations organized to enrich the quality of life in the greater La Crosse area by: attracting charitable gifts; promoting community philanthropy; supporting the programs and activities of economic, educational, social, and cultural not-for-profit organizations; providing leadership by serving as a catalyst in identifying problems and opportunities and shaping effective responses to them; and by being a community resource for not-for-profits and the community-at-large.

In 2005, the Foundation’s Board of Directors began the process of incorporating the La Crosse Community Foundation by creating a new entity named the La Crosse Community Foundation Corporation. As part of this process, the Board had initiated a “Letter Ruling” from the Internal Revenue Service seeking to have the La Crosse Community Foundation and the La Crosse Community Foundation Corporation be treated as a single entity. The letter granting their request that the La Crosse Community Foundation and the La Crosse Community Foundation Corporation be treated as a single entity was received on February 4, 2008.

Basis of Presentation and Accounting – The financial statements of the Foundation have been prepared on an accrual basis, which recognizes income when earned and expenses when incurred, and, accordingly, the statements reflect all significant receivables, payables, and other liabilities.

Net Asset Classification – Net assets, revenue, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Although most contributions to the Foundation include donor-imposed restrictions, the variance power established in the amended Declaration of Trust and the Corporate By-Laws for the La Crosse Community Foundation and the La Crosse Community Foundation Corporation, respectively, gives the Foundation unilateral variance power to modify any donor direction, restriction, condition, or limitation set for the fund’s purpose in the event the purpose becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The exercise of such power should include consultation of any living or actively involved fund representatives. The provisions regarding variance power have been included in the Foundation’s governing instruments since 2001. This variance power applies to all of the funds created within the Foundation. In addition, the total return spending policy adopted by the Foundation allows the Foundation to supplement income with distributions from the original corpus of gifts, if necessary, to maintain distribution levels authorized by the Foundation Board. Accordingly, net assets of the Foundation and changes therein are classified as net assets without donor restrictions for financial reporting purposes.

Net assets with donor restrictions consist of beneficial interests in perpetual trusts held by a third-party and contributions and bequests receivable. The beneficial interests in perpetual trusts are adjusted to fair market value with the change in value included as change in perpetual trusts with donor restrictions. Distributions are made quarterly to the specified funds and are reported in net investment return. Contributions and bequests receivable consist of irrevocable contributions and bequests the Foundation has been notified of but has not received as of December 31, 2021 and 2020. The contributions and bequests receivable are restricted for time.

Notwithstanding the net assets without donor restrictions classification, the Foundation follows the donor’s grant-making preferences, as stated in their gift agreements, when they establish a fund with the Foundation.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued

Net Asset Classification (Continued) – The Foundation’s component funds, which have been combined for presentation purposes, are of various types reflecting the purposes of the donors who have contributed to them and are described as follows:

Operating and Administrative funds – The Operating Fund is unrestricted funds available to meet the on-going operating needs of the Foundation. The Administrative Fund is a board-designated endowment available for distributions to the Operating Fund, as needed.

Community Giving funds – Community Giving funds are board-designated and donor named funds used at the Board’s discretion for making distributions for charitable purposes to meet community needs.

Special Projects and Temporary funds – Donor-designated or board-designated funds set up to meet short term fundraising or project needs or fiscal sponsorship.

Field of Interest funds – Field of Interest funds are funds used at the Board’s discretion to meet a general field of charitable need specified by the donor.

Donor-designated funds – Donor-designated funds are funds where the donor has designated a recipient agency, institution, or scholarship for which sustaining support will be provided.

Donor-advised funds – Donor-advised funds are funds for which the donor has reserved the right to make nonbinding distribution recommendations to the Board.

Although most of the component funds are treated as endowments, with only the annual board approved spending rate distributed, some have been established to serve for limited periods of time, with principal as well as income distributed during the fund’s life.

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 revenue and expenses. Actual results could differ from these estimates.

Agency Endowments – Funds contributed by a not-for-profit entity in expectation that all distributions will benefit the donor not-for-profit entity are required to be recorded by the Foundation as an asset and a liability at fair value. These amounts net to zero, therefore, having no effect on the Foundation’s net assets. The income and expenses of these funds are not recognized by the Foundation.

Contributions – Contributions are recorded at fair value when received or when the Foundation is notified of an irrevocable gift.

Cash Equivalents – The Foundation considers all deposits in financial institutions, with a maturity of three months or less, to be cash equivalents.

Concentrations of Credit Risk – The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Foundation’s cash deposits may exceed the federally insured limits and at December 31, 2021 and 2020, the Foundation had uninsured deposits totaling \$199,118 and \$27,383, respectively.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued

Investments – Investments which consist primarily of common stocks and bonds are stated at market value. Interest income is recognized when earned. Realized investment gains and losses arising from the sale, collection, or other disposition of investments are determined using the specific identification method. Unrealized investment gains and losses are recognized on a current basis.

