

# University of Wisconsin - La Crosse Foundation, Inc.

Financial Statements  
Years Ended December 31, 2018 and 2017

UNIVERSITY *of* WISCONSIN  
**LA CROSSE**  

---

**FOUNDATION**

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants



## 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, 2018 and 2017, and the related statements of activities and changes in net assets, statement of 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, 2018 and 2017, 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".

Wipfli LLP

February 25, 2019  
La Crosse, Wisconsin

# University of Wisconsin - La Crosse Foundation, Inc.

## Statements of Financial Position

<i>December 31,</i>	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 3,517,645	\$ 3,240,802
Certificates of deposit	615,000	617,283
Investments	23,680,255	24,415,642
Promises to give, net	736,130	797,503
Property and equipment - Net	12,867	6,536
Other assets	8,156	27,178
Cash value of life insurance	62,562	61,274
Net assets held in trust	128,358	148,461
Gift annuities	20,339	16,031
<b>Total assets</b>	<b>\$ 28,781,312</b>	<b>\$ 29,330,710</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 68,605	\$ 74,827
Accrued and other liabilities	1,425	10,036
<b>Total liabilities</b>	<b>70,030</b>	<b>84,863</b>
Net assets:		
Without donor restriction - Undesignated	395,354	550,846
With donor restriction	28,315,928	28,695,001
<b>Total net assets</b>	<b>28,711,282</b>	<b>29,245,847</b>
<b>Total liabilities and net assets</b>	<b>\$ 28,781,312</b>	<b>\$ 29,330,710</b>

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, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
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
<b>Totals</b>	<b>824,147</b>	<b>1,975,933</b>	<b>2,800,080</b>
Reclassification of recorded losses on endowment funds	(304,417)	304,417	-
Net assets released from restrictions	2,659,423	(2,659,423)	-
<b>Total revenue and support</b>	<b>3,179,153</b>	<b>(379,073)</b>	<b>2,800,080</b>
<b>Expenses:</b>			
Program services - Scholarships, grants, and awards	2,951,583	-	2,951,583
Administrative and fundraising	383,062	-	383,062
<b>Total expenses</b>	<b>3,334,645</b>	<b>-</b>	<b>3,334,645</b>
Increase (decrease) in net assets	(155,492)	(379,073)	(534,565)
Net assets at beginning	550,846	28,695,001	29,245,847
<b>Net assets at end</b>	<b>\$ 395,354</b>	<b>\$ 28,315,928</b>	<b>\$ 28,711,282</b>

# University of Wisconsin - La Crosse Foundation, Inc.

## Statements of Activities and Changes in Net Assets (Continued)

<i>Year Ended December 31, 2017</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 197,545	\$ 2,557,374	\$ 2,754,919
Net appreciation on investments	-	2,748,862	2,748,862
Interest and dividends	-	441,110	441,110
Endowment fees	512,246	-	512,246
Freedom Fest income	527,633	-	527,633
Other income	78,360	-	78,360
<b>Totals</b>	<b>1,315,784</b>	<b>5,747,346</b>	<b>7,063,130</b>
Restoration of previous losses on endowment funds	45,896	(45,896)	-
Net assets released from restrictions	2,182,895	(2,182,895)	-
<b>Total revenue and support</b>	<b>3,544,575</b>	<b>3,518,555</b>	<b>7,063,130</b>
<b>Expenses:</b>			
Program services - Scholarships, grants, and awards	3,430,527	-	3,430,527
Administrative and fundraising	344,074	-	344,074
<b>Total expenses</b>	<b>3,774,601</b>	<b>-</b>	<b>3,774,601</b>
Increase (decrease) in net assets	(230,026)	3,518,555	3,288,529
Net assets at beginning	780,872	25,176,446	25,957,318
<b>Net assets at end</b>	<b>\$ 550,846</b>	<b>\$ 28,695,001</b>	<b>\$ 29,245,847</b>

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
<b>Totals</b>	<b>\$ 2,951,583</b>	<b>\$ 283,309</b>	<b>\$ 99,753</b>	<b>\$ 3,334,645</b>

See accompanying notes to financial statements.

