

University of Wisconsin - La Crosse Foundation, Inc.

Financial Statements

Years Ended December 31, 2021 and 2020

UNIVERSITY *of* WISCONSIN
LA CROSSE
FOUNDATION



WIPFLI

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of University of Wisconsin - La Crosse Foundation, Inc. (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 Auditor's 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.

Emphasis of Matter - Prior Period Adjustment

As discussed in Note 15 to the financial statements, the accompanying 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Wipfli LLP

Wipfli LLP

May 11, 2022
La Crosse, Wisconsin

University of Wisconsin - La Crosse Foundation, Inc.

Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 1,558,665	\$ 754,422
Restricted cash	6,185,047	4,446,923
Certificates of deposit	-	374,035
Investments	37,425,619	33,012,635
Promises to give - net	401,978	522,183
Property and equipment - net	20,508	179,032
Cash value of life insurance	109,017	102,599
Split-interest agreements	262,552	242,138
Total assets	\$ 45,963,386	\$ 39,633,967
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 9,604	\$ 20,732
Other accrued liabilities	11	59,436
Total liabilities	9,615	80,168
Net assets:		
Without donor restriction - Undesignated	1,692,175	1,460,741
With donor restriction	44,261,596	38,093,058
Total net assets	45,953,771	39,553,799
Total liabilities and net assets	\$ 45,963,386	\$ 39,633,967

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statement of Activities

<i>Year Ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 221,021	\$ 5,200,648	\$ 5,421,669
Investment return, net	5,099	3,585,029	3,590,128
Endowment fees	757,784	-	757,784
Other income (loss)	47,930	(6,043)	41,887
Totals	1,031,834	8,779,634	9,811,468
Net assets released from restrictions	2,611,096	(2,611,096)	-
Total revenue and support	3,642,930	6,168,538	9,811,468
Expenses:			
Program services	3,027,906	-	3,027,906
Management & general and fundraising	383,590	-	383,590
Total expenses	3,411,496	-	3,411,496
Increase in net assets	231,434	6,168,538	6,399,972
Net assets at beginning of year	1,460,741	38,093,058	39,553,799
Net assets at end of year	\$ 1,692,175	\$ 44,261,596	\$ 45,953,771

University of Wisconsin - La Crosse Foundation, Inc.

Statement of Activities

<i>Year Ended December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 105,830	\$ 2,417,794	\$ 2,523,624
Investment return, net	34,818	3,719,156	3,753,974
Endowment fees	628,980	-	628,980
Other income	71,970	51,528	123,498
Totals	841,598	6,188,478	7,030,076
Net assets released from restrictions	2,340,480	(2,340,480)	-
Total revenue and support	3,182,078	3,847,998	7,030,076
Expenses:			
Program services	2,833,498	-	2,833,498
Management & general and fundraising	286,101	-	286,101
Total expenses	3,119,599	-	3,119,599
Increase in net assets	62,479	3,847,998	3,910,477
Net assets at beginning of year as previously reported	836,065	34,807,257	35,643,322
Prior period adjustment for misclassification of net assets	562,197	(562,197)	-
Net assets at beginning of year as restated	1,398,262	34,245,060	35,643,322
Net assets at end of year	\$ 1,460,741	\$ 38,093,058	\$ 39,553,799

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statement of Functional Expenses

<i>Year Ended December 31, 2021</i>	Program	Management and General	Fundraising	Total
Scholarships, grants, and awards	\$ 2,505,030	\$ -	\$ -	\$ 2,505,030
Salaries and wages	74,617	151,975	11,619	238,211
Employee benefits	44,209	54,407	4,527	103,143
Payroll taxes	5,727	11,713	892	18,332
Professional services	227,643	6,324	4,130	238,097
Travel	-	-	11,685	11,685
Conferences and meetings	5,749	1,926	13,914	21,589
Insurance	-	9,106	-	9,106
Printing and publishing	3,548	268	6,930	10,746
Dues and subscriptions	1,426	2,190	3,467	7,083
Office expenses	2,841	1,011	5,245	9,097
Credit card fees	19,799	-	-	19,799
Donation to community foundation	135,482	-	-	135,482
Depreciation	-	67,419	-	67,419
Bad debt expense	-	14,842	-	14,842
Miscellaneous expense	1,835	-	-	1,835
Totals	\$ 3,027,906	\$ 321,181	\$ 62,409	\$ 3,411,496

