

**Fort Atkinson Community Foundation**  
**Financial Statements**  
**Years Ended June 30, 2024 and 2023**

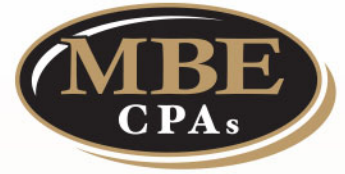
MBE CPAs, LLP  
Certified Public Accountants

**Fort Atkinson Community Foundation**

**Table of Contents**

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<b>Independent Auditor's Report .....</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows .....	6
Notes to the Financial Statements .....	7



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## Independent Auditor's Report

To the Board of Directors of  
Fort Atkinson Community Foundation (a nonprofit organization)  
Fort Atkinson, WI

### Opinion

We have audited the accompanying financial statements of Fort Atkinson Community Foundation which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 Fort Atkinson Community Foundation as of June 30, 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. 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 Fort Atkinson Community 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.

### 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 Fort Atkinson Community Foundation'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 generally accepted auditing standards 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with generally accepted auditing standards, 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 Fort Atkinson Community 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 Fort Atkinson Community 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.

***MBE CPAs, LLP***

Baraboo, WI  
November 8, 2024

**Fort Atkinson Community Foundation**  
**Statements of Financial Position**  
**As of June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,140,161	\$ 2,498,526
Pledges receivable	18,000	39,000
<b>Total Current Assets</b>	3,158,161	2,537,526
<b>Other Assets</b>		
Investments	36,519,291	32,277,044
Pledges receivable - long-term	12,000	42,000
Operating lease right-of-use asset	3,000	5,916
<b>Total Other Assets</b>	36,534,291	32,324,960
<b>Total Assets</b>	\$ 39,692,452	\$ 34,862,486
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Grants payable	\$ 321,107	\$ 205,353
Scholarships payable	509,625	526,200
Operating lease liability - short-term	3,000	2,916
<b>Total Current Liabilities</b>	833,732	734,469
<b>Long-Term Liabilities</b>		
Scholarships payable - long-term	226,450	229,050
Operating lease liability - long-term	-	3,000
<b>Total Long-Term Liabilities</b>	226,450	232,050
<b>Total Liabilities</b>	1,060,182	966,519
<b>Net Assets</b>		
Without donor restrictions	5,748,627	5,188,515
With donor restrictions	32,883,643	28,707,452
<b>Total Net Assets</b>	38,632,270	33,895,967
<b>Total Liabilities and Net Assets</b>	\$ 39,692,452	\$ 34,862,486

The notes to the financial statements are an integral part of this statement.

**Fort Atkinson Community Foundation**  
**Statements of Activities**  
**For the Years Ended June 30, 2024 and 2023**

<b>2024</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>			
Contributions	\$ 200,271	\$ 1,053,106	\$ 1,253,377
Investment return (net)	646,927	3,787,818	4,434,745
Net assets released from restrictions	664,733	(664,733)	-
<b>Total Revenue, Support, and Gains</b>	<b>1,511,931</b>	<b>4,176,191</b>	<b>5,688,122</b>
<b>Expenses</b>			
<b>Program Services</b>			
Grants	411,296	-	411,296
Scholarships	373,850	-	373,850
<b>Total Program Services</b>	<b>785,146</b>	<b>-</b>	<b>785,146</b>
<b>Supporting Services</b>			
<b>Management and General</b>			
Employee benefits	3,124	-	3,124
Events	6,285	-	6,285
Insurance	2,195	-	2,195
Memberships	2,214	-	2,214
Office expenses	4,041	-	4,041
Payroll wages and taxes	112,084	-	112,084
Professional fees	8,606	-	8,606
Rent	3,000	-	3,000
Software fees	22,659	-	22,659
Website costs	2,465	-	2,465
<b>Total Supporting Services</b>	<b>166,673</b>	<b>-</b>	<b>166,673</b>
<b>Total Expenses</b>	<b>951,819</b>	<b>-</b>	<b>951,819</b>
<b>Increase (Decrease) in Net Assets</b>	<b>560,112</b>	<b>4,176,191</b>	<b>4,736,303</b>
<b>Net Assets - Beginning of Year</b>	<b>5,188,515</b>	<b>28,707,452</b>	<b>33,895,967</b>
<b>Net Assets - End of Year</b>	<b>\$ 5,748,627</b>	<b>\$ 32,883,643</b>	<b>\$ 38,632,270</b>

The notes to the financial statements are an integral part of this statement.

