

**COMMUNITY FOUNDATION OF  
SOUTH CENTRAL WISCONSIN, INC**

**FINANCIAL STATEMENTS**

December 31, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Foundation of South Central Wisconsin, Inc.  
Baraboo, Wisconsin

### ***Opinion***

We have audited the financial statements of Community Foundation of South Central Wisconsin, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Foundation of South Central Wisconsin, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of South Central Wisconsin, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 Community Foundation of South Central Wisconsin, Inc.'s ability to continue as a going concern within one year after the date that 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 about 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 Community Foundation of South Central Wisconsin, Inc.'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 Community Foundation of South Central Wisconsin, Inc.'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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
July 1, 2024

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Cash	\$ 230,280	\$ 193,558
Unconditional promises to give	22,500	50,000
Accrued interest receivable	49,340	21,403
Certificates of deposit	3,342,452	3,000,044
Prepaid expenses	-	400
Investments	9,382,817	6,914,809
Property and equipment, net	277,684	289,941
<b>Total assets</b>	<b>\$ 13,305,073</b>	<b>\$ 10,470,155</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued expenses	\$ 2,767	\$ 2,617
Funds held for benefit of others	1,657,256	1,459,857
<b>Total liabilities</b>	<b>1,660,023</b>	<b>1,462,474</b>
<b>NET ASSETS</b>		
Without donor restrictions	11,622,550	8,957,681
With donor restrictions	22,500	50,000
<b>Total net assets</b>	<b>11,645,050</b>	<b>9,007,681</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,305,073</b>	<b>\$ 10,470,155</b>

See accompanying notes.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2023 and 2022

	2023	2022
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES		
Contributions	\$ 1,881,649	\$ 477,211
Less contributions from funds held for benefit of others	(3,849)	(23,125)
Other revenue		
Rental income	18,000	18,000
Investment return, net	1,806,234	(1,610,892)
Less investment return from funds held for benefit of others, net	(253,333)	236,754
Management fees from funds held for benefit of others	10,701	11,327
Return of grant funds	-	65,000
Total revenues without donor restrictions	3,459,402	(825,725)
EXPENSES		
Program services	687,867	596,584
Management and general	106,992	95,271
Fundraising	27,175	26,230
Total expenses	822,033	718,085
Net assets released from restrictions		
Satisfaction of time restrictions	27,500	-
Change in net assets without donor restrictions	2,664,869	(1,543,810)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	-	35,000
Net assets released from restrictions	(27,500)	-
Change in net assets with donor restrictions	(27,500)	35,000
<b>Change in net assets</b>	2,637,369	(1,508,810)
Net assets at beginning of year	9,007,681	10,516,491
<b>Net assets at end of year</b>	<b>\$ 11,645,050</b>	<b>\$ 9,007,681</b>

See accompanying notes.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2023 and 2022

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Donations made	\$ 720,611	\$ -	\$ -	\$ 720,611
Donations made from funds held for benefit of others	(58,288)	-	-	(58,288)
Salaries and wages	19,777	59,331	19,777	98,885
Professional fees	-	14,450	-	14,450
Depreciation	2,551	7,653	2,551	12,755
Payroll taxes	1,513	4,539	1,513	7,565
Office and operations	1,272	3,902	1,272	6,445
Software	-	5,718	-	5,718
Special events	-	4,384	-	4,384
Repairs and maintenance	-	2,429	-	2,429
Marketing	-	-	1,631	1,631
Insurance	-	3,294	-	3,294
Travel	431	1,292	431	2,154
<b>Total expenses</b>	<b>\$ 687,867</b>	<b>\$ 106,992</b>	<b>\$ 27,175</b>	<b>\$ 822,033</b>
	2022			
	Program Services	Management and General	Membership Development	Total Expenses
Donations made	\$ 645,508	\$ -	\$ -	\$ 645,508
Donations made from funds held for benefit of others	(72,958)	-	-	(72,958)
Salaries and wages	18,492	55,476	18,492	92,460
Professional fees	-	13,885	-	13,885
Depreciation	2,551	7,653	2,551	12,755
Payroll taxes	1,415	4,243	1,415	7,073
Office and operations	1,197	4,704	1,197	7,098
Software	-	4,912	-	4,912
Repairs and maintenance	-	1,457	-	1,457
Marketing	-	-	2,196	2,196
Insurance	-	1,804	-	1,804
Travel	379	1,137	379	1,895
<b>Total expenses</b>	<b>\$ 596,584</b>	<b>\$ 95,271</b>	<b>\$ 26,230</b>	<b>\$ 718,085</b>

