



**LA CROSSE**  
**COMMUNITY**  
**FOUNDATION**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S  
REPORT**

**DECEMBER 31, 2020 AND 2019**

**LA CROSSE COMMUNITY FOUNDATION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
La Crosse Community Foundation

We have audited the accompanying financial statements of La Crosse Community Foundation (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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 of America; 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 of America. Those standards require that we plan and perform the audits 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 the Foundation as of December 31, 2020 and 2019, 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.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
February 10, 2021

**LA CROSSE COMMUNITY FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	DECEMBER 31,	
	2020	2019
<u>ASSETS</u>		
Cash and cash equivalents	\$ 447,588	\$ 305,667
Restricted cash	-	6,977
Investments	57,414,090	51,302,623
Property and equipment, net	8,699	12,522
Contributions and bequests receivable	215,181	492,467
Other assets	60,539	932,967
Beneficial interest in perpetual trusts	4,672,137	4,306,590
<b>TOTAL ASSETS</b>	<b>\$ 62,818,234</b>	<b>\$ 57,359,813</b>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Payroll taxes payable	\$ 1,241	\$ 1,207
Security deposits payable	-	6,977
Grants payable	166,143	238,750
Agency endowment funds	4,671,320	4,370,257
<b>TOTAL LIABILITIES</b>	<b>4,838,704</b>	<b>4,617,191</b>
<u>NET ASSETS</u>		
Net assets without donor restrictions		
Board-designated		
Operating and Administrative funds	981,569	927,711
Community Giving funds	8,469,072	7,814,002
Special Projects and Temporary funds	1,650,608	1,836,270
Field of Interest funds	11,875,713	10,900,310
Donor-designated funds	16,825,847	14,925,574
Donor-advised funds	13,289,403	11,541,216
Total net assets without donor restrictions	53,092,212	47,945,083
Net assets with donor restrictions	4,887,318	4,797,539
<b>TOTAL NET ASSETS</b>	<b>57,979,530</b>	<b>52,742,622</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 62,818,234</b>	<b>\$ 57,359,813</b>

The accompanying notes are an integral part of these statements.

**LA CROSSE COMMUNITY FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	YEAR ENDED DECEMBER 31, 2020			YEAR ENDED DECEMBER 31, 2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>SUPPORT AND REVENUE</b>						
Public support - contributions and bequests	\$ 3,510,927	\$ -	\$ 3,510,927	\$ 4,910,740	\$ 313,483	\$ 5,224,223
Net investment return	6,214,500	-	6,214,500	7,798,573	-	7,798,573
Other income	70,665	-	70,665	48,426	-	48,426
Change in perpetual trusts	-	365,547	365,547	-	507,108	507,108
Net assets released from restrictions	<u>275,768</u>	<u>(275,768)</u>	<u>-</u>	<u>715,034</u>	<u>(715,034)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>10,071,860</u>	<u>89,779</u>	<u>10,161,639</u>	<u>13,472,773</u>	<u>105,557</u>	<u>13,578,330</u>
<b>EXPENSES</b>						
Program services:						
Grants and scholarships	4,318,863	-	4,318,863	2,393,218	-	2,393,218
Program-related expenses	213,051	-	213,051	247,056	-	247,056
Support services:						
Management and general	207,624	-	207,624	186,778	-	186,778
Development	<u>68,446</u>	<u>-</u>	<u>68,446</u>	<u>59,023</u>	<u>-</u>	<u>59,023</u>
<b>TOTAL EXPENSES</b>	<u>4,807,984</u>	<u>-</u>	<u>4,807,984</u>	<u>2,886,075</u>	<u>-</u>	<u>2,886,075</u>
Loss on sale of real estate	<u>116,747</u>	<u>-</u>	<u>116,747</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENSES AND LOSSES</b>	<u>4,924,731</u>	<u>-</u>	<u>4,924,731</u>	<u>2,886,075</u>	<u>-</u>	<u>2,886,075</u>
<b>CHANGE IN NET ASSETS</b>	5,147,129	89,779	5,236,908	10,586,698	105,557	10,692,255
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>47,945,083</u>	<u>4,797,539</u>	<u>52,742,622</u>	<u>37,358,385</u>	<u>4,691,982</u>	<u>42,050,367</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 53,092,212</u>	<u>\$ 4,887,318</u>	<u>\$ 57,979,530</u>	<u>\$ 47,945,083</u>	<u>\$ 4,797,539</u>	<u>\$ 52,742,622</u>

The accompanying notes are an integral part of these statements.