# University of Wisconsin - La Crosse Foundation, Inc.

## Statement of Functional Expenses

<i>December 31, 2017</i>	Program	Management and General	Fundraising	Total
Scholarships, grants, and awards	\$ 2,073,110	\$ -	\$ -	\$ 2,073,110
Freedom Fest expenses	545,782	-	-	545,782
Salaries and wages	77,921	135,548	-	213,469
Employee benefits	30,389	53,671	-	84,060
Payroll taxes	5,737	9,789	-	15,526
Professional services	629,157	17,080	2,050	648,287
Travel	-	-	39,256	39,256
Conferences and meetings	8,940	-	25,446	34,386
Insurance	-	5,507	-	5,507
Printing and publishing	8,114	676	4,733	13,523
Dues and subscriptions	-	-	8,105	8,105
Lease expense	4,222	-	-	4,222
Office expenses	5,563	1,856	1,305	8,724
Credit card fees	11,232	-	-	11,232
Interest	-	32,661	-	32,661
Depreciation	-	6,391	-	6,391
Bad debt expense	29,765	-	-	29,765
Miscellaneous expense	595	-	-	595
<b>Totals</b>	<b>\$ 3,430,527</b>	<b>\$ 263,179</b>	<b>\$ 80,895</b>	<b>\$ 3,774,601</b>

See accompanying notes to financial statements.

# University of Wisconsin - La Crosse Foundation, Inc.

## Statements of Cash Flows

Years Ended December 31,	2018	2017
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (534,565)	\$ 3,288,529
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	4,467	6,391
Provision for allowance for uncollectible promises to give	45,353	29,765
Write-off of uncollectible promises to give	303,793	-
Loss on disposal of assets	1,002	96
Net depreciation (appreciation) of investments	2,085,017	(2,748,862)
Appreciation of cash value of life insurance	(1,288)	(5,393)
Net present value discount on promises to give	78,129	-
Interest reinvested in certificates of deposit	-	(2,283)
Changes in operating assets and liabilities:		
Promises to give	(365,902)	(259,761)
Other assets	19,022	(1,698)
Net assets held in trust	20,103	(21,786)
Gift annuities	(4,308)	-
Accounts payable	(6,222)	30,430
Accrued and other liabilities	(8,611)	8,639
Total adjustments	2,170,555	(2,964,462)
Net cash provided by operating activities	1,635,990	324,067
Cash flows from investing activities:		
Purchase of property and equipment	(11,800)	(4,424)
Proceeds from interest earned on certificates of deposit	2,283	-
Proceeds from redemption of life insurance policy	-	40,647
Proceeds from redemption of gift annuities	-	19,737
Net decrease from purchases and sales of investments	(1,349,630)	(197,270)
Purchases of investments in donor-restricted endowments	(2,068,288)	(1,129,517)
Net cash used in investing activities	(3,427,435)	(1,270,827)
Cash flows from financing activities:		
Bond payments	-	(935,000)
Trust and annuity receipts	-	1,228
Proceeds from contributions restricted to investments in donor-restricted endowments	2,068,288	1,129,517
Net cash provided by financing activities	2,068,288	195,745
Net increase (decrease) in cash and cash equivalents	276,843	(723,007)
Cash and cash equivalents at beginning	3,240,802	3,963,809
Cash and cash equivalents at end	\$ 3,517,645	\$ 3,240,802

**Supplemental cash flow information:**

Cash paid during the year for interest	\$	-	\$ 32,661
--	----	---	-----------

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.

#### **Investments**

Investments, which consist primarily of common stocks, bonds, and equity and fixed income mutual funds, are stated at market 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.

#### **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.

# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

---

### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Promises to Give** (Continued)

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.

#### **Bond Issuance Costs**

Bond service costs have been capitalized and are being amortized to interest expense over the related debt term of 20 years at a rate consistent with the debt repayment. The related debt was paid off during 2017.

#### **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.

# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

---

### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **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, 2018 and 2017, 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

#### **Reclassification**

Certain amounts as previously reported in the 2017 financial statements have been reclassified to conform to the 2018 presentation. Such reclassifications have had no effect on the reported amounts of net assets or changes in net assets.

# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

---

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Subsequent Events

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 25, 2019, which is the date the financial statements were available to be issued.

### 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, 2018:

Cash and cash equivalents	\$ 1,131,144
Accounts receivable	3,650
Promises to give	37,888
<hr/>	
Total	\$ 1,172,682

### 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.

# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

---

### **Note 3: Fair Value Measurements** (Continued)

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, 2018 and 2017.

*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:* Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

The corporate bonds are debt securities issued by private and public corporations to raise money for a variety of purposes such as building infrastructure, purchase of equipment, or growing their business. In exchange, the companies promise to return the principal investment on a specified maturity date. Until that date, the companies pay a stated rate of interest.