See accompanying notes.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,637,369	\$ (1,508,810)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	12,755	12,755
Net realized and unrealized (gains) losses on investment	(1,630,292)	1,749,658
(Increase) decrease in assets		
Unconditional promises to give	27,500	(35,000)
Accrued interest receivable	(27,937)	3,535
Prepaid expenses	400	(400)
Increase (decrease) in liabilities		
Accrued expenses	150	105
	1,019,945	221,843
Net cash flows from operating activities	1,019,945	221,843
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(498)	-
Purchases of certificates of deposit	(1,700,000)	(1,350,000)
Proceeds from matured certificates of deposit	1,357,592	1,610,744
Purchase of and dividends reinvested in investments	(1,387,716)	(362,449)
Proceeds from sale of investments	550,000	-
	(1,180,622)	(101,705)
Net cash flows from investing activities	(1,180,622)	(101,705)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in funds held for benefit of others	197,399	(297,914)
	197,399	(297,914)
<b>Net change in cash</b>	36,722	(177,776)
Cash at beginning of year	193,558	371,334
	193,558	371,334
<b>Cash at end of year</b>	\$ 230,280	\$ 193,558

See accompanying notes.



**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Community Foundation of South Central Wisconsin, Inc. (Foundation) is a tax-exempt, not-for-profit community foundation organized to encourage, solicit, receive, and administer gifts, bequests, donations, and benefactions. The Foundation evaluates proposals from other not-for-profit charitable organizations involved in community improvement projects intended promote the betterment and enhance the quality of life for all citizens in South Central Wisconsin, including Adams, Columbia, Iowa, Juneau, Richland, Sauk, and Vernon counties. The Foundation is primarily supported by contributions from individuals, businesses, and organizations in South Central Wisconsin.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Unconditional promises to give are as follows:

	2023	2022
Receivable in less than one year	\$ 15,000	\$ 35,000
Receivable in one to five years	7,500	15,000
Total unconditional promises to give	\$ 22,500	\$ 50,000

**Investments**

The Foundation reports its investment in mutual funds with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Property and Equipment**

Property and equipment are capitalized at cost. The building is being depreciated over an estimated useful life of 39 years using a straight-line method. The furniture and fixtures are being depreciated over estimated lives of 5 to 10 years using straight-line methods. The Foundation's capitalization threshold, the dollar value above which asset acquisitions are added to the capital asset accounts, is \$1,000.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Funds Held for Benefit of Others**

The Foundation records the receipt of an asset from a resource provider for the benefit of the resource provider or its affiliate as a liability. The revenue for these Funds is recorded as a contribution or return on investments but removed as a contra-revenue in the statements of activities. Donations made from these funds are included in expenses but removed as a contra-expense in the statements of functional expenses. The Foundation has variance power over the assets, but due to the reciprocal nature of the transaction, the receipt is recorded as a liability called funds held for benefit of others in the statements of financial position.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Rental Income**

The Foundation receives rental income from tenants under a fixed-price contract that is evaluated at each renewal period. The rental income is recognized at the beginning of the month for the month the tenant is occupying the space. There are no financing or refunding components.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, payroll taxes, office and operations, depreciation, and travel are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Program Services*—Servicing many charitable funds by managing the investment, encouraging and supporting additions, and overseeing the disbursement of grants.

*Management and general*—Includes the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Foundation, and perform other administrative tasks.