**LA CROSSE COMMUNITY FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	YEAR ENDED DECEMBER 31, 2020			
	SUPPORT SERVICES			TOTAL
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	
EXPENSES				
Grants and scholarships	\$ 4,318,863	\$ -	\$ -	\$ 4,318,863
Salaries and benefits	169,477	124,531	58,108	352,116
Professional fees	-	10,160	-	10,160
Dues, meetings and events	1,419	1,423	1,419	4,261
Printing, postage and supplies	865	5,387	-	6,252
Newsletter and report publication	4,017	6,215	4,467	14,699
Software fees and website expenses	-	20,259	-	20,259
Advertising and marketing	-	25,736	254	25,990
Occupancy, utilities and telephone	12,031	8,675	3,570	24,276
Insurance	1,297	936	385	2,618
Travel and conferences	110	2,329	33	2,472
Program expenses	19,279	-	-	19,279
Other expenses	4,556	1,973	210	6,739
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 4,531,914</b>	<b>\$ 207,624</b>	<b>\$ 68,446</b>	<b>\$ 4,807,984</b>

	YEAR ENDED DECEMBER 31, 2019			
	SUPPORT SERVICES			TOTAL
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	
EXPENSES				
Grants and scholarships	\$ 2,393,218	\$ -	\$ -	\$ 2,393,218
Administrative salaries and benefits	156,867	106,521	48,565	311,953
Professional fees	-	9,565	-	9,565
Dues and meetings	650	12,119	-	12,769
Printing, postage and supplies	-	6,140	837	6,977
Newsletter and report publication	3,367	-	3,366	6,733
Software fees and website expenses	-	13,443	147	13,590
Advertising and marketing	-	17,240	2,351	19,591
Occupancy, utilities and telephone	11,879	9,454	2,909	24,242
Insurance	-	6,299	-	6,299
Travel and conferences	3,463	2,757	848	7,068
Program expenses	70,830	-	-	70,830
Other expenses	-	3,240	-	3,240
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 2,640,274</b>	<b>\$ 186,778</b>	<b>\$ 59,023</b>	<b>\$ 2,886,075</b>

The accompanying notes are an integral part of these statements.

**LA CROSSE COMMUNITY FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	YEAR ENDED DECEMBER 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,236,908	\$ 10,692,255
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	3,823	3,980
Contributions of stock	(571,478)	(240,672)
Contributions of property	-	(870,000)
Net loss (gain) on investments	(5,154,535)	(6,245,609)
Loss (gain) on sale of property	116,747	-
Change in perpetual trusts	(365,547)	(507,108)
Changes in operating assets and liabilities:		
Contributions and bequests receivable	277,286	400,033
Prepaid expenses	2,792	(571)
Payroll taxes payable	34	241
Security deposits payable	(6,977)	6,977
Grants payable	(72,607)	(69,446)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(533,554)</b>	<b>3,170,080</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(796)
Proceeds from sale of property	753,253	-
Purchase of investments	(20,453,210)	(18,347,008)
Proceeds from sale of investments	20,368,455	15,238,762
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>668,498</b>	<b>(3,109,042)</b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>134,944</b>	<b>61,038</b>
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>312,644</b>	<b>251,606</b>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 447,588</b>	<b>\$ 312,644</b>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF FINANCIAL POSITION</b>		
Cash and cash equivalents	\$ 447,588	\$ 305,667
Restricted cash	-	6,977
<b>TOTAL</b>	<b>\$ 447,588</b>	<b>\$ 312,644</b>

The accompanying notes are an integral part of these statements.

**LA CROSSE COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 – Nature of Organization and Significant Accounting Policies**

**Nature of Organization** – The La Crosse Community Foundation and the La Crosse Community Foundation Corporation are not-for-profit organizations organized to enrich the quality of life in the greater La Crosse area by: attracting charitable gifts; promoting community philanthropy; supporting the programs and activities of economic, educational, social, and cultural not-for-profit organizations; providing leadership by serving as a catalyst in identifying problems and opportunities and shaping effective responses to them; and by being a community resource for not-for-profits and the community-at-large.

