

**LA CROSSE COMMUNITY
FOUNDATION, INC.
DBA LA CROSSE AREA
COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2024 AND 2023

**LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of La Crosse Community Foundation, Inc., DBA La Crosse Area Community Foundation (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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, 2024 and 2023, 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 the Foundation'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 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
February 26, 2025

**LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY
FOUNDATION**

FINANCIAL STATEMENTS

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	2024	2023
Cash and cash equivalents	\$ 1,857,231	\$ 3,664,060
Unconditional promises to give	28,000	166,000
Prepaid expenses	10,353	10,402
Investments	74,082,106	67,694,801
Beneficial interest in perpetual trusts	4,405,275	4,246,424
Cash surrender value of life insurance	11,910	131,596
Property and equipment, net of accumulated depreciation	34,035	1,636
Operating lease right-of-use asset	465,582	-
TOTAL ASSETS	\$ 80,894,492	\$ 75,914,919
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 3,925	\$ -
Due to affiliate organizations	609,809	242,946
Accrued expenses	45,081	33,553
Grants payable	629,000	125,944
Refundable advance	-	127,116
Operating lease liability	472,873	-
Agency funds	5,194,327	4,842,063
TOTAL LIABILITIES	6,955,015	5,371,622
NET ASSETS		
Without donor restrictions		
Operating and Administrative funds	1,076,655	942,567
Community Giving funds	8,206,498	8,346,901
Special Projects and Temporary funds	476,155	425,953
Field of Interest funds	13,103,715	12,512,337
Donor-designated funds	27,154,326	25,079,459
Donor-advised funds	19,468,853	18,823,655
Total net assets without donor restrictions	69,486,202	66,130,872
Net assets with donor restrictions	4,453,275	4,412,425
TOTAL NET ASSETS	73,939,477	70,543,297
TOTAL LIABILITIES AND NET ASSETS	\$ 80,894,492	\$ 75,914,919

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Public support - contributions and bequests	\$ 2,720,984	\$ 20,000	\$ 2,740,984
Investment income (loss), net of fees	6,592,935	-	6,592,935
Other income (loss)	120,133	-	120,133
Change in perpetual trust	-	158,850	158,850
Net assets released from restrictions	138,000	(138,000)	-
TOTAL SUPPORT AND REVENUE	9,572,052	40,850	9,612,902
 EXPENSES			
Program services:			
Grants and scholarships	5,169,196	-	5,169,196
Program-related expenses	671,492	-	671,492
Support services:			
Management and general	241,455	-	241,455
Development	134,579	-	134,579
TOTAL EXPENSES	6,216,722	-	6,216,722
CHANGE IN NET ASSETS	3,355,330	40,850	3,396,180
 NET ASSETS AT BEGINNING OF YEAR	66,130,872	4,412,425	70,543,297
 NET ASSETS AT END OF YEAR	\$ 69,486,202	\$ 4,453,275	\$ 73,939,477

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
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 (loss), net of fees	6,290,783	-	6,290,783
Other income (loss)	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.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		MANAGEMENT AND GENERAL	DEVELOP- MENT	
Grants and scholarships	\$ 5,169,196	\$ -	\$ -	\$ 5,169,196
Salaries and benefits	430,774	172,140	62,239	665,153
Professional fees	-	17,170	-	17,170
Dues, meetings, and events	16,282	1,520	5,968	23,770
Printing, postage, and shipping	23,395	8,231	2,651	34,277
Newsletter and report publication	6,794	-	6,795	13,589
Software fees and website expenses	30,169	10,613	3,418	44,200
Advertising and marketing	26,738	-	35,274	62,012
Occupancy, utilities, and telephone	43,228	15,208	4,898	63,334
Insurance	6,305	2,218	715	9,238
Travel and conferences	12,551	4,416	1,422	18,389
Program expenses	16,085	-	-	16,085
Other expenses	59,171	9,939	11,199	80,309
TOTAL EXPENSES	\$ 5,840,688	\$ 241,455	\$ 134,579	\$ 6,216,722

The accompanying notes are an integral part of these statements.

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

	PROGRAM SERVICES	SUPPORT 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 supplies	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.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
STATEMENTS OF CASH FLOWS**

	YEAR ENDED	
	DECEMBER 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,396,180	\$ 16,836,431
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	4,553	3,142
Contributions of stock	(968,964)	(1,006,658)
Net loss (gain) on investments	(4,941,806)	(4,951,912)
Change in beneficial interest in perpetual trusts	(158,851)	(219,339)
Changes in operating assets and liabilities		
Unconditional promises to give	138,000	(70,300)
Prepaid expenses	49	(7,417)
Operating lease right-of-use asset	(465,582)	-
Cash surrender value of life insurance	119,686	(72,375)
Due to affiliate organizations	366,863	242,946
Accounts payable	3,925	-
Accrued expenses	11,528	7,932
Grants payable	503,056	(618,184)
Refundable advance	(127,116)	90,219
Operating lease liability	472,873	-
Agency funds	352,264	224,152
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,293,342)	10,458,637
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(36,952)	-
Purchase of investments	(20,654,931)	(21,765,323)
Proceeds from sale of investments	20,178,396	13,358,740
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(513,487)	(8,406,583)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,806,829)	2,052,054
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,664,060	1,612,006
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,857,231	\$ 3,664,060

The accompanying notes are an integral part of these statements.