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statement of Functional Expenses

<i>Year Ended December 31, 2020</i>	Program	Management and General	Fundraising	Total
Scholarships, grants, and awards	\$ 2,474,970	\$ -	\$ -	\$ 2,474,970
Salaries and wages	58,762	119,682	9,150	187,594
Employee benefits	30,340	37,339	3,107	70,786
Payroll taxes	4,495	9,192	700	14,387
Professional services	229,810	6,384	4,169	240,363
Travel	-	-	11,679	11,679
Conferences and meetings	2,450	821	5,930	9,201
Insurance	-	9,871	-	9,871
Printing and publishing	6,540	495	12,778	19,813
Dues and subscriptions	1,283	1,970	3,119	6,372
Lease expense	1,137	-	-	1,137
Office expenses	3,131	1,115	5,782	10,028
Credit card fees	18,667	-	-	18,667
Platform fees	187	-	-	187
Depreciation	-	42,818	-	42,818
Bad debt expense	100	-	-	100
Miscellaneous expense	1,626	-	-	1,626
Totals	\$ 2,833,498	\$ 229,687	\$ 56,414	\$ 3,119,599

See accompanying notes to financial statements.

University of Wisconsin - La Crosse Foundation, Inc.

Statements of Cash Flows

Years Ended December 31,	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 6,399,972	\$ 3,910,477
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Provision for depreciation and amortization	67,419	42,818
Change in provision for allowance for uncollectible promises to give	(13,611)	(8,364)
Write-off of uncollectible promises to give	55,421	73,541
Loss on disposal of assets	33,105	-
Net realized and unrealized appreciation of investments	(3,836,417)	(3,799,422)
Appreciation of cash value of life insurance	(6,418)	(16,977)
Change in net present value discount on promises to give	(18,132)	(23,836)
Change in value of split-interest agreements	(20,414)	(56,292)
Contributions received for endowment	(2,663,246)	(1,305,292)
Changes in operating assets and liabilities:		
Promises to give - net	96,527	139,287
Accounts payable	(11,128)	14,655
Accrued and other liabilities	(1,425)	(2,741)
Total adjustments	(6,318,319)	(4,942,623)
Net cash flows from operating activities	81,653	(1,032,146)
Cash flows from investing activities:		
Purchase of property and equipment	-	(32,654)
Proceeds from maturity of certificates of deposit	374,035	-
Net decrease from purchases and sales of investments	(576,567)	(27,363)
Net cash flows from investing activities	(202,532)	(60,017)
Cash flows from financing activities:		
Contributions received for endowment	2,663,246	1,305,292
Net cash flows from financing activities	2,663,246	1,305,292
Net increase in cash, cash equivalents, and restricted cash	2,542,367	213,129
Cash, cash equivalents, and restricted cash at beginning of year	5,201,345	4,988,216
Cash, cash equivalents, and restricted cash at end of year	\$ 7,743,712	\$ 5,201,345
Supplemental cash flow information:		
Cash and cash equivalents	\$ 1,558,665	\$ 754,422
Restricted cash	6,185,047	4,446,923
Total cash, cash equivalents, and restricted cash at end of year	\$ 7,743,712	\$ 5,201,345
Noncash investing and financing activities:		
Property and equipment purchase included in accrued liabilities	\$ -	\$ 58,000

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 of America ("GAAP").

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:

- Collectability of promises to give
- Valuation of promises to give
- Valuation of investments

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, unless those investments are used to temporarily invest endowment funds until appropriate investments are identified.

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:

	2021	2020
Scholarships, grants, awards and support	\$ 4,096,843	\$ 3,085,144
Endowments subject to endowment spending policy and appropriation for scholarships, grants, awards, and support	2,088,204	1,361,779
Totals	\$ 6,185,047	\$ 4,446,923

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 net assets without donor restrictions. All promises to give are due to be collected over a period of 1 to 22 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. Promises without donor restrictions to be collected in future periods are also recorded as an increase to donor-restricted net assets and reclassified to net assets without donor restrictions 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 recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in contribution income.

