

University of Wisconsin - La Crosse Foundation, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

UNIVERSITY *of* WISCONSIN
LA CROSSE
FOUNDATION



WIPFLI

Independent Auditor's Report

University of Wisconsin - La Crosse Foundation, Inc.
La Crosse, Wisconsin

We have audited the accompanying financial statements of University of Wisconsin - La Crosse Foundation, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Wisconsin - La Crosse Foundation, Inc., as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 4, 2020
La Crosse, Wisconsin

University of Wisconsin - La Crosse Foundation, Inc.

Statements of Financial Position

<i>December 31,</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 831,020	\$ 1,131,144
Restricted cash	4,157,196	2,386,501
Certificates of deposit	374,035	615,000
Investments	29,185,850	23,680,255
Promises to give - Net	702,811	736,130
Property and equipment - Net	131,196	12,867
Other assets	-	8,156
Cash value of life insurance	85,622	62,562
Net assets held in trust	165,507	128,358
Gift annuities	20,339	20,339
Total assets	\$ 35,653,576	\$ 28,781,312
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 6,077	\$ 68,605
Accrued and other liabilities	4,177	1,425
Total liabilities	10,254	70,030
Net assets:		
Without donor restriction - Undesignated	836,065	395,354
With donor restriction	34,807,257	28,315,928
Total net assets	35,643,322	28,711,282
Total liabilities and net assets	\$ 35,653,576	\$ 28,781,312

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statements of Activities and Changes in Net Assets

<i>Year Ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 275,730	\$ 3,269,612	\$ 3,545,342
Net appreciation on investments	-	6,156,121	6,156,121
Interest and dividends	62,167	-	62,167
Endowment fees	588,337	-	588,337
Other income	78,587	-	78,587
Totals	1,004,821	9,425,733	10,430,554
Restoration of previous losses on endowment funds	304,417	(304,417)	-
Net assets released from restrictions	2,629,987	(2,629,987)	-
Total revenue and support	3,939,225	6,491,329	10,430,554
Expenses:			
Program services	3,054,791	-	3,054,791
Administrative and fundraising	443,723	-	443,723
Total expenses	3,498,514	-	3,498,514
Increase in net assets	440,711	6,491,329	6,932,040
Net assets at beginning of year	395,354	28,315,928	28,711,282
Net assets at end of year	\$ 836,065	\$ 34,807,257	\$ 35,643,322

University of Wisconsin - La Crosse Foundation, Inc.

Statements of Activities and Changes in Net Assets (Continued)

<i>Year Ended December 31, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 181,485	\$ 3,552,574	\$ 3,734,059
Net depreciation on investments	(1,003)	(2,084,014)	(2,085,017)
Interest and dividends	-	507,373	507,373
Endowment fees	555,557	-	555,557
Other income	88,108	-	88,108
Totals	824,147	1,975,933	2,800,080
Reclassification of recorded losses on endowment funds	(304,417)	304,417	-
Net assets released from restrictions	2,659,423	(2,659,423)	-
Total revenue and support	3,179,153	(379,073)	2,800,080
Expenses:			
Program services	2,951,583	-	2,951,583
Administrative and fundraising	383,062	-	383,062
Total expenses	3,334,645	-	3,334,645
Decrease in net assets	(155,492)	(379,073)	(534,565)
Net assets at beginning of year	550,846	28,695,001	29,245,847
Net assets at end of year	\$ 395,354	\$ 28,315,928	\$ 28,711,282

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statement of Functional Expenses

<i>December 31, 2019</i>	Program	Management and General	Fundraising	Total
Scholarships, grants, and awards	\$ 2,086,897	\$ -	\$ -	\$ 2,086,897
Salaries and wages	58,733	188,605	9,150	256,488
Employee benefits	21,585	42,036	2,111	65,732
Payroll taxes	4,516	14,468	700	19,684
Professional services	802,877	22,302	14,564	839,743
Travel	-	-	42,660	42,660
Conferences and meetings	13,113	4,396	31,742	49,251
Insurance	-	9,766	-	9,766
Printing and publishing	5,814	440	11,360	17,614
Dues and subscriptions	2,071	3,179	5,035	10,285
Lease expense	1,836	-	-	1,836
Office expenses	2,670	951	4,930	8,551
Credit card fees	13,918	-	-	13,918
Training	-	16,700	-	16,700
Depreciation	-	18,628	-	18,628
Bad debt expense	40,282	-	-	40,282
Miscellaneous expense	479	-	-	479
Totals	\$ 3,054,791	\$ 321,471	\$ 122,252	\$ 3,498,514