*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:* Valued at the NAV as reported by the fund. The assets of the fund consist principally of investments in investment funds.

*Frontier Market Select Fund:* Valued at the NAV as reported by the fund. The assets of the fund consist principally of investments in investment funds.

*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.

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.

# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

### Note 3: Fair Value Measurements (Continued)

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, 2018 and 2017:

#### Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total Assets at Fair Value
<b>Mutual funds:</b>				
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
<b>Total mutual funds</b>	<b>18,910,393</b>	<b>-</b>	<b>-</b>	<b>18,910,393</b>
<b>Common stocks:</b>				
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
<b>Total common stocks</b>	<b>231,576</b>	<b>-</b>	<b>-</b>	<b>231,576</b>
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
<b>Total assets</b>	<b>\$ 21,128,807</b>	<b>\$ 1,325,940</b>	<b>\$ 1,353,866</b>	<b>\$ 23,808,613</b>

# 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, 2017

	Level 1	Level 2	Level 3	Total Assets at Fair Value
<b>Mutual funds:</b>				
Index funds	\$ 6,753,113	\$ -	\$ -	\$ 6,753,113
Fixed income funds	4,499,909	-	-	4,499,909
Growth funds	4,048,144	-	-	4,048,144
Balanced funds	2,782,398	-	-	2,782,398
Value funds	2,282,807	-	-	2,282,807
<b>Total mutual funds</b>	<b>20,366,371</b>	<b>-</b>	<b>-</b>	<b>20,366,371</b>
<b>Common stocks:</b>				
Consumer discretionary	5,743	-	-	5,743
Consumer staples	45,911	-	-	45,911
Energy	18,725	-	-	18,725
Financial	35,613	-	-	35,613
Health care	24,828	-	-	24,828
Industrials	64,784	-	-	64,784
Information technology	83,658	-	-	83,658
<b>Total common stocks</b>	<b>279,262</b>	<b>-</b>	<b>-</b>	<b>279,262</b>
Money market funds	178,915	-	-	178,915
Corporate bonds	-	1,137,327	-	1,137,327
U.S. government securities	1,145,198	-	-	1,145,198
Greenlight Master Trust	-	-	848,991	848,991
Skybridge Gii Fund	-	-	285,368	285,368
Frontier Market Select Fund	-	-	280,190	280,190
Wisconsin Super Angel Fund	-	-	42,481	42,481
<b>Total assets</b>	<b>\$ 21,969,746</b>	<b>\$ 1,137,327</b>	<b>\$ 1,457,030</b>	<b>\$ 24,564,103</b>

# 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, 2018 and 2017:

#### 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)	-
<b>Balance - End of year</b>	<b>\$ 773,709</b>	<b>\$ 285,368</b>	<b>\$ 252,308</b>	<b>\$ 42,481</b>

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)	\$ -
--	-------------	------	-------------	------

#### Year Ended December 31, 2017

	Greenlight Master Trust	Skybridge Gii Fund	Frontier Market Select Fund	Wisconsin Super Angel Fund
Balance - Beginning of year	\$ 741,640	\$ 285,368	\$ 234,343	\$ 42,481
Appreciation	107,351	-	45,847	-
<b>Balance - End of year</b>	<b>\$ 848,991</b>	<b>\$ 285,368</b>	<b>\$ 280,190</b>	<b>\$ 42,481</b>

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

	\$ 107,351	\$ -	\$ 45,847	\$ -
--	------------	------	-----------	------



# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

### Note 4: Investments

The historical contributed amount of the Foundation's investments totaled \$21,417,778 and \$19,349,490 at December 31, 2018 and 2017, respectively. The following is a summary of investments at market value and cost at December 31, 2018 and 2017:

<i>December 31,</i>	2018		2017	
	Market Value	Cost	Market Value	Cost
Mutual funds	\$ 18,782,034	\$ 17,744,843	\$ 20,222,219	\$ 16,068,577
Common stocks	231,574	131,778	279,262	176,018
Corporate bonds	1,325,940	1,345,458	1,137,327	1,134,417
U.S. government securities	1,013,551	1,031,143	1,145,198	1,162,565
Wisconsin Super Angel Fund	42,481	42,481	42,481	42,481
Frontier Market Select Fund	252,308	250,000	280,190	250,000
Skybridge Gii Fund	285,368	300,000	285,368	300,000
Greenlight Master Trust	773,709	499,331	848,991	499,331
Money markets	973,290	973,290	174,606	174,606
<b>Totals</b>	<b>\$ 23,680,255</b>	<b>\$ 22,318,324</b>	<b>\$ 24,415,642</b>	<b>\$ 19,807,995</b>