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 those 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.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

On January 1, 2020, the Foundation adopted the accounting standard ASC 606, Revenue from Contracts with Customers, and all the related amendments. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Foundation records the following exchange transaction revenue in its statements of activities for the years ended December 31, 2021 and 2020.

The Foundation enters into agreements with donors who make contributions to establish an endowment fund. The Foundation's performance obligation to the donors is to hold, invest, and disburse the donors' assets in conjunction with the donors' endowment funds' purpose and restrictions ("endowment management service" or "service"). The endowment management service performance obligation is considered to be a series of distinct service periods. In exchange for the Foundation's performance obligation, each donor's fund is assessed a fee of the fund's proportionate net investment return within the endowment portfolio on a recurring basis, which is considered the transaction price and variable consideration, since the total transaction price is not known until each service period is complete. The performance obligation is satisfied over time, and revenue is recognized as endowment fees, using an output method based on time elapsed.

The Foundation has determined that the amount and uncertainty of revenue and cash flows are most significantly affected by any adverse market conditions.

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. As of December 31, 2021 and 2020, management believes the Foundation has 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.

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 May 11, 2022, which is the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Note 2: Reclassification

The 2020 financial statements have been reclassified to conform to the 2021 presentation by: removing investment fees and endowment management fees from the statement of functional expenses and directly offsetting the fees against investment income on the statement of activities; moving the income from the split-interest agreements from contribution income to other income in the statement of activities.

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 balance sheet date, comprised the following as of December 31:

	2021	2020
Cash and cash equivalents	\$ 1,558,665	\$ 754,422
Restricted cash	6,185,047	4,446,923
Certificates of deposit	-	374,035
Investments	37,425,619	33,012,635
Promises to give - net	401,978	522,183
Cash value of life insurance	109,017	102,599
Split-interest agreements	262,552	242,138
Total financial assets as of year end	45,942,878	39,454,935
Less those unavailable for general expenditures within one year due to time or purpose restrictions:		
Net assets with donor restrictions	(44,261,596)	(38,093,058)
Total available financial assets as of year-end	\$ 1,681,282	\$ 1,361,877

The Foundation does not have a formal liquidity policy or management plan as of December 31, 2021 and 2020. The endowment funds held by the Foundation consist of donor-restricted funds. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the annual 2.25% endowment fee charged to each fund, which is available for general use. The endowment fees are appropriated for general expenditure on a quarterly basis during 2021 and a monthly basis during 2020.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 4: Promises to Give

Unconditional promises to give were estimated to be collected as follows:

<i>December 31,</i>	2021	2020
Within one year	\$ 253,200	\$ 253,513
In one to five years	183,425	335,160
Over five years	18,300	18,200
	454,925	606,873
Less: discount to net present value at 5.00% rate	(25,651)	(43,783)
Less: allowance for uncollectible promises to give	(27,296)	(40,907)
Totals	\$ 401,978	\$ 522,183

Unconditional promises to give include amounts designated for the endowment of \$224,641 and \$334,095 at December 31, 2021 and 2020, respectively.

Note 5: Property and Equipment

A summary of property and equipment is as follows:

<i>December 31,</i>	2021	2020
Property and equipment	\$ 153,461	\$ 271,697
Less: accumulated depreciation	132,953	92,665
Totals	\$ 20,508	\$ 179,032

Depreciation expense for the years ended December 31, 2021 and 2020, was \$67,419 and \$42,818, respectively.

Note 6: 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, 2021 and 2020. The premiums on these policies are generally paid by the donors. No cash redemptions were received during 2021 and 2020. The cash surrender values were \$109,017 and \$102,599 at December 31, 2021 and 2020, respectively.

Note 7: Split-Interest Agreements

Split-interest agreements are comprised of charitable gift annuities and charitable remainder trusts.

The charitable gift annuities are held and managed by a third-party. The assets are recorded at fair value and a liability is recorded for the amount of the annuity payments based on the life expectancies of the donors. Charitable gift annuities were valued at \$21,984 and \$37,867 at December 31, 2021 and 2020, respectively.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 7: Split-Interest Agreements (Continued)

The Foundation is the trustee of two charitable remainder trusts. As trustee, the Foundation is required to pay 6% and 7% of the net fair market value annually over the life of the agreements. Payments to the donors in the years ended December 31, 2021 and 2020, were \$3,934 and \$3,799, respectively. Upon the death of the donors, the balances of the trusts are to be distributed to the Foundation as designated in the trust agreements. As of December 31, 2021 and 2020, the Foundation reported that the present value of net assets from its interest in the trusts, using a discount rate of 5% was \$240,568 and \$204,271, respectively.