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statement of Functional Expenses

<i>December 31, 2018</i>	Program	Management and General	Fundraising	Total
Scholarships, grants, and awards	\$ 1,792,766	\$ -	\$ -	\$ 1,792,766
Salaries and wages	51,358	172,922	-	224,280
Employee benefits	30,417	62,211	-	92,628
Payroll taxes	3,937	13,224	-	17,161
Professional services	689,072	19,141	12,500	720,713
Travel	-	-	44,568	44,568
Conferences and meetings	8,150	2,732	19,728	30,610
Insurance	-	4,501	-	4,501
Printing and publishing	7,277	551	14,218	22,046
Dues and subscriptions	1,758	2,699	4,274	8,731
Lease expense	2,421	-	-	2,421
Office expenses	2,418	861	4,465	7,744
Credit card fees	12,103	-	-	12,103
Depreciation	-	4,467	-	4,467
Bad debt expense	349,146	-	-	349,146
Miscellaneous expense	760	-	-	760
Totals	\$ 2,951,583	\$ 283,309	\$ 99,753	\$ 3,334,645

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 6,932,040	\$ (534,565)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Provision for depreciation and amortization	18,628	4,467
Provision for allowance for uncollectible promises to give	16,242	45,353
Write-off of uncollectible promises to give	24,040	303,793
Loss on disposal of assets	-	1,002
Net depreciation (appreciation) of investments	(6,123,354)	2,085,017
Appreciation of cash value of life insurance	(11,377)	(1,288)
Net present value discount on promises to give	(10,510)	78,129
Contributions received for endowment	(3,265,230)	(2,068,288)
Changes in operating assets and liabilities:		
Promises to give	3,547	(365,902)
Other assets	8,156	19,022
Cash value of life insurance	(11,683)	-
Net assets held in trust	(37,149)	20,103
Gift annuities	-	(4,308)
Accounts payable	(62,528)	(6,222)
Accrued and other liabilities	2,752	(8,611)
Total adjustments	(9,448,466)	102,267
Net cash flows from operating activities	(2,516,426)	(432,298)
Cash flows from investing activities:		
Purchase of property and equipment	(136,957)	(11,800)
Proceeds from interest earned on certificates of deposit	965	2,283
Proceeds from maturity of certificates of deposit	240,000	-
Proceeds from redemption of life insurance policy	-	40,647
Net increase (decrease) from purchases and sales of investments	617,759	(1,349,630)
Net cash flows from investing activities	721,767	(1,318,500)
Cash flows from financing activities:		
Bond payments	-	(935,000)
Contributions received for endowment	3,265,230	2,068,288
Net cash flows from financing activities	3,265,230	1,133,288
Net increase in cash and cash equivalents	1,470,571	276,843
Cash and cash equivalents and restricted cash at beginning of year	3,517,645	3,240,802
Cash and cash equivalents and restricted cash at end of year	\$ 4,988,216	\$ 3,517,645

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Entity

University of Wisconsin - La Crosse Foundation, Inc. (the "Foundation") was formed to solicit and receive gifts and bequests for the development, promotion, and benefit of the University of Wisconsin - La Crosse. The responsibility of the Foundation is gathering and administering gifts from private sources and directing those funds into areas that best assist the University of Wisconsin - La Crosse in delivering affordable, accessible, and quality educational opportunities.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Foundation maintains separate accounts for donor-restricted funds, with the exception of donor-restricted funds to the endowment. These amounts are restricted to their use and are in interest bearing accounts. Cash is restricted for the following purposes as of December 31:

	2019	2018
Scholarships, grants, awards and support	\$ 3,069,254	\$ 2,386,501
Endowments subject to endowment spending policy and appropriation for scholarships, grants, awards, and support	1,082,897	-
Totals	\$ 4,152,151	\$ 2,386,501

Investments

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

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in donor-restricted net assets. When a restriction expires, donor-restricted net assets are reclassified to undesignated net assets. All pledges receivable are due to be collected over a period of 1 to 10 years.