In 2005, the Foundation’s Board of Directors began the process of incorporating the La Crosse Community Foundation by creating a new entity named the La Crosse Community Foundation Corporation. As part of this process, the Board had initiated a “Letter Ruling” from the Internal Revenue Service seeking to have the La Crosse Community Foundation and the La Crosse Community Foundation Corporation be treated as a single entity. The letter granting their request that the La Crosse Community Foundation and the La Crosse Community Foundation Corporation be treated as a single entity was received on February 4, 2008.

**Basis of Presentation and Accounting** – The financial statements of the Foundation have been prepared on an accrual basis, which recognizes income when earned and expenses when incurred, and, accordingly, the statements reflect all significant receivables, payables, and other liabilities.

**Net Asset Classification** – Net assets, revenue, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Although most contributions to the Foundation include donor-imposed restrictions, the variance power established in the amended Declaration of Trust and the Corporate By-Laws for the La Crosse Community Foundation and the La Crosse Community Foundation Corporation, respectively, gives the Foundation unilateral variance power to modify any donor direction, restriction, condition, or limitation set for the fund’s purpose in the event the purpose becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The exercise of such power should include consultation of any living or actively involved fund representatives. The provisions regarding variance power have been included in the Foundation’s governing instruments since 2001. This variance power applies to all of the funds created within the Foundation. In addition, the total return spending policy adopted by the Foundation allows the Foundation to supplement income with distributions from the original corpus of gifts, if necessary, to maintain distribution levels authorized by the Foundation Board. Accordingly, net assets of the Foundation and changes therein are classified as net assets without donor restrictions for financial reporting purposes.

Net assets with donor restrictions consist of beneficial interests in perpetual trusts held by a third-party and contributions and bequests receivable. The beneficial interests in perpetual trusts are adjusted to fair market value with the change in value included as change in perpetual trusts with donor restrictions. Distributions are made quarterly to the specified funds and are reported in net investment return. Contributions and bequests receivable consist of irrevocable contributions and bequests the Foundation has been notified of but has not received as of December 31, 2020 and 2019. The contributions and bequests receivable are restricted for time.

Notwithstanding the net assets without donor restrictions classification, the Foundation follows the donor’s grant-making preferences, as stated in their gift agreements, when they establish a fund with the Foundation.



**LA CROSSE COMMUNITY FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020 AND 2019

**NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued**

**Net Asset Classification (Continued)** – The Foundation’s component funds, which have been combined for presentation purposes, are of various types reflecting the purposes of the donors who have contributed to them and are described as follows:

Operating and Administrative funds – The Operating Fund is unrestricted funds available to meet the on-going operating needs of the Foundation. The Administrative Fund is a board-designated endowment available for distributions to the Operating Fund, as needed.

Community Giving funds – Community Giving funds are board-designated and donor named funds used at the Board’s discretion for making distributions for charitable purposes to meet community needs.

Special Projects and Temporary funds – Donor-designated or board-designated funds set up to meet short term fundraising or project needs or fiscal sponsorship.

Field of Interest funds – Field of Interest funds are funds used at the Board’s discretion to meet a general field of charitable need specified by the donor.

Donor-designated funds – Donor-designated funds are funds where the donor has designated a recipient agency, institution, or scholarship for which sustaining support will be provided.

Donor-advised funds – Donor-advised funds are funds for which the donor has reserved the right to make nonbinding distribution recommendations to the Board.

Although most of the component funds are treated as endowments, with only the annual board approved spending rate distributed, some have been established to serve for limited periods of time, with principal as well as income distributed during the fund’s life.

**Use of 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 revenue and expenses. Actual results could differ from these estimates.

**Agency Endowments** – Funds contributed by a not-for-profit entity in expectation that all distributions will benefit the donor not-for-profit entity are required to be recorded by the Foundation as an asset and a liability at fair value. These amounts net to zero, therefore, having no effect on the Foundation’s net assets. The income and expenses of these funds are not recognized by the Foundation.

**Contributions** – Contributions are recorded at fair value when received or when the Foundation is notified of an irrevocable gift.

**Cash Equivalents** – The Foundation considers all deposits in financial institutions, with a maturity of three months or less, to be cash equivalents.

