

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

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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.

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

Wegner CPAs, LLP
Madison, Wisconsin
April 4, 2025

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash	\$ 2,437,670	\$ 230,280
Unconditional promises to give	10,000	22,500
Accrued interest receivable	75,088	49,340
Certificates of deposit	2,750,000	3,342,452
Investments	11,103,210	9,382,817
Property and equipment, net	281,117	277,684
Total assets	\$ 16,657,085	\$ 13,305,073
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 2,916	\$ 2,767
Funds held for benefit of others	1,859,791	1,657,256
Total liabilities	1,862,707	1,660,023
NET ASSETS		
Without donor restrictions	14,784,378	11,622,550
With donor restrictions	10,000	22,500
Total net assets	14,794,378	11,645,050
Total liabilities and net assets	\$ 16,657,085	\$ 13,305,073

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions	\$ 2,759,511	\$ 1,881,649
Less contributions from funds held for benefit of others	(53,030)	(3,849)
Other revenue		
Rental income	19,200	18,000
Investment return, net	2,400,795	1,806,234
Less investment return from funds held for benefit of others, net	(258,401)	(253,333)
Management fees from funds held for benefit of others	11,920	10,701
Total revenues without donor restrictions	4,879,995	3,459,402
EXPENSES		
Program services	1,600,308	687,867
Management and general	101,828	106,991
Fundraising	28,531	27,175
Total expenses	1,730,667	822,033
Net assets released from restrictions		
Satisfaction of time restrictions	12,500	27,500
Change in net assets without donor restrictions	3,161,828	2,664,869
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released from restrictions	(12,500)	(27,500)
Change in net assets	3,149,328	2,637,369
Net assets at beginning of year	11,645,050	9,007,681
Net assets at end of year	<u>\$ 14,794,378</u>	<u>\$ 11,645,050</u>

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Years Ended December 31, 2024 and 2023

	2024			
	Program Services	Management and General	Fundraising	Total Expenses
Donations	\$ 1,670,211	\$ -	\$ -	1,670,211
Donations made from funds held for benefit of others	(96,977)	-	-	(96,977)
Salary and wages	20,400	61,200	20,400	102,000
Professional fees	-	13,640	-	13,640
Depreciation	2,683	8,051	2,683	13,417
Payroll taxes	1,561	4,681	1,561	7,803
Software	1,207	3,622	1,207	6,036
Office and operations	926	2,890	926	4,742
Repairs and maintenance	-	3,739	-	3,739
Insurance	-	3,114	-	3,114
Marketing	-	-	1,457	1,457
Travel	297	891	297	1,485
Total expenses	\$ 1,600,308	\$ 101,828	\$ 28,531	\$ 1,730,667
	2023			
	Program Services	Management and General	Membership Development	Total Expenses
Donations made	\$ 720,611	\$ -	\$ -	\$ 720,611
Donations made from funds held for benefit of others	(58,288)	-	-	(58,288)
Salary 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
Software	-	5,718	-	5,718
Office and operations	1,272	3,901	1,272	6,445
Special Events	-	4,384	-	4,384
Repairs and maintenance	-	2,429	-	2,429
Insurance	-	3,294	-	3,294
Marketing	-	-	1,631	1,631
Travel	431	1,292	431	2,154
Total expenses	\$ 687,867	\$ 106,991	\$ 27,175	\$ 822,033

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,149,328	\$ 2,637,369
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	13,417	12,755
Net realized and unrealized gains on investments	(2,100,245)	(1,630,292)
(Increase) decrease in assets		
Unconditional promises to give	12,500	27,500
Accrued interest receivable	(25,748)	(27,937)
Prepaid expenses	-	400
Increase in liabilities		
Accrued expenses	149	150
Net cash flows from operating activities	1,049,401	1,019,945
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(16,850)	(498)
Purchases of certificates of deposit	(1,500,000)	(1,700,000)
Proceeds from matured certificates of deposit	2,092,452	1,357,592
Purchase of and dividends reinvested in investments	(1,720,148)	(1,387,716)
Proceeds from sale of investments	2,100,000	550,000
Net cash flows from investing activities	955,454	(1,180,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in funds held for benefit of others	202,535	197,399
Net change in cash	2,207,390	36,722
Cash at beginning of year	230,280	193,558
Cash at end of year	\$ 2,437,670	\$ 230,280

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Foundation of South Central Wisconsin, Inc. (the 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 to 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:

	2024	2023
Receivable in less than one year	\$ 5,000	\$ 15,000
Receivable in one to five years	5,000	7,500
Total unconditional promises to give	<u>\$ 10,000</u>	<u>\$ 22,500</u>

Investments

The Foundation reports its investment in mutual funds with readily determinable fair values at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement 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, 2024 and 2023

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 statement of activities. Donations made from these funds are included in expenses but removed as a contra-expense in the statement 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 statement 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, 2024 and 2023

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.

Date of Management's Review

Management has evaluated events through April 4, 2025, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023
Land	\$ 84,000	\$ 84,000
Building	499,678	482,828
Furniture and fixtures	28,707	28,707
Less accumulated depreciation	<u>(331,268)</u>	<u>(317,851)</u>
Property and equipment, net	<u>\$ 281,117</u>	<u>\$ 277,684</u>

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.

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.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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

At December 31, 2024 and 2023, the Foundation was the owner of 9 funds held for benefit of others with a combined fair value of \$1,859,791 and \$1,657,256, 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:

	2024	2023
Donor designated	\$ 11,521,011	\$ 8,902,041
Donor advised	2,016,300	1,625,160
Scholarships	701,150	623,966
Field of interest	203,818	192,350
Seedling	2,259	1,947
Community endowment	1,086	-
Undesignated	338,754	277,086
Total net assets without donor restrictions	<u>\$ 14,784,378</u>	<u>\$ 11,622,550</u>

As of December 31, 2024 and 2023, the board of directors has designated \$11,521,011 and \$8,902,041, 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 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.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4—NET ASSETS (continued)

Composition of and changes in endowment net assets were as follows:

	2024	2023
Endowment net assets at beginning of year	\$ 8,902,041	\$ 6,485,927
Additions	2,252,558	1,693,129
Investment return, net	1,668,594	1,186,504
Amounts appropriated for expenditure	<u>(1,302,182)</u>	<u>(463,519)</u>
Endowment net assets at end of year	<u>\$ 11,521,011</u>	<u>\$ 8,902,041</u>

At December 31, 2024 and 2023, 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 statement of financial position reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statement of financial position:

	2024	2023
Financial assets, at year end	\$ 16,375,968	\$ 13,027,389
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time restrictions	(5,000)	(7,500)
Board designated funds	(14,445,624)	(11,345,464)
Funds held for benefit of others	<u>(1,859,791)</u>	<u>(1,657,256)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 65,553</u>	<u>\$ 17,169</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, 2024 and 2023 was \$1,051,357 and \$901,973, respectively.

NOTE 6—MANAGEMENT FEES

In 2024 and 2023, the Foundation transferred intra-fund management fees of \$95,076 and \$72,875, 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 \$11,920 and \$10,701 for 2024 and 2023, respectively.

COMMUNITY FOUNDATION OF SOUTH CENTRAL WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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 with a monthly rate of \$1,500 expired on August 31, 2024. The lease agreement was extended on September 1, 2024 for 5 years through August 31, 2029 at a monthly rate of \$1,800. Rental income for the years ended December 31, 2024 and 2023 was \$19,200 and \$18,000, respectively. Future rental income under this lease for years ending December 31, 2025 through 2028 is \$21,600 per year and \$14,400 for the year ending December 31, 2029.