

**LA CROSSE COMMUNITY
FOUNDATION, INC.**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2023 AND 2022

LA CROSSE COMMUNITY FOUNDATION, INC.

TABLE OF CONTENTS

DECEMBER 31, 2023 AND 2022

Page

2-3 Independent Auditors' Report

FINANCIAL STATEMENTS

4 Statements of Financial Position

5-6 Statements of Activities

7-8 Statements of Functional Expenses

9 Statements of Cash Flows

10-22 Notes to Financial Statements



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
La Crosse Community Foundation, Inc.
La Crosse, WI

Opinion

We have audited the financial statements of La Crosse Community Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related 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 the Foundation as of December 31, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 La Crosse Community Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
March 25, 2024

LA CROSSE COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

LA CROSSE COMMUNITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	2023	2022
Cash and cash equivalents	\$ 3,664,060	\$ 1,612,006
Unconditional promises to give	166,000	95,700
Prepaid expenses	10,402	2,985
Investments	67,694,801	53,329,648
Beneficial interest in perpetual trusts	4,246,424	4,027,085
Cash surrender value of life insurance	131,596	59,221
Property and equipment, net of accumulated depreciation	1,636	4,778
TOTAL ASSETS	\$ 75,914,919	\$ 59,131,423
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Due to affiliate organizations	\$ 242,946	\$ -
Accrued expenses	33,553	25,621
Grants payable	125,944	744,128
Refundable advance	127,116	36,897
Agency funds	4,842,063	4,617,911
TOTAL LIABILITIES	5,371,622	5,424,557
NET ASSETS		
Without donor restrictions		
Operating and Administrative funds	942,567	909,117
Community Giving funds	8,346,901	7,454,788
Special Projects and Temporary funds	425,953	628,280
Field of Interest funds	12,512,337	11,099,572
Donor-designated funds	25,079,459	16,933,967
Donor-advised funds	18,823,655	12,558,357
Total net assets without donor restrictions	66,130,872	49,584,081
Net assets with donor restrictions	4,412,425	4,122,785
TOTAL NET ASSETS	70,543,297	53,706,866
TOTAL LIABILITIES AND NET ASSETS	\$ 75,914,919	\$ 59,131,423

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Public support - contributions and bequests	\$ 14,976,357	\$ 138,000	\$ 15,114,357
Investment income, net of fees	6,290,783	-	6,290,783
Other income	119,237	-	119,237
Change in perpetual trust	-	219,340	219,340
Net assets released from restrictions	67,700	(67,700)	-
TOTAL SUPPORT AND REVENUE	21,454,077	289,640	21,743,717
 EXPENSES			
Program services:			
Grants and scholarships	4,028,911	-	4,028,911
Program-related expenses	548,250	-	548,250
Support services:			
Management and general	226,975	-	226,975
Development	103,150	-	103,150
TOTAL EXPENSES	4,907,286	-	4,907,286
CHANGE IN NET ASSETS	16,546,791	289,640	16,836,431
 NET ASSETS AT BEGINNING OF YEAR	49,584,081	4,122,785	53,706,866
 NET ASSETS AT END OF YEAR	\$ 66,130,872	\$ 4,412,425	\$ 70,543,297

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Public support - contributions and bequests	\$ 3,418,712	38,000	\$ 3,456,712
Investment (loss), net of fees	(8,429,183)	-	(8,429,183)
Other income	69,997	-	69,997
Change in perpetual trust	-	(983,250)	(983,250)
Net assets released from restrictions	481,000	(481,000)	-
TOTAL SUPPORT AND REVENUE	(4,459,474)	(1,426,250)	(5,885,724)
EXPENSES			
Program services:			
Grants and scholarships	4,024,671	-	4,024,671
Program-related expenses	415,374	-	415,374
Support services:			
Management and general	195,209	-	195,209
Development	124,092	-	124,092
TOTAL EXPENSES	4,759,346	-	4,759,346
CHANGE IN NET ASSETS	(9,218,820)	(1,426,250)	(10,645,070)
NET ASSETS AT BEGINNING OF YEAR	58,802,901	5,549,035	64,351,936
NET ASSETS AT END OF YEAR	\$ 49,584,081	\$ 4,122,785	\$ 53,706,866