**Concentrations of Credit Risk** – The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Foundation’s cash deposits may exceed the federally insured limits and at December 31, 2020 and 2019, the Foundation had uninsured deposits totaling \$27,383 and \$80,317, respectively.

**Security Deposits** – Tenants are required to pay a security deposit upon execution of their lease. These deposits are placed in a restricted account and refunded upon termination of the lease agreement.

**LA CROSSE COMMUNITY FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020 AND 2019

**NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued**

**Investments** – Investments which consist primarily of common stocks and bonds are stated at market value. Interest income is recognized when earned. Realized investment gains and losses arising from the sale, collection, or other disposition of investments are determined using the specific identification method. Unrealized investment gains and losses are recognized on a current basis.

**Investment Securities** – The Foundation’s investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

**Fair Value Measurements** – The Foundation uses a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset. Fair values for investments and beneficial interest in perpetual trust are determined by reference to quoted market prices and other relevant information generated by market transactions.

**Leasehold Improvements, Fixtures, and Equipment** – Leasehold improvements, fixtures, and equipment are stated at cost or their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated lives of the assets. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense was \$3,823 and \$3,980 at December 31, 2020 and 2019, respectively.

**Grants Payable** – The Foundation records a liability for grants when they have been approved by the Board of Directors and substantially all conditions for which a grant is subject to have been met.

**Program Services, Management, and General Expenses** – The Foundation provides administrative support for the Foundation funds. In doing so, the Foundation assesses a fee for these services based on the market value of these funds. They also receive contributions, internal grants specifically designated for administrative support, and reimbursements for expenses that were paid on behalf of these funds. These monies are utilized by the Foundation to pay the cost of administrative expenses and to fund the special events or projects of the Foundation.

**Income Tax Status** – The La Crosse Community Foundation is organized as an exempt organization under the Internal Revenue Code Section 501(c)(3) and is, therefore, exempt from the payment of income taxes. The Foundation is a public foundation under the Internal Revenue Code Sections 170(b)(1)(A)(vi). The Foundation has met and maintained its public status by continually demonstrating that a certain minimum amount of their total support is “public support”.

In accordance with professional standards, the Foundation follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation’s tax-exempt status would not have a material effect on the accompanying financial statements.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

**LA CROSSE COMMUNITY FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020 AND 2019

**NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued**

**Expense Allocation** – The costs of administering grants and scholarships and various other activities have been summarized on a functional basis in the statements of functional expenses. Most expenses are charged directly to program services, management and general, or development based on specific identification. Salaries, wages, and occupancy are allocated based on estimated staff time spent for each function.

**Reclassifications** – Certain amounts have been reclassified in the prior year financial statements to conform with the current year financial statement presentation. The reclassifications have no effect on the total change in net assets for the prior year.

**Subsequent Events** – The Foundation has evaluated subsequent events through February 10, 2021, which is the date the financial statements were available to be issued.

**NOTE 2 – Contributions and Bequests Receivable**

Contributions and bequests receivable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 205,181	\$ 327,467
Receivable in one to five years	<u>10,000</u>	<u>165,000</u>
	215,181	492,467
Less discounts to net present value	<u>-</u>	<u>-</u>
<b>Net contributions and bequests receivable</b>	<b><u>\$ 215,181</u></b>	<b><u>\$ 492,467</u></b>

The Foundation considers all contributions and bequests receivable to be collectible.

**NOTE 3 – Investments**

The following is a summary of investments at market value and cost at December 31, 2020:

	<u>MARKET VALUE</u>	<u>COST</u>
Cash and cash equivalents	\$ 3,514,853	\$ 3,514,853
Bond mutual funds	11,819,316	11,513,066
Stock mutual funds	42,079,915	28,252,444
Miscellaneous/real estate	<u>6</u>	<u>6</u>
<b>TOTAL</b>	<b><u>\$ 57,414,090</u></b>	<b><u>\$ 43,280,369</u></b>

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

	<u>MARKET VALUE</u>	<u>COST</u>
Cash and cash equivalents	\$ 3,423,042	\$ 3,423,042
Bond mutual funds	12,341,269	12,521,565
Stock mutual funds	35,538,306	26,544,775
Miscellaneous/real estate	<u>6</u>	<u>6</u>
<b>TOTAL</b>	<b><u>\$ 51,302,623</u></b>	<b><u>\$ 42,489,388</u></b>

The above referenced investments include agency funds totaling a market value of \$4,671,320 and \$4,370,257 at December 31, 2020 and 2019, respectively.