*Fundraising*—Provides the functions necessary to encourage and secure private financial support from individuals, foundations, and corporations.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Income Tax Status**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Date of Management’s Review**

Management has evaluated events through July 1, 2024, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2023	2022
Land	\$ 84,000	\$ 84,000
Building	482,828	482,828
Furniture and fixtures	28,707	28,209
Less accumulated depreciation	(317,851)	(305,096)
Property and equipment, net	\$ 277,684	\$ 289,941

NOTE 3—FUNDS HELD FOR BENEFIT OF OTHERS

The Foundation has adopted accounting standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. Accounting standards specifically require that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specified itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as funds held for benefit of others.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

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NOTE 3—FUNDS HELD FOR BENEFIT OF OTHERS (continued)

The Foundation maintains variance power and legal ownership of funds held for benefit of others and, as such, continues to report the funds as assets of the Foundation. However, in accordance with accounting standards, a liability has been established for the present value of the future payments expected to be made to the not-for-profit organizations, which is generally equivalent to the fair value of the funds.

At December 31, 2023 and 2022, the Foundation was the owner of 9 funds, respectively, held for benefit of others with a combined fair value of \$1,657,256 and \$1,459,857, respectively. All financial activity for the years then ended related to these funds is segregated in the statements of activities and statements of functional expenses and has been classified as liabilities in the statements of financial position.

NOTE 4—NET ASSETS

The Foundation's board of directors has designated net assets without donor restrictions for the following purposes:

	2023	2022
Donor designated	\$ 8,902,041	\$ 6,485,927
Donor advised	1,625,160	1,426,146
Scholarships	623,966	565,018
Field of interest	192,350	189,099
Seedling	1,947	1,649
Undesignated	277,086	289,842
 Total net assets without donor restrictions	 \$ 11,622,550	 \$ 8,957,681

As of December 31, 2023 and 2022, the board of directors has designated \$8,902,041 and \$6,485,927, respectively, of net assets without donor restrictions as general endowment funds that are designated to support the mission of funds established by donors. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Foundation has a spending policy of appropriating for distribution each year 5% of its board-designated endowment funds' average fair value. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment funds to grow at an average of 5% annually. This is consistent with the Foundation's object to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, that is intended to result in a

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

NOTE 4—NET ASSETS (continued)

consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 10% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets at beginning of year	\$ 6,485,927	\$ 7,565,572
Additions	1,693,129	107,950
Transfer from donor advised funds	-	156,091
Investment return, net	1,186,504	(1,050,144)
Amounts appropriated for expenditure	<u>(463,519)</u>	<u>(293,542)</u>
Endowment net assets at end of year	<u>\$ 8,902,041</u>	<u>\$ 6,485,927</u>

At December 31, 2023 and 2022, net assets with donor restrictions are restricted for future periods.

NOTE 5—LIQUIDITY AND AVAILABILITY

The following table reflects the Foundation's financial assets as of the dates of the statements of financial position reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position:

	<u>2023</u>	<u>2022</u>
Financial assets, at year end	\$ 13,027,389	\$ 10,179,814
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time restrictions	(7,500)	(15,000)
Board designated funds	(11,345,464)	(8,667,839)
Funds held for benefit of others	<u>(1,657,256)</u>	<u>(1,459,857)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,169</u>	<u>\$ 37,118</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation's assets include an operating endowment fund called the Founders Society Fund. This board-designated fund is available to offset any unexpected revenue shortfalls, fund major repairs to our administrative building, and serve as a cash reserve for the Foundation's operating expenses. The value of the Founders Society Fund as of December 31, 2023 and 2022 was \$901,973 and \$800,233, respectively.

**COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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NOTE 6—MANAGEMENT FEES

In 2023 and 2022, the Foundation transferred intra-fund management fees of \$72,875 and \$80,042, respectively, to support the Foundation's operations. A portion of these fees incurred for services provided to funds held for the benefit of others are included in the statements of activities, totaling \$10,701 and \$11,327 for 2023 and 2022, respectively.

NOTE 7—RENTAL INCOME

The Foundation leases a portion of the business premises it owns in the village of West Baraboo, Wisconsin to the Baraboo Area Chamber of Commerce, Inc. The lease was entered into on July 1, 2004 and has a term of 15 years. The lease agreement was extended for 5 years through August 31, 2024 at a monthly rate of \$1,500. Rental income for the years ended December 31, 2023 and 2022 was \$18,000 for each year. Future rental income under this lease for year ending December 31, 2024 is \$12,000.