Investment Securities – The Foundation’s investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

Fair Value Measurements – The Foundation uses a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset. Fair values for investments and beneficial interest in perpetual trust are determined by reference to quoted market prices and other relevant information generated by market transactions.

Leasehold Improvements, Fixtures, and Equipment – Leasehold improvements, fixtures, and equipment are stated at cost or their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated lives of the assets. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense was \$3,271 and \$3,823 at December 31, 2021 and 2020, respectively.

Grants Payable – The Foundation records a liability for grants when they have been approved by the Board of Directors and substantially all conditions for which a grant is subject to have been met.

Program Services, Management, and General Expenses – The Foundation provides administrative support for the Foundation funds. In doing so, the Foundation assesses a fee for these services based on the market value of these funds. They also receive contributions, internal grants specifically designated for administrative support, and reimbursements for expenses that were paid on behalf of these funds. These monies are utilized by the Foundation to pay the cost of administrative expenses and to fund the special events or projects of the Foundation.

Income Tax Status – The La Crosse Community Foundation is organized as an exempt organization under the Internal Revenue Code Section 501(c)(3) and is, therefore, exempt from the payment of income taxes. The Foundation is a public foundation under the Internal Revenue Code Sections 170(b)(1)(A)(vi). The Foundation has met and maintained its public status by continually demonstrating that a certain minimum amount of their total support is “public support”.

In accordance with professional standards, the Foundation follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation’s tax-exempt status would not have a material effect on the accompanying financial statements.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued

Expense Allocation – The costs of administering grants and scholarships and various other activities have been summarized on a functional basis in the statements of functional expenses. Most expenses are charged directly to program services, management and general, or development based on specific identification. Salaries, wages, and occupancy are allocated based on estimated staff time spent for each function.

Reclassifications – Certain amounts have been reclassified in the prior year financial statements to conform with the current year financial statement presentation. The reclassifications have no effect on the total change in net assets for the prior year.

Subsequent Events – The Foundation has evaluated subsequent events through February 9, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – Contributions and Bequests Receivable

Contributions and bequests receivable consist of the following at December 31:

	2021	2020
Receivable in less than one year	\$ 533,700	\$ 205,181
Receivable in one to five years	5,000	10,000
	538,700	215,181
Less discounts to net present value	-	-
Net contributions and bequests receivable	\$ 538,700	\$ 215,181

The Foundation considers all contributions and bequests receivable to be collectible.

NOTE 3 – Investments

The following is a summary of investments at market value and cost at December 31, 2021:

	MARKET VALUE	COST
Cash and cash equivalents	\$ 4,156,587	\$ 4,156,587
Bond mutual funds	11,176,583	11,189,463
Stock mutual funds	47,440,102	30,093,702
Miscellaneous/real estate	6	6
TOTAL	\$ 62,773,278	\$ 45,439,758

The following is a summary of investments at market value and cost at December 31, 2020:

	MARKET VALUE	COST
Cash and cash equivalents	\$ 3,514,853	\$ 3,514,853
Bond mutual funds	11,819,316	11,513,066
Stock mutual funds	42,079,915	28,252,444
Miscellaneous/real estate	6	6
TOTAL	\$ 57,414,090	\$ 43,280,369

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 3 – Investments – Continued

The above referenced investments include agency funds totaling a market value of \$5,117,265 and \$4,671,320 at December 31, 2021 and 2020, respectively. In addition to the agency funds included in investments, \$11,900 and \$0 of agency funds are included in cash and cash equivalents in the statements of financial position at December 31, 2021 and 2020, respectively.

The following is a summary of investment return at December 31:

	2021	2020
Interest and dividend income	\$ 3,024,602	\$ 1,026,816
Distributions from perpetual trusts	246,903	167,761
Realized gains (losses)	892,279	231,624
Unrealized gains (losses)	3,009,874	4,922,547
Investment expenses	(161,937)	(134,248)
TOTAL	\$ 7,011,721	\$ 6,214,500

The above summary of investment return does not include agency investment return. The income and expenses of these funds are not recognized by the Foundation.

NOTE 4 – Perpetual Trusts

Under separate vehicles established by Donald A. Gordon, Jr. and Gertrude Gordon, the Foundation has the irrevocable right to receive the income of these private foundations on a quarterly basis in perpetuity, but has no access to the principal of the private foundations.