**Fort Atkinson Community Foundation**  
**Statements of Activities**  
**For the Years Ended June 30, 2024 and 2023**

<b>2023</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>			
Contributions	\$ 11,348	\$ 318,154	\$ 329,502
Contributions of nonfinancial assets	2,375	-	2,375
Investment return (net)	479,016	2,747,227	3,226,243
Net assets released from restrictions	688,834	(688,834)	-
<b>Total Revenue, Support, and Gains</b>	<b>1,181,573</b>	<b>2,376,547</b>	<b>3,558,120</b>
<b>Expenses</b>			
<b>Program Services</b>			
Grants	229,671	-	229,671
Scholarships	377,720	-	377,720
<b>Total Program Services</b>	<b>607,391</b>	<b>-</b>	<b>607,391</b>
<b>Supporting Services</b>			
<b>Management and General</b>			
Employee benefits	3,060	-	3,060
Events	1,053	-	1,053
Insurance	2,214	-	2,214
Memberships	2,215	-	2,215
Merchandise	828	-	828
Office expenses	4,342	-	4,342
Payroll wages and taxes	109,801	-	109,801
Professional fees	9,200	-	9,200
Rent	3,000	-	3,000
Software fees	21,303	-	21,303
Website costs	7,828	-	7,828
<b>Total Supporting Services</b>	<b>164,844</b>	<b>-</b>	<b>164,844</b>
<b>Total Expenses</b>	<b>772,235</b>	<b>-</b>	<b>772,235</b>
<b>Increase (Decrease) in Net Assets</b>	<b>409,338</b>	<b>2,376,547</b>	<b>2,785,885</b>
<b>Net Assets - Beginning of Year</b>	<b>4,779,177</b>	<b>26,330,905</b>	<b>31,110,082</b>
<b>Net Assets - End of Year</b>	<b>\$ 5,188,515</b>	<b>\$ 28,707,452</b>	<b>\$ 33,895,967</b>

The notes to the financial statements are an integral part of this statement.

**Fort Atkinson Community Foundation**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 4,736,303	\$ 2,785,885
Adjustments to reconcile net assets to net cash provided by operating activities:		
Investment return (net)	(4,434,745)	(3,226,243)
Contributions of securities	(12,021)	(111,321)
Amortization of right-of-use asset	3,000	3,000
Changes in assets:		
Pledges receivable	51,000	63,000
Changes in liabilities:		
Grants payable	115,754	(236,047)
Scholarships payable	(19,175)	2,005
Lease liability	(3,000)	(3,000)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>437,116</b>	<b>(722,721)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of investments	(5,691,147)	(4,470,414)
Proceeds from sales of investments	5,895,666	4,851,832
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>204,519</b>	<b>381,418</b>
<b>Net Increase (Decrease) in Cash</b>	<b>641,635</b>	<b>(341,303)</b>
<b>Cash - Beginning of Year</b>	<b>2,498,526</b>	<b>2,839,829</b>
<b>Cash - End of Year</b>	<b>\$ 3,140,161</b>	<b>\$ 2,498,526</b>

The notes to the financial statements are an integral part of this statement.



**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note A – Summary of Significant Accounting Policies**

Nature of Operations

The purpose of Fort Atkinson Community Foundation (the Foundation), a nonprofit foundation, is to receive and accept funds exclusively for educational, cultural, charitable, or benevolent purposes for the benefit and improvement of residents of the Fort Atkinson, Wisconsin metropolitan area in such a way that the quality of life in the area shall be enhanced. Distributions may be made occasionally to qualified organizations located or operating outside of the Fort Atkinson metropolitan area provided that the Board determines there will be a substantial benefit derived there for the residents of the area.

Basis of Accounting

The financial statements of Fort Atkinson Community Foundation are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and reflect all significant receivables, payables, and other liabilities, accordingly.

Financial Statements Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Fort Atkinson Community Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Fort Atkinson Community Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the stipulated purpose has been fulfilled and/or the stipulated period has elapsed) are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Fund Structure

The Foundation maintains its fund structure in two categories of funds: Endowed Funds and Non-Endowed Funds. Endowed Funds are used for long-term funds of a more permanent nature and their assets are pooled and invested. Non-Endowed Funds are used for a shorter term and their assets are held in a money market account. Approximately 98% of fund assets held at June 30, 2024 and 2023 were endowed.

Within each category, the funds are classified according to their nature and purpose. The Foundation currently maintains approximately 99 different funds within the six different fund types listed.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note A – Summary of Significant Accounting Policies (continued)**

General Fund: Many contributors to the Foundation do not establish a specific fund but contribute to the General Fund of the Foundation for the unrestricted use of the Foundation. Income from this fund is used for administrative costs and grants.