Unconditional promises to give are recorded as receivables in the year promised. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in donor-restricted net assets. Undesignated promises to be collected in future periods are also recorded as an increase to donor-restricted net assets and reclassified to undesignated net assets when received, unless the donor's intention is to support current-period activities.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts. Promises to give are written off when deemed uncollectible.

Unconditional promises to give are carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Property, Equipment, and Depreciation

Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The Foundation capitalizes property and equipment with a value greater than or equal to \$2,500 and a useful life of greater than one year.

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified 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 certain 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 which 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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation has allocated all expenditures on an individual basis based on the underlying nature of each transaction's function. Salaries and wages, employee benefits, and payroll taxes are allocated based on the employees' estimated time spent performing activities within each function.

Tax-Exempt Status

As a nonprofit organization, the Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The tax-exempt status is based on the stated purpose of the operations and supporting evidence presented to the Internal Revenue Service with the application for tax-exempt status. Such status is subject to reevaluation should there be changes in the operations, character, or purpose of the Foundation.

The Foundation assesses the potential outcome of uncertain tax positions. The Foundation's policy for interest and penalties related to income tax exposures is to recognize interest and penalties as other income (expense) in the statements of activities and changes in net assets. As of December 31, 2019 and 2018, management believed the Foundation had no material uncertain tax positions requiring recognition or measurement. The federal and state returns remain open to examination by taxing authorities through their statutory periods.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimates affecting the financial statements are:

- Collectibility of promises to give
- Valuation of promises to give
- Valuation of investments

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for not-for-profit entities for annual periods beginning after December 15, 2019, including interim periods within that reporting period. The Foundation is currently evaluating the impact of the provisions of ASC 606.

Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 4, 2020, which is the date the financial statements were available to be issued.

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 virus crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the Foundation has experienced an adverse impact of the CV19 Crisis in the form of decreased giving received from donors and a decrease to market interest rates. While management is actively mitigating the impact of the CV19 Crisis on the Foundation, the future impact of the CV19 Crisis cannot be reasonably estimated at this time.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprised the following as of December 31:

	2019	2018
Cash and cash equivalents	\$ 831,020	\$ 1,131,144
Other assets	-	8,156
Promises to give, net	702,811	736,130
 Total financial assets as of year end	 1,533,831	 1,875,430
 Promises to give, net	 (697,766)	 (698,242)
Other assets	-	(4,506)
 Total available financial assets as of year-end	 \$ 836,065	 \$ 1,172,682

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements

The Foundation measures fair value of its financial instruments using a three-tier hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs, other than quoted prices, that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2019 and 2018.

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

Common stocks and U.S. government securities: Valued at the closing price reported in the active market in which the individual securities are traded.

Money market: Valued at the balance in the account, which approximates fair value.

Corporate bonds: Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Greenlight Master Trust: Valued at the NAV as reported by the Master Trust. The assets of the trust consist principally of investments in investment funds.

Skybridge Gii Fund, Frontier Market Select Fund, and Wisconsin Super Angel Fund: Valued at the NAV as reported by the fund. The assets of the fund consist principally of investments in investment funds.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 tables set forth by level, within the fair value hierarchy, the Foundation's investments and net assets held in trust at fair value as of December 31, 2019 and 2018:

Assets at Fair Value as of December 31, 2019

	Level 1	Level 2	Level 3	Total Assets at Fair Value
Mutual funds:				
Index funds	\$ 9,220,823	\$ -	\$ -	\$ 9,220,823
Fixed income funds	9,346,826	-	-	9,346,826
Growth funds	4,930,011	-	-	4,930,011
Balanced funds	2,387,647	-	-	2,387,647
Value funds	1,381,231	-	-	1,381,231
Total mutual funds	27,266,538	-	-	27,266,538
Common stocks:				
Consumer discretionary	8,792	-	-	8,792
Consumer staples	33,644	-	-	33,644
Energy	28,906	-	-	28,906
Financial	51,329	-	-	51,329
Health care	33,101	-	-	33,101
Industrials	22,418	-	-	22,418
Information technology	99,620	-	-	99,620
Materials	9,156	-	-	9,156
Other	18,268	-	-	18,268
Total common stocks	305,234	-	-	305,234
Money market funds	342,918	-	-	342,918
Greenlight Master Trust	-	-	818,740	818,740
Skybridge Gii Fund	-	-	348,431	348,431
Frontier Market Select Fund	-	-	227,015	227,015
Wisconsin Super Angel Fund	-	-	42,481	42,481
Total assets	\$ 27,914,690	\$ -	\$ 1,436,667	\$ 29,351,357