**LA CROSSE COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 – Investments – Continued**

The following is a summary of investment return at December 31:

	2020	2019
Interest and dividend income	\$ 1,026,816	\$ 1,471,739
Distributions from perpetual trusts	167,761	217,980
Realized gains (losses)	231,624	(489,405)
Unrealized gains (losses)	4,922,547	6,726,087
Investment expenses	(134,248)	(127,828)
<b>TOTAL</b>	<b>\$ 6,214,500</b>	<b>\$ 7,798,573</b>

The above summary of investment return does not include agency investment return. The income and expenses of these funds are not recognized by the Foundation.

**NOTE 4 – Perpetual Trusts**

Under separate vehicles established by Donald A. Gordon, Jr. and Gertrude Gordon, the Foundation has the irrevocable right to receive the income of these private foundations on a quarterly basis in perpetuity, but has no access to the principal of the private foundations.

The market value of the Donald A. Gordon Private Foundation as of December 31, 2020 and 2019, totaled \$1,565,171 and \$1,444,502, respectively. The Foundation received income payments totaling \$55,980 in 2020 and \$72,650 in 2019, which are included in net investment return in the accompanying statements of activities. These payments are transferred to other funds of the Foundation as directed by the donor and distributed as deemed appropriate by the Foundation’s Board of Directors.

The market value of the Gertrude Gordon Private Foundation as of December 31, 2020 and 2019, was \$3,106,966 and \$2,862,088, respectively. The Foundation received income payments totaling \$111,781 in 2020 and \$145,330 in 2019, which are included in net investment return in the accompanying statements of activities. These payments are transferred to the other funds of the Foundation as directed by the donor and distributed as deemed appropriate by the Foundation’s Board of Directors.

The Foundation records its interest in these trusts at their market value and includes the balances in net assets with donor restrictions.

**NOTE 5 – Endowment Funds**

La Crosse Community Foundation’s endowment funds consist of board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restriction as stated in Note 1 – Net Asset Classification.

**Interpretation of the Law** – Wisconsin enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) on July 20, 2009. The Board of Directors, on the advice of legal counsel, has determined that the Foundation’s net assets do not meet the definition of endowments under UPMIFA. The Foundation is governed subject to the Declaration of Trust and the Corporate By-Laws for the La Crosse Community Foundation and the La Crosse Community Foundation Corporation and most funds are subject to the terms of the Declaration of Trust and By-Laws.

**LA CROSSE COMMUNITY FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020 AND 2019

**NOTE 5 – Endowment Funds – Continued**

**Investment Policy** – La Crosse Community Foundation has adopted an investment policy for endowment assets that gives the Board of Directors the responsibility to act prudently and for the best long-term returns for the Foundation and to monitor the investment fund management. Investments should be diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent to do so. Reasonable efforts should be taken to preserve capital and the purchasing power after spending, understanding that losses may occur in individual securities. Risk is present in all types of securities and investment styles and the Board of Directors recognizes some risk is necessary to produce long-term investment results. However, reasonable effort should be made to control risk. An evaluation will be done regularly to ensure risk assumed is commensurate with the given investment style and objective.

**Spending Policy** – Charitable distributions are made primarily from income accounts in accordance with the stipulations of the various individual trust or fund instruments and as approved by the Board of the Foundation. The Foundation utilizes a total return spending policy that allows for a long-term investment approach in order to achieve an expected return greater than the total of the spending rate and inflation rate and which will maintain the purchasing power of the corpus. The Foundation utilized a 4.75 percent spending rate in 2020 and 2019 based on previous year-end balances, net of administrative fees.

