

**COMMUNITY FOUNDATION
OF SOUTHERN WISCONSIN, INC.**

FINANCIAL STATEMENTS

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Foundation of Southern Wisconsin, Inc.
Janesville, Wisconsin

We have audited the accompanying financial statements of Community Foundation of Southern Wisconsin, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audit 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 Community Foundation of Southern Wisconsin, Inc. as of June 30, 2019 and 2018, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Community Foundation of Southern Wisconsin, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU)

No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Janesville, Wisconsin
October 9, 2019

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 595,704	\$ 445,318
Restricted asset, certificate of deposit	5,946	5,835
Investments	58,559,313	55,089,186
Accounts receivable	60	265
Unconditional promises to give, net	542,178	322,991
Other assets	14,689	23,779
Equipment, net	-	-
Total assets	\$ 59,717,890	\$ 55,887,374
LIABILITIES		
Accounts payable	\$ 7,276	\$ 2,898
Accrued payroll and employee benefits	17,598	19,371
Grants and scholarships payable, net	1,952,963	1,795,503
Liability to life beneficiary	3,892	3,358
Discount for future interest	54,317	63,369
Unearned revenue	-	13,254
Funds held for benefit of others	3,283,369	3,170,615
Total liabilities	5,319,415	5,068,368
NET ASSETS		
Without donor restrictions	53,686,488	50,346,080
With donor restrictions	711,987	472,926
Total net assets	54,398,475	50,819,006
Total liabilities and net assets	\$ 59,717,890	\$ 55,887,374

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions	\$ 2,551,635	\$ 427,894	\$ 2,979,529	\$ 3,338,410	\$ 111,158	\$ 3,449,568
Less contributions from funds held for others	(77,698)	-	(77,698)	(153,320)	-	(153,320)
Grants from foundations	1,017,944	-	1,017,944	2,698,769	-	2,698,769
Special events	151,180	-	151,180	197,156	-	197,156
Program fees	721,999	-	721,999	681,501	-	681,501
Interest income	107,939	-	107,939	57,371	-	57,371
Dividend income	1,283,667	-	1,283,667	1,030,226	-	1,030,226
Realized gain on investments	2,063,239	-	2,063,239	2,491,833	-	2,491,833
Unrealized gain on investments	251,303	-	251,303	387,728	-	387,728
Investment fees	(263,042)	-	(263,042)	(254,520)	-	(254,520)
Less net investment activity from funds held for others	(196,498)	-	(196,498)	(199,033)	-	(199,033)
Total revenue	7,611,668	427,894	8,039,562	10,276,121	111,158	10,387,279
EXPENSES						
Program services	4,120,984	-	4,120,984	4,438,064	-	4,438,064
Less expenses from funds held for others	(161,441)	-	(161,441)	(214,551)	-	(214,551)
Management and general	455,883	-	455,883	507,228	-	507,228
Fundraising	44,667	-	44,667	43,748	-	43,748
Total expenses	4,460,093	-	4,460,093	4,774,489	-	4,774,489
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of time restrictions	188,833	(188,833)	-	309,231	(309,231)	-
Change in net assets	3,340,408	239,061	3,579,469	5,810,863	(198,073)	5,612,790
Net assets at beginning of year	50,346,080	472,926	50,819,006	44,535,217	670,999	45,206,216
Net assets at end of year	\$ 53,686,488	\$ 711,987	\$ 54,398,475	\$ 50,346,080	\$ 472,926	\$ 50,819,006

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2019 and 2018

2019	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 94,883	\$ 260,747	\$ 24,078	\$ 379,708
Employee benefits and taxes	14,457	34,537	3,029	52,023
Professional fees	-	16,806	-	16,806
Fees	-	6,733	-	6,733
Technology costs	-	48,882	-	48,882
Office supplies	1,454	3,921	446	5,821
Telephone	1,460	3,939	448	5,847
Postage and printing	-	11,523	13,581	25,104
Occupancy	11,033	32,721	2,450	46,204
Insurance	-	3,555	-	3,555
Meeting	-	3,325	-	3,325
Travel	2,502	6,747	635	9,884
Conference	-	1,429	-	1,429
Organizational dues	-	3,653	-	3,653
Bad debt	-	9,210	-	9,210
Other expenses	-	8,155	-	8,155
Donor/fund expense	700,188	-	-	700,188
Grants to organizations	2,394,140	-	-	2,394,140
Scholarships/tuition	900,867	-	-	900,867
Less expenses from funds held for others	(161,441)	-	-	(161,441)
Total expenses	\$ 3,959,543	\$ 455,883	\$ 44,667	\$ 4,460,093
2018	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 86,835	\$ 232,192	\$ 22,568	\$ 341,595
Employee benefits and taxes	11,689	33,847	3,037	48,573
Professional fees	-	58,506	-	58,506
Fees	-	4,826	-	4,826
Technology costs	-	67,182	-	67,182
Office supplies	167	4,312	801	5,280
Telephone	1,867	4,991	485	7,343
Postage and printing	-	9,508	12,804	22,312
Occupancy	12,667	29,732	3,394	45,793
Insurance	-	3,737	-	3,737
Meeting	-	2,532	-	2,532
Travel	2,538	6,789	659	9,986
Conference	-	3,651	-	3,651
Organizational dues	-	3,293	-	3,293
Bad debt	-	18,950	-	18,950
Other expenses	395	23,180	-	23,575
Donor/fund expense	646,328	-	-	646,328
Grants to organizations	2,806,893	-	-	2,806,893
Scholarships/tuition	868,685	-	-	868,685
Less expenses from funds held for others	(214,551)	-	-	(214,551)
Total expenses	\$ 4,223,513	\$ 507,228	\$ 43,748	\$ 4,774,489