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total Assets at Fair Value
Mutual funds:				
Index funds	\$ 6,380,949	\$ -	\$ -	\$ 6,380,949
Fixed income funds	4,797,917	-	-	4,797,917
Growth funds	4,134,739	-	-	4,134,739
Balanced funds	2,333,503	-	-	2,333,503
Value funds	1,263,285	-	-	1,263,285
Total mutual funds	18,910,393	-	-	18,910,393
Common stocks:				
Consumer discretionary	12,366	-	-	12,366
Consumer staples	29,407	-	-	29,407
Energy	24,545	-	-	24,545
Financial	35,297	-	-	35,297
Health care	28,627	-	-	28,627
Industrials	17,141	-	-	17,141
Information technology	76,130	-	-	76,130
Other	8,063	-	-	8,063
Total common stocks	231,576	-	-	231,576
Money market funds	973,287	-	-	973,287
Corporate bonds	-	1,325,940	-	1,325,940
U.S. government securities	1,013,551	-	-	1,013,551
Greenlight Master Trust	-	-	773,709	773,709
Skybridge Gii Fund	-	-	285,368	285,368
Frontier Market Select Fund	-	-	252,308	252,308
Wisconsin Super Angel Fund	-	-	42,481	42,481
Total assets	\$ 21,128,807	\$ 1,325,940	\$ 1,353,866	\$ 23,808,613

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

Level 3 Gains and Losses

The following tables set forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2019 and 2018:

Year Ended December 31, 2019

	Greenlight Master Trust	Skybridge Gii Fund	Frontier Market Select Fund	Wisconsin Super Angel Fund
Balance - Beginning of year	\$ 773,709	\$ 285,368	\$ 252,308	\$ 42,481
Appreciation (depreciation)	45,301	63,063	(25,293)	-
Balance - End of year	\$ 818,740	\$ 348,431	\$ 227,015	\$ 42,481

Amount of total gains (losses) for the period included in changes in net assets attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date

	\$ 45,301	\$ 63,063	\$ (25,293)	\$ -
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Year Ended December 31, 2018

	Greenlight Master Trust	Skybridge Gii Fund	Frontier Market Select Fund	Wisconsin Super Angel Fund
Balance - Beginning of year	\$ 848,991	\$ 285,368	\$ 280,190	\$ 42,481
Depreciation	(75,282)	-	(27,882)	-
Balance - End of year	\$ 773,709	\$ 285,368	\$ 252,308	\$ 42,481

Amount of total losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets still held at the reporting date

	\$ (75,282)	\$ -	\$ (27,882)	\$ -
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University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

The Greenlight Master Trust, Skybridge Gii Fund, Frontier Market Select Fund, and Wisconsin Super Angel Fund are measured at fair value using NAV per share as a practical expedient. These investments in private entities and principle valuation technique, consistent with prior year, is summarized as follows as of December 31:

Private Entity	Fair Value		Unfunded Commitments	Principal Valuation Technique	Unobservable Inputs
	2019	2018			
Greenlight Master Trust, Skybridge Gii Fund, Frontier Market Select Fund and Wisconsin Super Angel Fund	\$ 1,436,667	\$ 1,353,866	\$ -	NAV	Net income EBITDA Cost of capital Revenue multiple EBITDA multiple

The methods described above and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. The Foundation believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the estimates of fair value at the financial reporting date.

The Greenlight Master Trust was fully redeemed subsequent to December 31, 2019, in accordance with applicable redemption requirements. In January 2020, \$736,625 was redeemed and in May 2020, the remaining redemption of \$82,115 was received.