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - La Crosse Community Foundation, Inc., DBA La Crosse Area Community Foundation 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.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

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.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023.

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

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, 2024 and 2023.

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

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 and has been classified as an organization that is not a private foundation under Section 509(a). 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, 2024 and 2023, 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 February 26, 2025, 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 \$-0- and \$186,206 as of December 31, 2024 and 2023, respectively. The Foundation does not require collateral or other security to support deposits subject to this credit risk.

LA CROSSE COMMUNITY FOUNDATION, INC.
DBA LA CROSSE AREA COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

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,	
	2024	2023
Cash and cash equivalents	\$ 1,857,231	\$ 3,664,060
Unconditional promises to give	28,000	166,000
Investments	74,082,106	67,694,801
Beneficial interest in perpetual trusts	<u>4,405,275</u>	<u>4,246,424</u>
Total financial assets available within one year	80,372,612	75,771,285
Less amounts unavailable for general expenditures within one year:		
Community Giving funds	(8,819,588)	(8,461,543)
Special Projects and Temporary funds	(476,155)	(553,070)
Field of Interest funds	(13,107,715)	(12,512,337)
Donor-designated funds	(27,154,326)	(24,959,165)
Donor-advised funds	(19,468,853)	(18,823,955)
Agency funds	(5,194,327)	(4,842,065)
Due to affiliate organizations	(609,809)	(242,946)
Net assets with donor restrictions	(4,433,275)	(4,412,425)
Administrative Endowment Fund, subject to appropriation	<u>(691,596)</u>	<u>(660,963)</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MANAGEMENT FOR GENERAL EXPENDITURE WITHIN ONE YEAR	<u>\$ 416,968</u>	<u>\$ 302,816</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, 2024		
	COST	FAIR MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Cash and cash equivalents	\$ 2,979,505	\$ 2,979,505	\$ -
Bond mutual funds	17,610,386	16,942,070	(668,316)
Equity mutual funds	41,344,318	54,160,526	12,816,208
Miscellaneous/real estate	5	5	-
	<u>\$ 61,934,214</u>	<u>\$74,082,106</u>	<u>\$12,147,892</u>

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NOTE 4 - Investments - Continued

	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	39,414,558	9,865,705
Miscellaneous/real estate	6	6	-
	<u>\$ 58,403,116</u>	<u>\$67,694,801</u>	<u>\$ 9,291,685</u>

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

	DECEMBER 31,	
	2024	2023
Interest and dividends	\$ 2,705,565	\$ 1,551,113
Distribution from perpetual trusts	218,210	209,738
Net realized gain (loss)	1,158,617	2,129,470
Net unrealized gain (loss)	2,705,915	2,557,902
Less: fees	(195,372)	(157,440)
	<u>\$ 6,592,935</u>	<u>\$ 6,290,783</u>

For the years ended December 31, 2024 and 2023, realized and unrealized gains (losses) of \$299,497 and \$433,725, respectively, and interest income of \$197,859 and \$131,818, 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,	
	2024	2023
Receivable in less than one year	\$ 28,000	\$ 166,000
Receivables in one to five years	-	-
Total unconditional promises to give	28,000	166,000
Less: Allowance for unconditional promises to give	-	-
Less: Discount to net present value	-	-
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$ 28,000</u>	<u>\$ 166,000</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.

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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, 2024 and 2023. 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,	
	2024	2023
Donald A. Gordon Private Foundation	\$ 1,468,476	\$ 1,417,398
Gertrude Gordon Private Foundation	2,936,799	2,829,026
TOTAL BENEFICIAL INTEREST IN TRUSTS	\$ 4,405,275	\$ 4,246,424

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, 2024 and 2023.

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.

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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, 2024 and 2023.

	DECEMBER 31, 2024	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Bond mutual funds	\$ 16,942,070	\$ 16,942,070	\$ -	\$ -
Equity mutual funds	54,160,526	54,160,526	-	-
Miscellaneous/real estate	5	5	-	-
Beneficial interest in perpetual trusts	4,405,275	-	-	4,405,575
TOTALS	<u>\$ 75,507,876</u>	<u>\$ 71,102,601</u>	<u>\$ -</u>	<u>\$ 4,405,575</u>

	DECEMBER 31, 2023	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Bond mutual funds	\$ 18,070,471	\$ 18,070,471	\$ -	\$ -
Equity mutual funds	39,414,558	39,414,558	-	-
Miscellaneous/real estate	6	6	-	-
Beneficial interest in perpetual trusts	4,246,424	-	-	4,246,424
TOTALS	<u>\$ 61,731,459</u>	<u>\$ 57,485,035</u>	<u>\$ -</u>	<u>\$ 4,246,424</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