Changes in Endowment Net Assets for the years ended December 31 are as follows:

	2020	2019
Endowment Net Assets at Beginning of Year	\$ 34,768,679	\$ 28,958,549
Realized and unrealized gains	3,794,736	4,756,480
Investment and royalty income	939,641	1,332,452
Contributions	1,291,702	1,781,902
Charitable distributions - grants and scholarships	(1,658,535)	(1,492,563)
Other fund disbursements	(189,614)	(139,669)
Administrative fees	(346,581)	(331,657)
Investment fees	(101,114)	(96,815)
<b>ENDOWMENT NET ASSETS AT END OF YEAR</b>	<b>\$ 38,498,914</b>	<b>\$ 34,768,679</b>

In 2019, it was determined that certain investments that did not meet the definition of an endowment had been included in prior years' endowment net assets. Accordingly, the beginning balance of those investments has been reclassified. The reclassification had no effect on net asset class or total net assets.

**NOTE 6 – Property and Equipment**

Property and equipment consist of the following at December 31:

	2020	2019
Leasehold improvements	\$ 19,946	\$ 19,946
Furniture and equipment	14,677	14,677
	34,623	34,623
Less accumulated depreciation	25,924	22,101
<b>Property and equipment, net</b>	<b>\$ 8,699</b>	<b>\$ 12,522</b>

**LA CROSSE COMMUNITY FOUNDATION**  
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**NOTE 7 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Contributions and bequests receivable - time restrictions	\$ 215,181	\$ 490,949
Beneficial interests in perpetual trusts - use restrictions	4,672,137	4,306,590
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 4,887,318</b>	<b>\$ 4,797,539</b>

**NOTE 8 – Fair Market Value of Assets**

Fair values of assets measured on a recurring basis at December 31, 2020, are as follows:

	FAIR MARKET			
	<u>VALUE</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>
Trust investments	\$ 40,044,154	\$ 40,044,148	\$ 6	\$ -
Beneficial interest in				
perpetual trusts	4,672,137	-	-	4,672,137
Corporation investment	12,798,616	12,798,616	-	-
Agency investments	4,571,320	4,571,320	-	-
<b>TOTAL</b>	<b>\$ 62,086,227</b>	<b>\$ 57,414,084</b>	<b>\$ 6</b>	<b>\$ 4,672,137</b>

Fair values of assets measured on a recurring basis at December 31, 2019, are as follows:

	FAIR MARKET			
	<u>VALUE</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>
Trust investments	\$ 36,270,463	\$ 36,270,457	\$ 6	\$ -
Beneficial interest in				
perpetual trusts	4,306,590	-	-	4,306,590
Corporation investment	10,661,903	10,661,903	-	-
Agency investments	4,370,257	4,370,257	-	-
<b>TOTAL</b>	<b>\$ 55,609,213</b>	<b>\$ 51,302,617</b>	<b>\$ 6</b>	<b>\$ 4,306,590</b>

Change in Level 3 recurring measurements for the years ended December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 4,306,590	\$ 3,799,482
Net appreciation	533,308	725,088
Distributions	(167,761)	(217,980)
<b>Balance at end of year</b>	<b>\$ 4,672,137</b>	<b>\$ 4,306,590</b>

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**NOTE 9 – Leases**

The Foundation leases office space and equipment under two operating leases. Rental expense for all operating leases was \$17,808 and \$17,737 in 2020 and 2019, respectively.

Future minimum lease payments are as follows:

2021	\$	17,808
2022		17,808
2023		17,808
2024		4,452
<b>TOTAL</b>	<b>\$</b>	<b><u>57,876</u></b>

**NOTE 10 – Commitments and Contingencies**

The recent spread of the COVID-19 virus has created economic uncertainty internationally. The impact and response by the Foundation through the report date includes the items below. Additional future impacts and actions as the pandemic progresses have not been determined, and the Foundation continues to evaluate issues as they arise.

In March of 2020, the Foundation partnered with Great Rivers United Way to start the La Crosse Area Emergency Response Fund to help meet the increased community needs during this time. Increased public support and grants resulting from the fund will not have a significant impact on the operating funds or liquidity of the Foundation. All contributions to the fund are expected to be paid out as grants as needs arise, and no portion of contributions will be retained by the Foundation to support its operations.

In March of 2020, the Foundation moved its staff to a work-from-home environment. The Foundation's policies and procedures have been modified to accommodate these changes and maintain internal controls and segregation of duties to the extent possible.

**NOTE 11 – Donated Property**

On August 14<sup>th</sup>, 2019, the Foundation received a contribution of residential rental property with a fair market value of \$860,000, as valued by an independent appraiser, and personal property with a fair market value of \$10,000, in accordance with the Foundation's gift acceptance policy.