Note 8: Investments

Investments, reported at fair value, consist of the following:

<i>December 31,</i>	2021	2020
Mutual funds	\$ 34,406,353	\$ 31,678,966
Common stocks	437,467	374,566
Wisconsin Super Angel fund	42,481	42,481
Frontier Market Select fund	312,909	229,106
Skybridge Gii fund	364,618	308,122
Money market	1,861,791	379,394
Totals	\$ 37,425,619	\$ 33,012,635

The principal components of investments earnings are as follows:

<i>December 31,</i>	2021	2020
Interest and dividend income	\$ 624,332	\$ 671,363
Net unrealized gains (losses) on investments	2,279,034	(12,491)
Realized gains on investments	1,557,383	3,811,913
Less: endowment management fees	(757,784)	(628,980)
Less: investment fees	(112,837)	(87,831)
Totals	\$ 3,590,128	\$ 3,753,974

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.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 9: 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 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. 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 in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

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

Investments measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds: Valued at the closing price reported in the active market in which the mutual funds are traded.

Common stocks: 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.

Skybridge Gii Fund: Valued at the NAV as reported by the fund. The fund contains six primary investment strategies: discretionary macro, multi-strategy, distressed corporate credit, structured credit, arbitrage, and hedged equity. The assets of the fund consist principally of investments in portfolios of global asset inflation and currency, convertible bonds, debt obligations, and 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 pooled investment fund interests and hedge funds.

Wisconsin Super Angel Fund: Valued at the NAV as reported by the fund. The assets of the fund consist principally of investments in early-stage, private companies based in the state of Wisconsin.

Split-interest agreements: Valued at the present value of future distributions expected to be received using applicable life expectancy tables and discount rates.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 9: 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 fair value of the Foundation's assets measured on a recurring basis as of December 31, 2021 and 2020:

December 31, 2021					
	Level 1	Level 2	Level 3	Assets Held at Net Asset Value	Total
Mutual funds:					
Index funds	\$ 13,415,926	\$ -	\$ -	\$ -	\$ 13,415,926
Fixed income funds	11,430,115	-	-	-	11,430,115
Growth funds	6,150,671	-	-	-	6,150,671
Balanced funds	2,053,373	-	-	-	2,053,373
Value funds	1,356,268	-	-	-	1,356,268
Total mutual funds	34,406,353	-	-	-	34,406,353
Common stocks	437,467	-	-	-	437,467
Money market funds	1,861,791	-	-	-	1,861,791
Skybridge Gii Fund	-	-	-	364,618	364,618
Frontier Market Select Fund	-	-	-	312,909	312,909
Wisconsin Super Angel Fund	-	-	-	42,481	42,481
Total investments	36,705,611	-	-	720,008	37,425,619
Split-interest agreements	-	-	262,552	-	262,552
Total fair value of assets	\$ 36,705,611	\$ -	\$ 262,552	\$ -	\$ 37,688,171

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 9: Fair Value Measurements (Continued)

December 31, 2020					
	Level 1	Level 2	Level 3	Assets Held at Net Asset Value	Total
Mutual funds:					
Index funds	\$ 11,513,470	\$ -	\$ -	\$ -	\$ 11,513,470
Fixed income funds	10,355,992	-	-	-	10,355,992
Growth funds	5,437,683	-	-	-	5,437,683
Balanced funds	3,082,207	-	-	-	3,082,207
Value funds	1,289,614	-	-	-	1,289,614
<hr/>					
Total mutual funds	31,678,966	-	-	-	31,678,966
Common stocks	374,566	-	-	-	374,566
Money market funds	332,048	-	-	-	332,048
Skybridge Gii Fund	-	-	-	338,909	338,909
Frontier Market Select Fund	-	-	-	245,665	245,665
Wisconsin Super Angel Fund	-	-	-	42,481	42,481
<hr/>					
Total investments	32,385,580	-	-	627,055	33,012,635
Split-interest agreements	-	-	242,138	-	242,138
<hr/>					
Total fair value of assets	\$ 32,385,580	\$ -	\$ 242,138	\$ 627,055	\$ 33,254,773

The Foundation recognizes all significant transfers between Levels 1, 2, and 3 at fair value at the end of the reporting period.