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, 2018 and 2017:

	2018	2017
Within one year	\$ 288,185	\$ 480,242
In one to five years	590,372	331,570
Over five years	25,400	30,036
	903,957	841,848
Less discount to net present value at 5.00% rate	(78,129)	-
Less allowance for uncollectible promises to give	(89,698)	(44,345)
<b>Totals</b>	<b>\$ 736,130</b>	<b>\$ 797,503</b>

# 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, 2018 and 2017 follows:

	2018	2017
Property and equipment	\$ 44,086	\$ 38,444
Less - Accumulated depreciation	31,219	31,908
Totals	\$ 12,867	\$ 6,536

Depreciation expense for the years ended December 31, 2018 and 2017, was \$4,467 and \$6,391, respectively.

### Note 7: Life Insurance Policies

The Foundation is the owner and beneficiary of six whole life insurance policies with face values totaling \$560,000 at December 31, 2018. The premiums on these policies are paid by the donors. During 2017, cash of approximately \$40,600 was received on the redemption of one policy. No cash redemptions were received during 2018. The remaining cash surrender values were \$62,562 and \$61,274 at December 31, 2018 and 2017, 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, 2018 and 2017, were \$3,918 and \$3,741, 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, 2018 and 2017, the Foundation reported that the present value of net assets from its interest in the trusts was \$128,358 and \$148,461, respectively.

### Note 9: Gift Annuities

The Foundation was the recipient of a series of gift annuities totaling \$25,000 for the year ended December 31, 2017. There were no gift annuities received for the year ended December 31, 2018. 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, 2018 and 2017, the Foundation reported the present value of net assets from the gift annuities to be \$20,339 and \$16,031, respectively, using discount rates of approximately 5%. During 2017 cash of approximately \$19,700 was received on the redemption of two gift annuities. There were no cash redemptions received in 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: Bond Debt**

In 2008, the Foundation entered into a variable-rate demand industrial development revenue bond, Series 2008, with an alliance of local financial institutions (the "Alliance") in the amount of \$9,500,000 to be used to finance eligible costs for construction of the University of Wisconsin - La Crosse Veterans Memorial Field Sports Complex. The revenue bond was scheduled to mature in June 2028 with a variable interest rate that was based on the Securities Industry and Financial Markets Association (SIFMA) index. The bond was collateralized by the Foundation's pledges receivable, as well as the letter of credit obtained from the Alliance. In 2017, the Foundation paid off all outstanding debt.

### **Note 12: 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.

# University of Wisconsin - La Crosse Foundation, Inc.

## Notes to Financial Statements

### Note 12: Endowments (Continued)

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

	2018	2017
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 21,704,699	\$ 19,367,946
Accumulated investment gains	2,652,149	5,499,023
<b>Totals</b>	<b>\$ 24,356,848</b>	<b>\$ 24,866,969</b>

Changes in donor-restricted endowment net assets for the years ended December 31, 2018 and 2017, consisted of the following:

	2018	2017
Endowment net assets at beginning of year	\$ 24,866,969	\$ 21,867,299
Investment return	(1,522,519)	3,189,972
Contributions	2,068,288	1,129,517
Appropriations of endowment assets for expenditures	(1,360,307)	(1,365,715)
Reclassification of recorded losses on endowment funds	304,417	-
Restoration of previously recorded losses on endowment funds	-	45,896
<b>Endowment net assets at end of year</b>	<b>\$ 24,356,848</b>	<b>\$ 24,866,969</b>

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 13: Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes or periods as of December 31, 2018 and 2017:

	2018	2017
Subject to expenditure for specified purpose:		
Scholarships and support	\$ 3,396,426	\$ 3,388,036
Promises to give, the proceeds from which have been restricted by donors for:		
Scholarships and support	562,654	439,996
	3,959,080	3,828,032
Endowments subject to endowment spending policy and appropriation:		
Scholarships and support	24,054,057	24,465,117
Promises to give - Permanently restricted for scholarship endowment	607,208	401,852
Adjustments for endowments below original balance	(304,417)	-
	24,356,848	24,866,969
Totals	\$ 28,315,928	\$ 28,695,001

### Note 14: 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 2018 and 2017. Pension costs were \$6,818 and \$6,750 for the years ended December 31, 2018 and 2017, respectively.

### Note 15: Contingent Assets and Liabilities

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

### Note 16: 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.