The Skybridge Gii Fund allows for redemption of shares on a semi-annual basis based on the valuations as of March 31 or September 30. There is no secondary market for the shares, and transfers of shares cannot occur unless authorized by the Skybridge Gii Fund.

The Frontier Market Select Fund allows for redemption as of the last business day of each calendar quarter, or such other day as the Frontier Market Select Fund approves at its sole discretion.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 4: Investments

The following is a summary of investments at market value and cost at December 31, 2019 and 2018:

	2019		2018	
	Market Value	Cost	Market Value	Cost
Mutual funds	\$ 27,105,139	\$ 22,797,943	\$ 18,782,035	\$ 17,744,843
Common stocks	305,234	152,086	231,576	131,778
Corporate bonds	-	-	1,325,940	1,345,458
U.S. government securities	-	-	1,013,551	1,031,143
Wisconsin Super Angel Fund	42,481	42,481	42,481	42,481
Frontier Market Select Fund	227,015	250,000	252,308	250,000
Skybridge Gii Fund	348,431	300,000	285,368	300,000
Greenlight Master Trust	818,740	499,331	773,709	499,331
Money markets	338,810	338,810	973,287	973,287
Totals	\$ 29,185,850	\$ 24,380,651	\$ 23,680,255	\$ 22,318,321

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

Note 5: Promises to Give

Unconditional promises to give were estimated to be collected as follows as of December 31, 2019 and 2018:

	2019	2018
Within one year	\$ 345,032	\$ 288,185
In one to five years	507,538	590,372
Over five years	23,800	25,400
	876,370	903,957
Less - Discount to net present value at 5.00% rate	(67,619)	(78,129)
Less - Allowance for uncollectible promises to give	(105,940)	(89,698)
Totals	\$ 702,811	\$ 736,130

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 6: Property and Equipment

A summary of property and equipment as of December 31, 2019 and 2018 follows:

	2019	2018
Property and equipment	\$ 181,043	\$ 44,086
Less - Accumulated depreciation	49,847	31,219
Totals	\$ 131,196	\$ 12,867

Depreciation expense for the years ended December 31, 2019 and 2018, was \$18,628 and \$4,467, respectively.

Note 7: Life Insurance Policies

The Foundation is the owner and beneficiary of seven whole life insurance policies with face values totaling \$540,000 at December 31, 2019. The premiums on these policies are paid by the donors. No cash redemptions were received during 2019 and 2018. The remaining cash surrender values were \$85,622 and \$62,562 at December 31, 2019 and 2018, respectively.

Note 8: Assets Held in Trust

Under GAAP, the Foundation must recognize the net present value designated to the Foundation as beneficiary of the assets held in trust. The Foundation uses a discount rate of 5% in valuing the assets held in trust.

Under the terms of these irrevocable charitable remainder trusts, the Foundation as trustee is required to pay 6% to 7% of the net fair market value annually over the life of the agreements. Payments to the donors in the years ended December 31, 2019 and 2018, were \$3,497 and \$3,918, respectively. Upon the death of the donors, the balance of the trusts is to be distributed to the Foundation as designated in the trust agreement. As of December 31, 2019 and 2018, the Foundation reported that the present value of net assets from its interest in the trusts was \$165,507 and \$128,358, respectively.

Note 9: Gift Annuities

The annuities are being administered by the University of Wisconsin - La Crosse Foundation. Under the terms of these annuities, the University of Wisconsin - La Crosse Foundation is required to pay the donor a specified rate or dollar amount per year. Within one year of the death of the donors, the Foundation shall transfer any remaining portion of the gifts to the Foundation. For the years ended December 31, 2019 and 2018, the Foundation reported the present value of net assets from the gift annuities to be \$20,339 and \$20,339, respectively, using discount rates of approximately 5%. There were no cash redemptions received in 2019 and 2018.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 10: Related Parties

University of Wisconsin - La Crosse

In exchange for the Foundation promoting the welfare of the University of Wisconsin - La Crosse (the "University"), the University provides and pays for certain services for the benefit of the Foundation. These services are outlined in the articulation agreement between the Foundation and the University. These amounts have not been quantified and are not recognized in the financial statements.