Acorn Fund: Gradually builds into an endowment fund and, upon maturity, is directed toward philanthropic interests.

Designated Fund: Established by a donor who identifies a specific charitable organization to benefit.

Donor-Advised Fund: Established by a donor who recommends awards for local causes they would like to support.

Field of Interest Fund: A donor specifies an area of interest, such as arts or recreation, leaving the Board to choose appropriate projects.

Scholarship Funds: Support educational opportunities for area students.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, including certificates of deposit with an original maturity of 3 months or less and Institutional Money Market Funds. Cash equivalents are valued at cost, which approximates market. The Foundation maintains cash and cash equivalents at two financial institutions.

Pledges Receivable

Pledges are recorded as receivables in the year the pledge is received. Current pledges receivable are expected to be collected during the next year and are recorded at net realizable value. An allowance for uncollectible promises to give is determined based on experience. There was no allowance for uncollectible promises to give for the years ended June 30, 2024 and 2023. The receivable is not discounted because net present value approximates fair value.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Revenue Recognition

Contributions, including pledges receivable, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note A – Summary of Significant Accounting Policies (continued)**

Leases

The Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Foundation also considers whether its service arrangements include the right to control the use of an asset.

The Foundation made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or July 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Foundation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Contributed Nonfinancial Assets

Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by a like amount included in assets or expenses. Contributed materials are recorded at the fair market value at the time the donation is received. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

For the years ended June 30, 2024 and 2023 contributed nonfinancial assets recognized within the statements of activities included:

	<b>2024</b>	<b>2023</b>
Services	\$ -	\$ 2,375
Total	\$ -	\$ 2,375

The Foundation recognized contributed nonfinancial assets within revenue, including services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note A – Summary of Significant Accounting Policies (continued)**

Contributed Nonfinancial Assets (continued)

The contributed services recognized comprise of professional services related to website development. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar professional services. Contributed services were used for management and general activities.

Functional Allocation of Expenses

The statements of activities presents the natural classification detail of expenses by function. No costs have been allocated among the programs and supporting services benefited. All expenses are direct expenses which are specifically identifiable with a function and are charged to the function that benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from Federal and Wisconsin income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Foundation does not consider any of its support and revenue to be unrelated business income and, accordingly, no provision for income taxes has been provided in the accompanying financial statements.

Accounting for Uncertainty in Income Taxes

The Foundation has evaluated for uncertain tax positions. Management has determined there are no uncertain tax positions as of June 30, 2024 and 2023. Both Federal and State tax returns remain open for examination by tax jurisdictions through their respective statutes of limitations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

Date of Management's Review

We have evaluated subsequent events through November 8, 2024, the date the financial statements were available to be issued.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note B – Uninsured Cash and Investments**

For accounts held with investment institutions, the Securities Investor Protection Corporation (SIPC) insures cash and securities accounts at each institution up to \$500,000. At June 30, 2024 and 2023, cash and investments exposed to a concentration of credit risk was \$39,363,784 and \$33,775,019, respectively.

**Note C – Liquidity and Availability of Resources**

The following reflects the Foundation’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts restricted by donors for a specified use and endowed funds held in perpetuity.

<b>Financial assets at year end:</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Cash and cash equivalents	\$ 3,140,161	\$ 2,498,526
Investments	36,519,291	32,277,044
Total financial assets	39,659,452	34,775,570
Less those unavailable for general expenditures within one year:		
Donor restricted funds	32,883,643	28,707,452
<b>Total unavailable for use within one year:</b>	32,883,643	28,707,452
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 6,775,809</b>	<b>\$ 6,068,118</b>

For the year ended June 30, 2024, the Foundation had \$6,775,809 of financial assets available to meet cash needs, for general expenditure within one year of the balance sheet date. \$32,883,643 of the financial assets were subject to donor or other contractual restrictions, that make them unavailable for general expenditure within one year of the balance sheet date.

For the year ended June 30, 2023, the Foundation had \$6,068,118 of financial assets available to meet cash needs for general expenditure within one year of the balance sheet date. \$28,707,452 of the financial assets were subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Foundation has a policy that focuses on longevity and structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note D – Net Assets with Donor Restrictions**

The Foundation receives donations restricted for various scholarship and grant program funds. As of June 30, 2024, \$32,883,643 of net assets were restricted to use for grant and scholarship programs in total. Of the total restricted assets, \$31,519,049, was held in the endowment fund and \$1,364,594 was held in investment outside the endowment fund.