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	DEVELOP- MENT	
Grants and scholarships	\$ 4,028,911	\$ -	\$ -	\$ 4,028,911
Salaries and benefits	290,982	161,284	55,108	507,374
Professional fees	-	16,610	-	16,610
Dues, meetings, and events	40,885	16,965	11,713	69,563
Printing, postage, and shipping	4,269	2,172	622	7,063
Newsletter and report publication	9,577	-	7,423	17,000
Software fees and website expenses	25,903	13,394	3,829	43,126
Advertising and marketing	27,651	-	19,723	47,374
Occupancy, utilities, and telephone	16,507	8,536	2,441	27,484
Insurance	4,621	2,390	683	7,694
Travel and conferences	5,797	2,997	857	9,651
Program expenses	109,536	-	-	109,536
Other expenses	12,522	2,627	751	15,900
TOTAL EXPENSES	\$ 4,577,161	\$ 226,975	\$ 103,150	\$ 4,907,286

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL
		MANAGEMENT AND GENERAL	DEVELOP- MENT	
Grants and scholarships	\$ 4,024,671	\$ -	\$ -	\$ 4,024,671
Salaries and benefits	239,843	146,785	80,476	467,104
Professional fees	-	10,860	-	10,860
Dues, meetings and events	14,172	4,768	8,937	27,877
Printing, postage, and supplies	4,201	2,611	1,265	8,077
Newsletter and report publication	9,369	-	6,671	16,040
Software fees and website expenses	20,092	12,696	6,151	38,939
Advertising and marketing	15,875	-	11,319	27,194
Occupancy, utilities, and telephone	12,826	8,105	3,927	24,858
Insurance	4,735	2,992	1,450	9,177
Travel and conferences	6,699	4,234	2,051	12,984
Program expenses	57,870	-	-	57,870
Other expenses	29,692	2,158	1,845	33,695
TOTAL EXPENSES	\$ 4,440,045	\$ 195,209	\$ 124,092	\$ 4,759,346

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED	
	DECEMBER 31,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,836,431	\$(10,645,070)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,142	2,909
Contributions of stock	(1,006,658)	(233,314)
Net (gain) loss on investments	(4,951,912)	9,538,466
Change in beneficial interest in perpetual trusts	(219,339)	983,250
Changes in operating assets and liabilities		
Unconditional promises to give	(70,300)	443,000
Prepaid expenses	(7,417)	(2,277)
Cash surrender value of life insurance	(72,375)	493
Due to affiliate organizations	242,946	-
Accounts payable	-	(2,838)
Accrued expenses	7,932	(7,633)
Grants payable	(618,184)	584,128
Refundable advance	90,219	(12,909)
Agency funds	224,152	(511,254)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>10,458,637</u>	<u>136,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(2,259)
Purchase of investments	(21,765,323)	(18,984,535)
Proceeds from sale of investments	<u>13,358,740</u>	<u>19,123,013</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(8,406,583)</u>	<u>136,219</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,052,054	273,170
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,612,006</u>	<u>1,338,836</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,664,060</u>	<u>\$ 1,612,006</u>

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - La Crosse Community Foundation, Inc. and the La Crosse Community Foundation Corporation (the "Foundation") 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, Inc. 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 Services seeking to have the La Crosse Community Foundation, Inc. and the La Crosse Community Foundation Corporation be treated as a single entity. The letter granting their request that the La Crosse Community Foundation, Inc. and the La Crosse Community Foundation Corporation be treated as a single entity was received on February 4, 2008.

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

Basis of Presentation - The accompanying financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Foundation is required to report information regarding its net assets and its activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

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

Accounting principles generally accepted in the United States of America provide that if a governing body of an organization has the unilateral power to redirect the use of a donor's contributions to another beneficiary, which is known as variance power, such contributions must be classified as net assets without donor 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 Foundation, respectively, gives the Foundation 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. In addition, the total return spending policy adopted by the Foundation allows the Foundation to supplement income with distributions from the original corpus gifts, if necessary, to maintain distribution levels authorized by the Foundation Board. Accordingly, the Foundation's financial statements classify substantially all funds, including the principal of endowment funds, as net assets without donor restrictions, but segregate for internal management and endowment recordkeeping the portion that is held as endowment from the funds that are currently available for grants. In addition, to ensure that the Foundation observes the limitations and restrictions placed on the funds by the donors, the accounts of the Foundation are managed as individual charitable funds. Notwithstanding the unrestricted classification, the Foundation consistently follows the practice of respecting donors' granting preferences, as stated in their fund agreements, when they establish a fund with the Foundation.