The market value of the Donald A. Gordon Private Foundation as of December 31, 2021 and 2020, totaled \$1,676,567 and \$1,565,171, respectively. The Foundation received income payments totaling \$82,176 in 2021 and \$55,980 in 2020, which are included in net investment return in the accompanying statements of activities. These payments are transferred to other funds of the Foundation as directed by the donor and distributed as deemed appropriate by the Foundation’s Board of Directors.

The market value of the Gertrude Gordon Private Foundation as of December 31, 2021 and 2020, was \$3,333,768 and \$3,106,966, respectively. The Foundation received income payments totaling \$164,728 in 2021 and \$111,781 in 2020, which are included in net investment return in the accompanying statements of activities. These payments are transferred to the other funds of the Foundation as directed by the donor and distributed as deemed appropriate by the Foundation’s Board of Directors.

The Foundation records its interest in these trusts at their market value and includes the balances in net assets with donor restrictions.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 5 – Endowment Funds

La Crosse Community Foundation’s endowment funds consist of board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restriction as stated in Note 1 – Net Asset Classification.

Interpretation of the Law – Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. The Board of Directors, on the advice of legal counsel, has determined that the Foundation’s net assets do not meet the definition of endowments under UPMIFA. The Foundation is governed subject to the Declaration of Trust and the Corporate By-Laws for the La Crosse Community Foundation and the La Crosse Community Foundation Corporation and most funds are subject to the terms of the Declaration of Trust and By-Laws.

Investment Policy – La Crosse Community Foundation has adopted an investment policy for endowment assets that gives the Board of Directors the responsibility to act prudently and for the best long-term returns for the Foundation and to monitor the investment fund management. Investments should be diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent to do so. Reasonable efforts should be taken to preserve capital and the purchasing power after spending, understanding that losses may occur in individual securities. Risk is present in all types of securities and investment styles and the Board of Directors recognizes some risk is necessary to produce long-term investment results. However, reasonable effort should be made to control risk. An evaluation will be done regularly to ensure risk assumed is commensurate with the given investment style and objective.

Spending Policy – Charitable distributions are made primarily from income accounts in accordance with the stipulations of the various individual trust or fund instruments and as approved by the Board of the Foundation. The Foundation utilizes a total return spending policy that allows for a long-term investment approach in order to achieve an expected return greater than the total of the spending rate and inflation rate and which will maintain the purchasing power of the corpus. The Foundation utilized a 5.00 percent spending rate in 2021 based on the average balance of the 12-previous quarter-ends. In 2020, the Foundation utilized a 4.75 percent spending rate based on previous year-end balances, net of administrative fees.

Changes in Endowment Net Assets for the years ended December 31 are as follows:

	2021	2020
Endowment Net Assets at Beginning of Year	\$ 38,498,914	\$ 34,768,679
Realized and unrealized gains	-	3,794,736
Investment and royalty income	5,387,212	939,641
Contributions	886,154	1,291,702
Charitable distributions - grants and scholarships	(1,615,378)	(1,658,535)
Other fund disbursements	(54,264)	(189,614)
Administrative fees	(432,668)	(346,581)
Investment fees	(121,186)	(101,114)
ENDOWMENT NET ASSETS AT END OF YEAR	<u>\$ 42,548,784</u>	<u>\$ 38,498,914</u>

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 6 – Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Leasehold improvements	\$ 19,946	\$ 19,946
Furniture and equipment	14,677	14,677
	34,623	34,623
Less accumulated depreciation	29,195	25,924
Property and equipment, net	\$ 5,428	\$ 8,699

NOTE 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2021	2020
Contributions and bequests receivable - time restrictions	\$ 538,700	\$ 215,181
Beneficial interests in perpetual trusts - use restrictions	5,010,335	4,672,137
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 5,549,035	\$ 4,887,318

NOTE 8 – Fair Market Value of Assets

Fair values of assets measured on a recurring basis at December 31, 2021, are as follows:

	FAIR MARKET VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Trust investments	\$ 42,628,566	\$ 42,628,560	\$ 6	\$ -
Beneficial interest in perpetual trusts	5,010,335	-	-	5,010,335
Corporation investment	15,027,447	15,027,447	-	-
Agency investments	5,117,265	5,117,265	-	-
TOTAL	\$ 67,783,613	\$ 62,773,272	\$ 6	\$ 5,010,335

Fair values of assets measured on a recurring basis at December 31, 2020, are as follows:

	FAIR MARKET VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Trust investments	\$ 40,044,154	\$ 40,044,148	\$ 6	\$ -
Beneficial interest in perpetual trusts	4,672,137	-	-	4,672,137
Corporation investment	12,798,616	12,798,616	-	-
Agency investments	4,571,320	4,571,320	-	-
TOTAL	\$ 62,086,227	\$ 57,414,084	\$ 6	\$ 4,672,137

Change in Level 3 recurring measurements for the years ended December 31 is as follows:

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 8 – Fair Market Value of Assets – Continued

	2021	2020
Balance at beginning of year	\$ 4,672,137	\$ 4,306,590
Net appreciation	585,101	533,308
Distributions	(246,903)	(167,761)
Balance at end of year	<u>\$ 5,010,335</u>	<u>\$ 4,672,137</u>

NOTE 9 – Leases

The Foundation leases office space and equipment under two operating leases. Rental expense for all operating leases was \$17,808 and \$17,808 in 2021 and 2020, respectively.