As of June 30, 2023, \$28,707,452 of net assets were restricted to use for grant and scholarship programs in total. Of the total restricted assets, \$28,103,265 was held in the endowment fund and \$604,187 was held in investment outside the endowment fund.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note E – Pledges Receivable**

The pledges receivable balances as of June 30, 2024 and 2023 are expected to be collected according to the following schedule:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Within One Year	\$ 18,000	\$ 39,000
In One to Five Years	12,000	42,000
Less: Allowance for Uncollectible Promises to Give	-	-
<b>Total</b>	<u>\$ 30,000</u>	<u>\$ 81,000</u>

**Note F – Operating Leases**

The Foundation signed a three-year lease agreement for office space in July 2022. Rent expense for the years ended June 30, 2024 and 2023 was \$3,000 and \$3,000, respectively.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended June 30, 2024 and 2023:

<b>Lease expense</b>	<u>2024</u>	<u>2023</u>
Operating lease expense	\$3,000	\$3,000
Short-term lease expense	-	-
Variable lease expense	-	-
<b>Total</b>	<u>\$3,000</u>	<u>\$3,000</u>

Supplemental information related to leases is as follows for the years ended June 30, 2024 and 2023:

<b>Other Information</b>	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$3,000	\$3,000
ROU assets obtained in exchange for new operating lease liabilities	\$-	\$8,750
Weighted-average remaining lease term in years for operating leases	1	2
Weighted-average discount rate for operating leases	2.85%	2.85%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of June 30, 2024:

<b>Maturity Analysis</b>	<u>Operating</u>
2023	\$ 3,000
2024	-
2025	-
2026	-
2027	-
Thereafter	-
Total undiscounted cash flows	<u>3,000</u>
Less: present value discount	-
Total lease liabilities	<u>\$ 3,000</u>

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note G – Grants and Scholarships Payable**

Grant and scholarship distributions are made in accordance with the stipulations of the various individual funds and as approved by the Board. Distributions authorized but unpaid at year-end are reported as liabilities. Grants and scholarships payable at June 30, 2024 and 2023 totaled \$1,057,182 and \$960,603, respectively.

The Foundation's grant and scholarships payable are due over the following periods as of June 30, 2023:

2024	\$	830,732
2025		114,250
2026		74,600
2027		37,600
Total	\$	1,057,182

**Note H - Fair Value Measurements**

The Foundation's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount 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 measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that are not corroborated by market data.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

**Note H - Fair Value Measurements (continued)**

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table presents by level, within the fair value hierarchy, the Foundation's investment assets at fair value. As required, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement. There have been no changes in the valuation methodologies used at June 30, 2024 and 2023.

<b>Description</b>	<b>6/30/2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common Stock: Equities	\$ 1,686,064	\$ 1,686,064	\$ -	\$ -
Debt Securities: Bonds	4,267,200	4,267,200	-	-
Brokerage	99,947	99,947	-	-
Mutual Funds: Fixed	7,111,498	7,111,498	-	-
Equities	23,354,582	23,354,582	-	-
<b>Total</b>	<b>\$ 36,519,291</b>	<b>\$ 36,519,291</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Description</b>	<b>6/30/2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Common Stock: Equities	\$ 2,727,181	\$ 2,727,181	\$ -	\$ -
Debt Securities: Bonds	2,948,812	2,948,812	-	-
Brokerage	109,529	109,529	-	-
Mutual Funds: Fixed	7,633,961	7,633,961	-	-
Equities	18,857,561	18,857,561	-	-
<b>Total</b>	<b>\$ 32,277,044</b>	<b>\$ 32,277,044</b>	<b>\$ -</b>	<b>\$ -</b>

**Note I – License Agreement**

The Foundation is the licensee of a specialized software system for monitoring and reporting on its finances and grants. The license agreement expired on September 30, 2019 and was subsequently extended. The monthly fee (including maintenance and support services) for the first three years was \$1,500 and is subject to a small percentage increase for each annual period thereafter. The total amount paid for the license agreement was \$18,911 and \$18,360 for the years ended June 30, 2024 and 2023, respectively.

**Note J – Internal Administrative Fees**

The Foundation charges an internal administrative fee to the various funds held based on a variable schedule charged on the dollar value of each fund. This fee helps to cover operating expenses of the Foundation. Since these fees are internal in nature, they are eliminated on the financial statements. Total fees charged to the funds for the years ended June 30, 2024 and 2023 totaled \$131,026 and 116,866, respectively.