The following table sets forth a summary of changes in the fair value of the Foundation's split-interest agreements:

<i>December 31,</i>	2021	2020
Balance - Beginning of year	\$ 242,138	\$ 185,846
Appreciation	20,414	56,292
<hr/>		
Balance - End of year	\$ 262,552	\$ 242,138
<hr/>		
Amount of total appreciation reflected in other income in the statements of activities	\$ 20,414	\$ 56,292

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 9: Fair Value Measurements (Continued)

The following summarizes the investments by major class where NAV or its equivalent is used to measure fair value as of December 31, 2021 and 2020:

Private Entity	Fair Value		Unfunded Commitments
	2021	2020	
Skybridge Gii Fund, Frontier Market Select Fund and Wisconsin Super Angel Fund	\$ 720,008	\$ 627,055	\$ -

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.

Note 10: Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes:

<i>December 31,</i>	2021	2020
Subject to expenditure for specified purpose:		
Scholarships, grants, awards and support	\$ 4,857,002	\$ 3,582,652
Promises to give, the proceeds from which have been restricted by donors for:		
Scholarships, grants, awards and support	132,607	166,417
	<u>4,989,609</u>	<u>3,749,069</u>
Endowments subject to endowment spending policy and appropriation:		
Scholarships, grants, awards and support	39,047,346	34,009,894
Promises to give - Permanently restricted for scholarship endowment	224,641	334,095
	<u>39,271,987</u>	<u>34,343,989</u>
Totals	<u><u>\$ 44,261,596</u></u>	<u><u>\$ 38,093,058</u></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:

<i>December 31,</i>	2021	2020
Scholarships, grants, awards and support	\$ 2,611,096	\$ 2,340,480

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 11: Endowments

The Foundation's endowments consist of two donor-restricted endowment funds that support particular programs or types of expenditures. 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 (the Act) as requiring the preservation of the fair value of the original gift to the perpetual endowment fund absent any explicit donor stipulations to the contrary or 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.

Donor-restricted endowments not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by the Act.

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.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required by donors or the Act (underwater endowments). There were no such deficiencies of this nature reported in net assets with donor restrictions at December 31, 2021 or 2020.

Donor-restricted endowments consisted of the following:

<i>December 31,</i>	2021	2020
Donor-restricted endowment funds:		
Term-endowment funds	\$ 2,375,015	\$ 2,311,592
Original donor-restricted gifts to be maintained in perpetuity by donor	25,879,814	23,535,709
Original donor-restricted gift amount and amounts with time and/or purpose restrictions	11,017,158	8,496,688
Totals	\$ 39,271,987	\$ 34,343,989

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 11: Endowments (Continued)

Changes in donor-restricted endowment net assets for the years ended December 31, 2021 and 2020, consisted of the following:

<i>December 31,</i>	2021	2020
Endowment net assets at beginning of year, as previously reported	\$ 34,343,989	\$ 29,950,284
Effect of change from prior period adjustment	-	438,815
Endowment net assets at beginning of year, as adjusted	-	30,389,099
Contributions	2,663,246	1,305,292
Investment return, net	3,498,985	3,656,893
Other transfers	(142,725)	11,600
Bad debt loss	(2,680)	-
Appropriations of endowment assets for expenditures	(1,088,828)	(1,018,895)
Endowment net assets at end of year	\$ 39,271,987	\$ 34,343,989

Note 12: 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 13: Contingent Assets and Liabilities

The Foundation has received declarations of intent to give in the form of designations as a 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 14: 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.

University of Wisconsin - La Crosse Foundation, Inc.

Notes to Financial Statements

Note 15: Restatement of Previously Issued Financial Statement - Prior Period Adjustment

The accompanying financial statements reflect a prior period adjustment .

During a previous year, the Foundation incurred a bad debt for a pledge receivable for a capital campaign. The bad debt was recorded as a reduction to net assets without donor restrictions. To correct this, a reclassification of \$562,197 was made to reduce donor restricted net assets and increase unrestricted net assets as of January 1, 2020. There was no effect to the total net assets.