Future minimum lease payments are as follows:

2022	\$ 17,808
2023	17,808
2024	4,452
TOTAL	<u>\$ 40,068</u>

NOTE 10 – Commitments and Contingencies

The spread of the COVID-19 virus has created economic uncertainty internationally. Additional future impacts and actions as the pandemic progresses have not been determined, and the Foundation continues to evaluate issues as they arise.

In March of 2020, the Foundation partnered with Great Rivers United Way to start the La Crosse Area Emergency Response Fund to help meet the increased community needs during this time. Increased public support and grants resulting from the fund will not have a significant impact on the operating funds or liquidity of the Foundation. All contributions to the fund are expected to be paid out as grants as needs arise, and no portion of contributions will be retained by the Foundation to support its operations. Both contributions to and grants from the fund have decreased in 2021 compared to 2020 as needs have decreased or are met by other funding sources that have become available.

The Foundation continues to monitor available COVID-19 guidance and adjust workplace practices as necessary based on current guidance and levels of community spread. The Foundation does not anticipate any significant impacts to operations at this time.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 11 – Other Assets

Other assets consist of the following at December 31:

	2021	2020
Cash surrender value of life insurance	\$ 59,714	\$ 60,521
Prepaid expenses	708	18
TOTAL	\$ 60,422	\$ 60,539

NOTE 12 – Grant Commitments

As of December 31, 2021, and 2020, the Foundation’s Board of Directors has approved commitments for grants totaling \$35,000 and \$0, respectively, subject to conditions which have not yet been met, and \$160,000 and \$166,143, respectively, for grants for which conditions have been met. All grants are payable within 1 year.

NOTE 13 – Line of Credit

The Foundation has a line of credit totaling \$5,040 with a local bank. This line of credit is required under Section 108.151(4) of the Wisconsin Unemployment Compensation Law as a guarantee to maintain acceptable assurance of reimbursement with the Treasurer of the Wisconsin Unemployment Reserve Fund. The line of credit was unused as of December 31, 2021.

NOTE 14 – Employee Benefit Plan

The Foundation has a 403(b)-retirement plan for its employees. Under the terms of the Plan, the Foundation matches 100 percent of employee contributions up to 5 percent of wages. The Plan is open to all employees immediately upon employment. The Foundation paid \$16,970 and \$15,629 for matching contributions in 2021 and 2020, respectively.

NOTE 15 – Liquidity and Availability of Financial Assets

The Foundation monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Foundation’s financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, are assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments.

LA CROSSE COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2021 AND 2020

NOTE 15 – Liquidity and Availability of Financial Assets – Continued

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,338,836	\$ 447,588
Contributions and bequests receivable	538,700	215,181
Investments	62,773,278	57,414,090
Beneficial interests in perpetual trusts	5,010,335	4,672,137
Total financial assets	69,661,149	62,748,996
Less those unavailable for general expenditure within one year due to:		
Community Giving funds	(9,504,769)	(8,508,551)
Special Projects and Temporary funds	(567,346)	(1,650,608)
Field of Interest funds	(13,098,996)	(11,941,856)
Donor-designated funds	(19,127,379)	(16,825,847)
Donor-advised funds	(15,568,248)	(13,289,403)
Agency funds	(5,129,165)	(4,671,320)
Beneficial interests in perpetual trusts	(5,010,335)	(4,672,137)
Receivables designated to component funds	(538,700)	(215,181)
Administrative Endowment Fund subject to appropriation beyond one year	(791,813)	(732,046)
Financial assets available to meet cash needs for expenditures within one year	\$ 324,398	\$ 242,047

NOTE 16 – Effect of New Accounting Standards on Current-Period Financial Statements

The Financial Accounting Standards Board (FASB) has approved the following:

- Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of net position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.
- Accounting Standards Update (ASU) No. 2020-07, *Not-For-Profit Entities* (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets, which requires presentation and disclosure of contributed nonfinancial assets received. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021.

The Foundation is evaluating the effect that these updates will have on its financial statements and related disclosures. When they become effective, application of these standards may restate portions of these financial statements.