In addition to the property received, the donor assigned all rights and obligations, along with rents, with respect to all leases with the existing rental tenants. The Foundation entered into a property management agreement with a local rental management company to manage the property for a fee of the greater of \$500 per month or 6% of total monthly gross receipts from the property. Fees paid to the management company totaled \$1,101 and \$1,677 in 2020 and 2019, respectively. Net rental income totaling \$26,994 and \$8,355 in 2020 and 2019, respectively, is included in other income on the statements of activities. The Foundation is required by the terms of the property management agreement to maintain separate accounts at a financial institution for rental activity and security deposits held. Tenant security deposits totaled \$0 and \$6,977 at December 31, 2020 and 2019, respectively.

The sale of the property was complete on March 5, 2020. The proceeds from the Foundation's sale of the property were designated to the donor's donor-advised fund held at the Foundation.

**LA CROSSE COMMUNITY FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2020 AND 2019

**NOTE 12 – Other Assets**

Other assets consist of the following at December 31:

	2020	2019
Property held for resale	\$ -	\$ 870,000
Cash surrender value of life insurance	60,521	60,156
Prepaid expenses	18	2,811
<b>TOTAL</b>	<b>\$ 60,539</b>	<b>\$ 932,967</b>

**NOTE 13 – Grant Commitments**

As of December 31, 2020, and 2019, the Foundation’s Board of Directors has approved commitments for grants totaling \$0 and \$33,365, respectively, subject to conditions which have not yet been met, and \$166,143 and \$238,750, respectively, for grants for which conditions have been met. These grants are payable over 1 to 2 years.

**NOTE 14 – Line of Credit**

The Foundation, at December 31, 2020, has available a line of credit totaling \$5,040 with a local bank. This line of credit is required under Section 108.151(4) of the Wisconsin Unemployment Compensation Law as a guarantee to maintain acceptable assurance of reimbursement with the Treasurer of the Wisconsin Unemployment Reserve Fund. The line of credit was unused as of December 31, 2020.

**NOTE 15 – Employee Benefit Plan**

The Foundation has a 403(b)-retirement plan for its employees. Under the terms of the Plan, the Foundation matches 100 percent of employee contributions up to 5 percent of wages. The Plan is open to all employees immediately upon employment. The Foundation paid \$15,629 and \$12,040 for matching contributions in 2020 and 2019, respectively.

**NOTE 16 – Liquidity and Availability of Financial Assets**

The Foundation monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Foundation’s financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments.



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**NOTE 16 – Liquidity and Availability of Financial Assets – Continued**

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 447,588	\$ 305,667
Restricted cash	-	6,977
Contributions and bequests receivable	215,181	492,467
Investments	57,414,090	51,302,623
Beneficial interests in perpetual trusts	4,672,137	4,306,590
Total financial assets	62,748,996	56,414,324
Less those unavailable for general expenditure within one year due to:		
Security deposits	-	(6,977)
Community Giving funds	(8,508,551)	(7,782,696)
Special Projects and Temporary funds	(1,650,608)	(966,270)
Field of Interest funds	(11,941,856)	(11,095,210)
Donor-designated funds	(16,825,847)	(14,940,574)
Donor-advised funds	(13,289,403)	(11,541,206)
Agency funds	(4,671,320)	(4,370,257)
Beneficial interests in perpetual trusts	(4,672,137)	(4,306,590)
Receivables designated to component funds	(215,181)	(490,949)
Administrative Endowment Fund subject to appropriation beyond one year	(732,046)	(668,714)
<b>Financial assets available to meet cash needs for expenditures within one year</b>	<b>\$ 242,047</b>	<b>\$ 244,881</b>

**NOTE 17 – Effect of New Accounting Standards on Current-Period Financial Statements**

The Financial Accounting Standards Board (FASB) has approved the following:

- Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of net position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.
- Accounting Standards Update (ASU) No. 2020-07, *Not-For-Profit Entities* (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets, which requires presentation and disclosure of contributed nonfinancial assets received. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021

The Foundation is evaluating the effect that this update will have on its financial statements and related disclosures. When it becomes effective, application of this standard may restate portions of these financial statements.