	DECEMBER 31,	
	2024	2023
Balance, beginning of year	\$ 4,246,424	\$ 4,027,085
Change in value	384,603	436,294
Distributions	(225,752)	(216,955)
Balance, end of year	<u>\$ 4,405,275</u>	<u>\$ 4,246,424</u>

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NOTE 8 - Leases

Lessee

The Foundation leases office facilities under a long-term, non-cancelable operating lease agreement. The lease expires January 31, 2029, and provides for two renewal options of three years. The Foundation included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The lease provides increases in future minimum annual rental payments based on a defined schedule or index.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Foundation elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

Total lease expense is as follows:

	YEARS ENDED	
	DECEMBER 31,	
	2024	2023
Operating lease expense	<u>\$ 51,658</u>	<u>\$ -</u>

Other lease information is as follows

	YEARS ENDED	
	DECEMBER 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 44,366	\$ -
Right-of-use assets obtained in exchange for new lease liabilities		
Operating lease liabilities	500,078	-
Weighted-average remaining lease term in years		
Operating leases	10.08	-
Weighted-average discount rate		
Operating leases	3.87%	-

The future minimum lease payments under the operating lease are as follows as of December 31, 2024:

2025	\$ 49,731
2026	51,223
2027	52,760
2028	54,342
2029	55,973
Thereafter	311,501
Total minimum lease payments	575,530
Less amounts representing interest	(102,657)
TOTAL LEASE LIABILITIES	\$ 472,873

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NOTE 9 - 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,	
	2024	2023
Administrative Endowment fund	\$ 1,076,655	\$ 695,963
Community Giving funds	8,206,498	8,346,901
Special Projects and Temporary funds	476,155	425,953
Field of Interest funds	13,103,715	12,512,337
Donor-designated funds	27,154,326	25,079,459
Donor-advised funds	19,468,853	18,823,655
	<u>\$ 69,486,202</u>	<u>\$ 65,884,268</u>

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

	DECEMBER 31,	
	2024	2023
Subject to the passage of time:		
Unconditional promises to give	\$ 28,000	\$ 166,000
Mapping grant	20,000	-
Beneficial interest in perpetual trusts	4,405,275	4,246,424
TOTAL	<u>\$ 4,453,275</u>	<u>\$ 4,412,424</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:

	YEARS ENDED	
	DECEMBER 31,	
	2024	2023
Expiration of time restrictions:		
Unconditional promises to give	<u>\$ 138,000</u>	<u>\$ 67,700</u>

NOTE 10 - 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.

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NOTE 10 - 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 2024 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 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.

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NOTE 10 - Endowment Funds - Continued

Endowment Net Asset Composition by Type of Fund as of December 31, 2024:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Board-designated endowment funds	<u>\$57,704,351</u>	<u>\$ -</u>	<u>\$57,704,351</u>

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>

Changes in Endowment Net Assets for the Year Ended December 31, 2024:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Endowment net assets, beginning of year	\$54,219,565	\$ -	\$54,219,565
Investment return:			
Realized and unrealized gain	3,419,942	-	3,419,942
Investment income, net of fees	<u>2,009,930</u>	-	<u>2,009,930</u>
Total investment return	<u>5,429,872</u>	-	<u>5,429,872</u>
Contributions	<u>1,145,976</u>	-	<u>1,145,976</u>
Appropriation of endowment assets for expenditure	<u>(3,091,062)</u>	-	<u>(3,091,062)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$57,704,351</u>	<u>\$ -</u>	<u>\$57,704,351</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	\$43,422,444	\$ -	\$43,422,444
Investment return:			
Realized and unrealized gain	4,230,737	-	4,230,737
Investment income, net of fees	<u>1,286,635</u>	-	<u>1,286,635</u>
Total investment return	<u>5,517,372</u>	-	<u>5,517,372</u>
Contributions	<u>7,128,805</u>	-	<u>7,128,805</u>
Appropriation of endowment assets for expenditure	<u>(1,849,056)</u>	-	<u>(1,849,056)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$54,219,565</u>	<u>\$ -</u>	<u>\$54,219,565</u>

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NOTE 11 - 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 \$27,235 and \$20,967 for matching contributions in 2024 and 2023, respectively.

NOTE 12 - 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, 2024 and 2023.

NOTE 13 - Commitments

The Foundation's Board of Directors has approved commitments for grants totaling \$629,000 and \$125,944 as of December 31, 2024 and 2023, respectively. All grants are payable within 1-2 years.

In 2024, they have also committed to provide financing for an affordable housing project, Haven on Main, which is a 70-unit mixed-use Low Income Housing Tax Credit (LIHTC) development. The Foundation has committed a loan of \$508,000, which is conditional until receipt of a Low-Income Housing Tax Credit (LIHTC) award and other reporting requirements. The LIHTC award was received during 2025 and the loan is expected to be disbursed in 2025.

NOTE 14 - 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.