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,579,469	\$ 5,612,790
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Unrealized gain on investments	(246,441)	(360,163)
Realized gain on investments	(1,935,610)	(2,337,306)
Change in discount for future interest	(9,052)	(9,053)
Change in discount on unconditional promises to give	14,546	7,341
Change in assets and liabilities		
Accounts receivable	205	281
Unconditional promises to give, net	(233,733)	174,722
Other assets	9,090	13,924
Accounts payable	4,378	(2,699)
Accrued payroll and employee benefits	(1,773)	1,958
Grants and scholarships payable, net	157,460	(111,781)
Liability to life beneficiary	534	(285)
Unearned revenue	(13,254)	1,584
Net cash flows from operating activities	1,325,819	2,991,313
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from beneficial interest in remainder trusts	-	20,265
Interest retained in certificate of deposit	(111)	-
Proceeds from sales of investments	28,652,897	24,914,904
Purchases of investments	(29,940,973)	(28,088,375)
Net cash flows from investing activities	(1,288,187)	(3,153,206)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds held for benefit of others	112,754	137,805
Change in cash	150,386	(24,088)
Cash at beginning of year	445,318	469,406
Cash at end of year	\$ 595,704	\$ 445,318

See accompanying notes.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Community Foundation of Southern Wisconsin, Inc. (Foundation) is a tax-exempt, not-for-profit, autonomous, publicly supported, philanthropic institution comprised primarily of funds donated by many separate donors for the long-term benefit of the residents of Crawford, Green, Iowa, Lafayette, Grant, Rock, Sauk, Vernon, and Walworth Counties of Wisconsin.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The Foundation reports investments in debt and equity securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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 promise to give becomes unconditional.

Equipment

Purchases of equipment are capitalized. Equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method.

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 and not a contribution. 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 others in the statement of financial position.

Grants

Unconditional grants are recorded as expense when approved by the Foundation's Board of Directors. Grants which are subject to conditions are recorded when the conditions have been substantially met.

Contributions

Contributions received are recorded as increases in net assets without donor restriction or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocations

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, employee benefits and taxes, office supplies, telephone, occupancy, and other expenses are allocated on the basis 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 and scholarships.

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.

Adoption of New Accounting Pronouncement

Community Foundation of Southern Wisconsin, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, are now reported as net assets with donor restrictions.

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.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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.

Date of Management’s Review

Management has evaluated subsequent events through October 9, 2019, the date which the financial statements were available to be issued.

NOTE 2 – RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan covering employees with three years of service. Contributions are equal to 6% of each covered employee’s salary. Contributions to the plan were \$15,998 and \$14,495 for the years ended June 30, 2019 and 2018.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of following:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 216,041	\$ 227,372
Receivable in 1 to 5 years	342,923	98,959
Receivable in more than five years	<u>1,100</u>	<u>-</u>
Unconditional promises to give	560,064	326,331
Less discount	<u>(17,886)</u>	<u>(3,340)</u>
Unconditional promises to give, net	<u>\$ 542,178</u>	<u>\$ 322,991</u>

Unconditional promises to give are reflected at present value of estimated future cash flows using a discount rate of 2%.

NOTE 4 – RESTRICTED ASSET – CERTIFICATE OF DEPOSIT

The Foundation has elected to use the reimbursement method for financing possible state of Wisconsin unemployment benefit cost. Under this method, the Foundation reimburses the state for benefits paid on its behalf. In addition, the Foundation is responsible for maintaining an assurance of reimbursement account equal to 4% of defined payroll. A certificate of deposit has been established in the assurance amount. As of June 30, 2019 and 2018, the balance in the assurance account was \$5,946 and \$5,835. At this time however, no estimate can be made of any possible future liability. In the event the Foundation revokes its election to use the reimbursement method of financing possible state of Wisconsin unemployment benefit costs, it would have a right to the balance in the assurance account two years after the year of revocation.