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 meeting 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 recommendation for 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.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

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

Cash and Cash Equivalents - The Foundation's cash and cash equivalents consists of cash on deposit with banks and money market funds. For purposes of the statements of cash flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Foundation does not consider cash or money market accounts included as investments to be cash equivalents for the statements of cash flows.

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a nominal interest rate applicable to the year in which the promise is received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management provides for uncollectible amounts through a provision for uncollectible pledge expense from outstanding balances and an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional promises to give. Management believes all receivables are collectible; accordingly, no allowance has been recorded.

Investments - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position.

The aggregate of (a) the unrealized appreciation (depreciation) in the fair value of investments during the year (b) the realized gains (losses) on sales of investments during the year (c) dividend income (d) interest income, and (e) investment fees are reflected in investment return on the statements of activities.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends are recorded on the ex-dividend date.

Property and Equipment - All acquisitions of property and equipment in excess of \$1,000 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on the following estimated useful lives:

<u>Asset</u>	<u>Life</u>
Furniture, fixtures and equipment	3 - 7 years
Leasehold improvements	10 years

Valuation of Long-Lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

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

Due to Affiliate Organizations - The Foundation provides affiliate partners with financial management services. In order to achieve better investment returns, the Foundation maintains some of their cash in money market accounts of the Foundation. These funds are shown as both an asset and liability on the Foundation's statements of financial position.

Agency Funds - Agency funds represent funds that have been legally transferred to the Foundation for investment purposes in which the transferring organization is the beneficiary. The income and expenses of these funds are not recognized by the Foundation and the funds are reflected at fair market value as assets and liabilities in the statements of financial position.

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.

Contribution Recognition - Contributions are recognized when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Contributions that are not restricted by the donor are reported as an increase in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions - The Foundation records the value of donated goods when there is an objective basis to measure the value. Donated goods are reflected as contribution revenue in the accompanying statements of activities.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Foundation. Such amounts, which are based upon information provided by third-party services providers, are recorded at their estimated fair value determined on the date of contribution.

A substantial number of volunteers have made significant contributions of their time to the Foundation's program and supporting services. The value of this contributed time is not reflected in these financial statements because the criteria for recognition have not been satisfied.

No significant contributions of such goods or services were received during the years ended December 31, 2023 and 2022.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

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

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses were allocated based on direct allocation of expenses and allocation of indirect costs based on management's estimate of full time equivalents or time and effort spent performing each function.

Advertising Costs - Advertising costs are expensed as incurred.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP 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.

Tax Status - The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Currently, the Foundation engages in no activities that would be taxed as unrelated business income. The Foundation is also exempt from state taxation.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Foundation and recognizes a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred.

Subsequent Events - The Foundation has evaluated subsequent events through March 25, 2024, the date which the financial statements were available to be issued.

NOTE 2 - Concentration of Cash and Credit Risk

The Foundation may have deposits with a financial institution that exceed the Federal Deposit Insurance Corporation (FDIC) insurance amount of \$250,000 throughout the year. The amount of the accounting loss that the Foundation would incur if the financial institution could not return monies in excess of \$250,000 amounted to approximately \$186,206 and \$131,628 as of December 31, 2023 and 2022, respectively. The Foundation does not require collateral or other security to support deposits subject to this credit risk.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	DECEMBER 31,	
	2023	2022
Cash and cash equivalents	\$ 3,664,060	\$ 1,612,006
Unconditional promises to give	166,000	95,700
Investments	67,694,801	53,329,648
Beneficial interest in perpetual trusts	<u>4,246,424</u>	<u>4,027,085</u>
Total financial assets available within one year	75,771,285	59,064,439
Less amounts unavailable for general expenditures within one year:		
Community Giving funds	(8,461,543)	(7,649,916)
Special Projects and Temporary funds	(553,070)	(744,582)
Field of Interest funds	(12,512,337)	(11,099,572)
Donor-designated funds	(24,959,165)	(17,344,342)
Donor-advised funds	(18,823,955)	(12,558,357)
Agency funds	(4,842,065)	(4,617,911)
Due to affiliate organizations	(242,946)	-
Net assets with donor restrictions	(4,412,425)	(4,122,785)
Administrative Endowment Fund, subject to appropriation	<u>(660,963)</u>	<u>(625,415)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MANAGEMENT FOR GENERAL EXPENDITURE WITHIN ONE YEAR	<u>\$ 302,816</u>	<u>\$ 301,559</u>