**Note K – Retirement Plan**

The Foundation provides a SIMPLE IRA plan for the benefit of eligible employees. Employer matching contributions to the plan are required dollar for dollar up to 3% of each participating employee's wages. Contributions for the years ended June 30, 2024 and 2023 were \$3,124 and \$3,060, respectively.



**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note L – Endowment Fund**

The Foundation utilizes a "total return" method to measure investment performance. Under this concept, investment objectives are established to provide the Foundation with income to meet its current needs and also preserve and enhance the real purchasing power of the principal. To satisfy this long-term objective, the Foundation targets a diversified portfolio. Investment managers are guided by asset allocation guidelines and other criteria. The Foundation's spending policy is based on the type of fund held. Field of interest funds distribution goal is not to exceed 5% annually based on a rolling five-year time frame. Other funds have an annual distribution goal of 3% - 5% of prior year fund balance. These criteria do not apply to Non-Endowed Funds.

Interpretation of Relevant Law - The board of directors has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. The Foundation does not hold any net assets with donor restrictions in perpetuity. The portion of the endowment fund that is not classified as net assets without donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA as adopted by the State of Wisconsin.

As of June 30, 2024, the Foundation had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 5,748,627	\$ -	\$ 5,748,627
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Accumulated Investment gains	-	31,519,049	31,519,049
Endowment Net Assets– End of Year	<u>\$ 5,748,627</u>	<u>\$ 31,519,049</u>	<u>\$ 37,267,676</u>

As of June 30, 2023, the Foundation had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 5,188,515	\$ -	\$ 5,188,515
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Accumulated Investment gains	-	28,103,265	28,103,265
Endowment Net Assets– End of Year	<u>\$ 5,188,515</u>	<u>\$ 28,103,265</u>	<u>\$ 33,291,780</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). UPMIFA has been interpreted by the Foundation to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, there were no underwater endowments.

Fund Objectives

The endowment funds are established to assist the Foundation in its mission as a community foundation providing grants for educational, cultural, or other charitable purposes. The endowment funds consist of individual endowment funds with donor restrictions and individual endowment funds without donor restrictions.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note L – Endowment Fund (continued)**

Investment Objective and Cash Flow Policy

Generally, the endowment funds with donor restrictions' long-term objectives are, at a minimum, to maintain current real value. The assets are to be invested in a manner to generate investment returns in excess of the annual spending rate combined with inflation.

The endowment funds will make use of a total return-based spending policy, meaning that they will fund required distributions from net investment income, net realized capital gains, and from the proceeds received from the sale of investments, including principal.

Investment Policies

Endowment fund assets will be managed as a portfolio comprised of two major components: equity investments to maximize long-term growth of assets, and fixed income investments to generate current income, provide greater stability of periodic returns, and protect against prolonged decline of the equity markets.

The endowment funds will be invested primarily in marketable financial assets. Therefore, contributions of real estate, personal property or business entities that may from time to time be received, will typically be converted to financial assets in an orderly fashion.

Changes in endowment net assets for the fiscal year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Invested Assets – Beginning of Year	\$ 5,188,515	\$ 28,103,265	\$ 33,291,780
Investment Return, Net	646,927	3,734,792	4,381,719
Additions	197,531	299,225	496,756
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(284,346)	(618,233)	(902,579)
Endowment Net Assets – End of Year	<u>\$ 5,748,627</u>	<u>\$ 31,519,049</u>	<u>\$ 37,267,676</u>

Changes in endowment net assets for the fiscal year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Invested Assets – Beginning of Year	\$ 4,779,177	\$ 25,703,408	\$ 30,482,585
Investment Return, Net	479,016	2,726,772	3,205,788
Additions	13,723	255,129	268,852
Appropriation of Endowment Assets Pursuant to Spending-Rate Policy	(83,401)	(582,044)	(665,445)
Endowment Net Assets – End of Year	<u>\$ 5,188,515</u>	<u>\$ 28,103,265</u>	<u>\$ 33,291,780</u>

**Note M – Fundraising Expense**

For the year ended June 30, 2024 and 2023, the Foundation incurred \$0 and \$0 of fundraising expenses, respectively.

**Fort Atkinson Community Foundation**  
**Notes to the Financial Statements**  
**June 30, 2024 and 2023**

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**Note N – Concentrations**

The Foundation received approximately 65% of its contributions from three donors for the year ended June 30, 2024 and 32% of its contributions from one donor for the year ended June 30, 2023.

**Note O – Subsequent Events**

In July 2024, the Foundation's Board approved an investment of \$1 million to be invested in the Live Local Development Fund administered by Thrive Economic Development.