University of Wisconsin - La Crosse Alumni Association

The Foundation provides personnel, office space, support, and other items to the University of Wisconsin - La Crosse Alumni Association (the "Alumni Association") at no charge. These amounts have not been quantified and are not separately identified in the financial statements.

Note 11: Endowments

Donor-restricted net assets have been restricted by donors to be maintained in perpetuity; the income from these assets is expendable to support scholarship programs of the Foundation.

The Foundation's endowments consist of funds that are invested in money market accounts, certificates of deposit, mutual funds, common stocks, corporate bonds, U.S. government securities, and limited partnerships. These endowments include only donor-restricted endowment funds. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift to the endowment fund (1) absent any explicit donor stipulations that would otherwise dictate the management of contributed funds or (2) subject to the discretionary authority of the Board pursuant to and using the criteria set forth in the Act. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a dependable method of funding programs supported by the endowment funds while seeking to preserve the purchasing power of the endowment assets. Under this policy, the Foundation invests the endowment assets in a manner that is intended to produce a real return net of inflationary factors, Foundation management fees, and investment management fees. The Foundation realizes that actual returns in any given year may vary.

The Foundation has a Board-approved spending policy that allows for up to 4% of the average market value of endowment funds to be appropriated for specific scholarships, grants, awards, and support. The average market value is calculated based on the previous three year-end balances for the following fiscal year starting July 1 through the subsequent June 30.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 11: Endowments (Continued)

Donor-restricted endowments consisted of the following at December 31:

	2019	2018
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 24,037,180	\$ 21,704,699
Original donor-restricted gift amount and amounts with time and/or purpose restrictions	5,913,104	2,652,149
Totals	\$ 29,950,284	\$ 24,356,848

Changes in donor-restricted endowment net assets for the years ended December 31, 2019 and 2018, consisted of the following:

	2019	2018
Endowment net assets at beginning of year	\$ 24,356,848	\$ 24,866,969
Investment return	4,601,465	(1,522,519)
Contributions	3,265,230	2,068,288
Appropriations of endowment assets for expenditures	(1,968,842)	(1,360,307)
Reclassification of recorded losses on endowment funds	-	304,417
Restoration of previously recorded losses on endowment funds	(304,417)	-
Endowment net assets at end of year	\$ 29,950,284	\$ 24,356,848

The restoration of previously recorded losses on endowment funds as presented above represents restricted assets whose current fair market value is no longer lower than the original donor-restricted contribution that was to remain in perpetuity. In accordance with GAAP, all dollars originally reclassified to donor-restricted net assets to ensure the original donor contributions remained in perpetuity are now reclassified back to undesignated net assets.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or periods as of December 31:

	2019	2018
Subject to expenditure for specified purpose:		
Scholarships, grants, awards and support	\$ 4,608,429	\$ 3,700,219
Promises to give, the proceeds from which have been restricted by donors for:		
Scholarships, grants, awards and support	248,544	258,861
	4,856,973	3,959,080
Endowments subject to endowment spending policy and appropriation:		
Scholarships, grants, awards and support	29,374,993	23,445,223
Promises to give - Permanently restricted for scholarship endowment	575,291	607,208
Adjustments for endowments below original balance	-	304,417
	29,950,284	24,356,848
Totals	\$ 34,807,257	\$ 28,315,928

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 for the years ended December 31:

	2019	2018
Scholarships, grants, awards and support	\$ 2,629,987	\$ 2,659,423

Note 13: Pension Benefits

The Foundation sponsors a money purchase pension plan covering substantially all employees. The Foundation contributed 10% of each participant's annual compensation to the plan during 2019 and 2018. Pension costs were \$7,023 and \$6,818 for the years ended December 31, 2019 and 2018, respectively.

Note 14: Contingent Assets and Liabilities

The Foundation has received declarations of intents to give in the form of designation of beneficiary of life insurance policies and will bequests. These declarations of intent are not reflected on the Foundation's statements of financial position because beneficiary designations are revocable or subject to change.

Note 15: Concentration of Credit Risk

The Foundation maintains its cash in bank deposits at various financial institutions. Certain cash balances held by financial institutions exceed Federal Deposit Insurance Corporation (FDIC) limits. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.