Liquidity Management

The Foundation has an unrestricted surplus policy in place that strives to prioritize the use of unrestricted funds of the Foundation to ensure the continuity of the mission, endowed and program funds, and ongoing operations of the Foundation. Administrative fees assessed along with the annual administrative endowment distribution is expected to cover the operating expenses of the Foundation on an annual basis. However, the Foundation maintains an unrestricted surplus to address sudden increase in expenses, one-time unbudgeted expenses, short term decreases in administrative fee revenue due to market downturns, or uninsured losses. The Foundation's target surplus for operating surplus is equal to 4 to 6 months of budgeted operating costs, the total target surplus including the Foundation's Administrative Endowment Reserve is equal to 18 months of budgeted operating costs. The policy is reviewed on an annual basis.

NOTE 4 - Investments

The following is a summary of investments:

	DECEMBER 31, 2023		
	COST	FAIR MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Cash and cash equivalents	\$ 10,209,766	\$ 10,209,766	\$ -
Bond mutual funds	18,644,491	18,070,471	(574,020)
Equity mutual funds	29,548,853	39,414,559	9,865,706
Miscellaneous/real estate	<u>6</u>	<u>6</u>	<u>-</u>
	<u>\$ 58,403,116</u>	<u>\$67,694,802</u>	<u>\$ 9,291,686</u>

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 4 – Investments - Continued

	DECEMBER 31, 2022		
	COST	FAIR MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Cash and cash equivalents	\$ 1,668,280	\$ 1,668,280	\$ -
Bond mutual funds	17,170,783	15,622,356	(1,548,427)
Equity mutual funds	27,924,033	36,039,006	8,114,973
Miscellaneous/real estate	6	6	-
	<u>\$ 46,763,102</u>	<u>\$53,329,648</u>	<u>\$ 6,566,546</u>

The following schedule summarizes the investment return for the above investments and its classification in the statements of activities:

	DECEMBER 31,	
	2023	2022
Interest and dividends	\$ 1,551,113	\$ 1,512,654
Distribution from perpetual trusts	209,738	196,325
Net realized gain (loss)	2,129,470	(168,311)
Net unrealized gain (loss)	2,557,902	(9,815,700)
Less: fees	(157,440)	(154,151)
	<u>\$ 6,290,783</u>	<u>\$(8,429,183)</u>

For the years ended December 31, 2023 and 2022, realized and unrealized gains (losses) of \$433,725 and \$(887,749), respectively, and interest income of \$131,818 and \$146,647, respectively, related to Agency Funds, are not included in the statements of activities.

NOTE 5 - Unconditional Promises to Give

The aggregate collections of promises to give are as follows:

	DECEMBER 31,	
	2023	2022
Receivable in less than one year	\$ 166,000	\$ 57,033
Receivables in one to five years	-	38,667
Total unconditional promises to give	166,000	95,700
Less: Allowance for unconditional promises to give	-	-
Less: Discount to net present value	-	-
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$ 166,000</u>	<u>\$ 95,700</u>

The discount has not been calculated as it is deemed immaterial to the financial statements.

There is no allowance for uncollectible promises to give as management considers all unconditional promises to give to be collectible.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 6 - Beneficial Interest in Trusts

The Foundation is a beneficiary in two perpetual trusts 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 statements of financial position include an asset for the Foundation's percentage of the fair market value of the trusts at December 31, 2023 and 2022. Distributions received from the trusts are recorded as unrestricted investment income, as the income is 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 beneficial interest in trusts is composed of the Foundation's share of the following charitable trusts:

	DECEMBER 31,	
	2023	2022
Donald A. Gordon Private Foundation	\$ 1,417,398	\$ 1,345,776
Gertrude Gordon Private Foundation	<u>2,829,026</u>	<u>2,681,309</u>
TOTAL BENEFICIAL INTEREST IN TRUSTS	<u>\$ 4,246,424</u>	<u>\$ 4,027,085</u>

NOTE 7 - Fair Value Measurements

The Foundation has determined the fair value of certain assets and liabilities in accordance with the provision of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes 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 organization 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.

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual Funds: Valued at net asset value (NAV) of shares held by the Foundation at year end.

Beneficial Interest in Trusts: Valued at the estimated fair value of the underlying trust assets.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 7 - Fair Value Measurements - Continued

The methods described above may produce a fair value calculation that may be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value on a recurring basis as of December 31, 2023 and 2022.

	<u>DECEMBER 31,</u> <u>2023</u>	<u>QUOTED PRICES</u> <u>IN ACTIVE</u> <u>MARKETS FOR</u> <u>IDENTICAL</u> <u>ASSETS</u> <u>(LEVEL 1)</u>	<u>SIGNIFICANT</u> <u>OTHER</u> <u>OBSERVABLE</u> <u>INPUTS</u> <u>(LEVEL 2)</u>	<u>SIGNIFICANT</u> <u>UNOBSERVABLE</u> <u>INPUTS</u> <u>(LEVEL 3)</u>
Bond mutual funds	\$ 18,070,471	\$ 18,070,471	\$ -	\$ -
Equity mutual funds	39,414,559	39,414,559	-	-
Miscellaneous/real estate	6	6	-	-
Beneficial interest in perpetual trusts	<u>4,246,424</u>	<u>-</u>	<u>-</u>	<u>4,246,424</u>
TOTALS	<u>\$ 61,731,460</u>	<u>\$ 57,485,036</u>	<u>\$ -</u>	<u>\$ 4,246,424</u>
	<u>DECEMBER 31,</u> <u>2022</u>	<u>QUOTED PRICES</u> <u>IN ACTIVE</u> <u>MARKETS FOR</u> <u>IDENTICAL</u> <u>ASSETS</u> <u>(LEVEL 1)</u>	<u>SIGNIFICANT</u> <u>OTHER</u> <u>OBSERVABLE</u> <u>INPUTS</u> <u>(LEVEL 2)</u>	<u>SIGNIFICANT</u> <u>UNOBSERVABLE</u> <u>INPUTS</u> <u>(LEVEL 3)</u>
Bond mutual funds	\$ 15,622,356	\$ 15,622,356	\$ -	\$ -
Equity mutual funds	36,039,006	36,039,006	-	-
Miscellaneous/real estate	6	6	-	-
Beneficial interest in perpetual trusts	<u>4,027,085</u>	<u>-</u>	<u>-</u>	<u>4,027,085</u>
TOTALS	<u>\$ 55,688,453</u>	<u>\$ 51,661,368</u>	<u>\$ -</u>	<u>\$ 4,027,085</u>

The following is a reconciliation of activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beneficial interest in trusts

	<u>DECEMBER 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 4,027,085	\$ 5,010,335
Change in value	436,294	(780,147)
Distributions	<u>(216,955)</u>	<u>(203,103)</u>
Balance, end of year	<u>\$ 4,246,424</u>	<u>\$ 4,027,085</u>

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 8 - Net Assets

Included in net assets without donor restrictions are amounts considered designated by the Board due to the existence of variance power for the following purposes:

	DECEMBER 31,	
	2023	2022
Administrative Endowment fund	\$ 695,963	\$ 660,015
Community Giving funds	8,346,901	7,454,788
Special Projects and Temporary funds	425,953	628,280
Field of Interest funds	12,512,337	11,099,572
Donor-designated funds	25,079,459	16,933,967
Donor-advised funds	18,823,655	12,558,357
	<u>\$ 65,884,268</u>	<u>\$ 49,334,979</u>

Net assets with donor restrictions are restricted for the following purposes or periods:

	DECEMBER 31,	
	2023	2022
Subject to the passage of time:		
Unconditional promises to give	\$ 166,000	\$ 95,700
Beneficial interest in perpetual trusts	4,246,424	4,027,085
TOTAL	<u>\$ 4,412,424</u>	<u>\$ 4,122,785</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors as follows:

	YEAR ENDED DECEMBER 31,	
	2023	2022
Expiration of time restrictions:		
Unconditional promises to give	<u>\$ 67,700</u>	<u>\$ 481,000</u>

NOTE 9 - Endowment Funds

The Foundation's endowment funds consist of various funds that are considered board-designated due to the Foundation's variance power over the funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investing Policy - The 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 circumstance 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.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 9 - Endowment Funds - Continued

To satisfy its long-term rate of return objectives, the Foundation has three pools: the growth pool, impact pool, and money market pool.

Growth Pool - The growth pool is intended to hold perpetual funds. The Foundation believes the achievement of investment returns in this pool should be viewed in a long-term context. It recognizes that rates of return are volatile on a year-by-year basis and that achievement of the investment objectives for this pool will not progress uniformly over time. Historical performance results and future expectations suggest that equity securities will provide higher total investment returns than fixed-income securities over a long-term investment horizon. The primary objective of the growth pool is to provide a total return that after investment expenses should equal or exceed an average annual rate of return of the Foundation's spending rate (historically 4 - 5%) + inflation (as measured by the CPI-U) plus a 1 percent premium. Following are the asset allocation guidelines of the growth pool:

	<u>Target Asset Mix</u>	<u>Asset Mix Range</u>
Equities	75%	40-85%
Fixed Income	25%	15-60%
Alternative	0%	0-15%

Impact Pool - This pool is only available to non-endowed funds. For greater emphasis on capital preservation while maintaining some potential for appreciation, the Impact Pool provides donors with opportunities for growth with regular grantmaking. The objective of the Impact Pool is a rate of return in excess of the US core bond market with minimal equity exposure. Following are the asset allocation guidelines of the impact pool:

	<u>Target Asset Mix</u>	<u>Asset Mix Range</u>
Equities	25%	15-45%
Fixed Income	75%	55-85%
Alternative	0%	0%

Money Market Pool - This pool is designed to preserve principal and provide current income and liquidity by investing in high-quality, short-term financial instruments. The Money Market Pool is available only to non-endowed funds. This pool is intended for temporary funds only, with a time horizon between 0-3 years. The objective of the Money Market Pool is preservation of capital and high liquidity.

	<u>Target Asset Mix</u>	<u>Asset Mix Range</u>
Cash and cash equivalents	100%	N/A

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 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 spending rate in 2023 based on the higher of 4.75 percent of the average balance of the 12-previous quarter-ends or 4.00 percent of the December fund balance. The Foundation utilized a spending rate in 2022 based on the higher of 4.75 percent of the average balance of the 12-previous quarter-ends or 4.00 percent of the December fund balance.

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 9 - Endowment Funds - Continued

Endowment Net Asset Composition by Type of Fund as of December 31, 2023:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Board-designated endowment funds	<u>\$54,219,565</u>	<u>\$ -</u>	<u>\$54,219,565</u>

Endowment Net Asset Composition by Type of Fund as of December 31, 2022:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Board-designated endowment funds	<u>\$43,422,444</u>	<u>\$ -</u>	<u>\$43,422,444</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2023:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Endowment net assets, beginning of year	<u>\$43,422,444</u>	<u>\$ -</u>	<u>\$43,422,444</u>
Investment return:			
Realized and unrealized gain	4,230,737	-	4,230,737
Investment income, net of fees	<u>1,286,635</u>	<u>-</u>	<u>1,286,635</u>
Total investment return	<u>5,517,372</u>	<u>-</u>	<u>5,517,372</u>
Contributions	<u>7,128,805</u>	<u>-</u>	<u>7,128,805</u>
Appropriation of endowment assets for expenditure	<u>(1,849,056)</u>	<u>-</u>	<u>(1,849,056)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$54,219,565</u>	<u>\$ -</u>	<u>\$54,219,565</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2022:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Endowment net assets, beginning of year	<u>\$51,187,746</u>	<u>\$ -</u>	<u>\$51,187,746</u>
Investment return:			
Realized and unrealized (loss)	(8,854,129)	-	(8,854,129)
Investment income, net of fees	<u>1,392,727</u>	<u>-</u>	<u>1,392,727</u>
Total investment return	<u>(7,461,402)</u>	<u>-</u>	<u>(7,461,402)</u>
Contributions	<u>2,424,098</u>	<u>-</u>	<u>2,424,098</u>
Appropriation of endowment assets for expenditure	<u>(2,727,998)</u>	<u>-</u>	<u>(2,727,998)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$43,422,444</u>	<u>\$ -</u>	<u>\$43,422,444</u>

LA CROSSE COMMUNITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2023 AND 2022

NOTE 10 - 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 \$20,967 and \$19,068 for matching contributions in 2023 and 2022, respectively.

NOTE 11 - Letter of Credit

The Foundation has an irrevocable letter of credit from a financial institution as an unemployment reserve for \$6,720, available until December 31, 2030, the balance of which is undisbursed as of December 31, 2023 and 2022.

NOTE 12 - Grant Commitments

The Foundation's Board of Directors has approved commitments for grants totaling \$125,944 and \$744,128 as of December 31, 2023 and 2022, respectively. All grants are payable within 1-2 years.

NOTE 13 - Risks and Uncertainties

The Foundation's investments are exposed to various risks, such as interest rate, and market and credit risks. 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 reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.