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5 – INVESTMENTS

Investments consisted of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 4,047,860	\$ 4,318,395
Marketable equity funds	24,887,640	19,215,746
Marketable bond funds	17,470,127	16,407,610
Marketable equity securities	10,260,389	13,595,119
Marketable debt securities	1,893,297	1,552,316
Investments	<u>\$ 58,559,313</u>	<u>\$ 55,089,186</u>

NOTE 6 – EQUIPMENT

Equipment consisted of the following:

	<u>Useful Lives</u>	<u>2019</u>	<u>2018</u>
Office equipment and software	5- 7 years	\$ 49,379	\$ 49,379
Leasehold improvements	7 years	1,431	1,431
Less accumulated depreciation and amortization		<u>(50,810)</u>	<u>(50,810)</u>
Equipment, net		<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – GRANTS AND SCHOLARSHIPS PAYABLE

	<u>2019</u>	<u>2018</u>
Grants and scholarships payable	\$ 1,968,072	\$ 1,808,504
Less discount	<u>(15,109)</u>	<u>(13,001)</u>
Grants and scholarships payable, net	<u>\$ 1,952,963</u>	<u>\$ 1,795,503</u>

Grants and scholarships payable are reflected at present value of estimated future cash flows using a discount rate of 2%. Grants and scholarships to be paid are as follows for the years ending June 30:

2020	\$ 1,520,972
2021	221,800
2022	133,300
2023	77,000
2024	<u>15,000</u>
Grants and scholarships payable	<u>\$ 1,968,072</u>

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 8 – SPLIT-INTEREST AGREEMENTS

The Foundation is the beneficiary of a split-interest agreement. The agreement is a pooled-income fund in which the Foundation recorded a contribution for the present value of the contribution based on the donor's life expectancy. In addition, the Foundation has recorded a discount for future interests that will be amortized over the life of the donor and a liability to life beneficiary account to reflect earnings on the fund that will be paid to the beneficiary in future periods.

NOTE 9 – NET ASSETS

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

	2019	2018
Donor designated	\$ 12,627,833	\$ 11,760,531
Donor advised	7,300,263	7,156,724
Field of interest	3,520,361	3,198,622
Scholarship	16,711,057	15,456,317
Geographically designated	11,505,328	10,967,636
Undesignated	2,021,646	1,806,250
Net assets without donor restrictions	\$ 53,686,488	\$ 50,346,080

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Time restricted	\$ 687,388	\$ 449,495
Restricted for grants in Southern Wisconsin	24,599	23,431
Net assets with donor restrictions	\$ 711,987	\$ 472,926

NOTE 10 – 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 specifies 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 agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds 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 SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 10 – FUNDS HELD FOR BENEFIT OF OTHERS (continued)

At June 30, 2019 and 2018, the Foundation was the owner of 48 agency endowment funds with a combined fair value of \$3,283,369 and \$3,170,615. All financial activity for the years then ended related to these funds is segregated in the statements of activities and has been classified as a liability in the statements of financial position.

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

At June 30, 2019 and 2018, the carrying amount (book balance) of the Foundation's cash was \$595,704 and \$445,318 and the financial institutions' balance (bank statements) was \$635,358 and \$505,757, of which \$250,000 was covered by FDIC insurance each year. The Foundation also had a balance of \$2,636,536 deposited in a money market account backed by government securities as of June 30, 2018. This account was not covered by FDIC insurance. This amount is included in the Foundation's investments. This account did not have a balance for the year ended June 30, 2019.

Financial instruments that potentially subject the Foundation to credit risk consist of cash, accounts receivable, investments, and unconditional promises to give.

NOTE 12 – LEASE COMMITMENT

The Foundation leases office space that requires monthly payments of \$2,582 under a five year operating lease that expires August 2020. Minimum future rent payments are as follows for the years ending June 30:

2020	\$ 30,987
2021	5,165
	<hr/>
	\$ 36,152
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Lease expense was \$30,984 for the years ended June 30, 2019 and 2018.

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Foundation attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data.

Fair values of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

	June 30, 2019			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 4,047,860	\$ -	\$ 4,047,860	\$ -
Marketable equity funds	24,887,640	24,887,640	-	-
Marketable bond funds	17,470,127	17,470,127	-	-
Marketable equity securities	10,260,389	10,260,389	-	-
Marketable debt securities	1,893,297	-	1,893,297	-
Total investments	\$ 58,559,313	\$ 52,618,156	\$ 5,941,157	\$ -
	June 30, 2018			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 4,318,395	\$ -	\$ 4,318,395	\$ -
Marketable equity funds	19,215,746	19,215,746	-	-
Marketable bond funds	16,407,610	16,407,610	-	-
Marketable equity securities	13,595,119	13,595,119	-	-
Marketable debt securities	1,552,316	-	1,552,316	-
Total investments	\$ 55,089,186	\$ 49,218,475	\$ 5,870,711	\$ -

COMMUNITY FOUNDATION OF SOUTHERN WISCONSIN, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 and 2018

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following assumptions were used to estimate the fair value of each class of financial instruments:

Money market funds – are highly liquid debt instruments purchased with original maturities of three months or less.

Marketable equity securities and marketable debt securities – These investments consist entirely of publicly-traded securities that are priced by an investment manager with reference to available quotations for identical assets.

Marketable equity funds and marketable bond funds – These investments hold traded securities priced by independent sources and the investment manager provides a high level of transparency into those funds. The Foundation is able to test and verify much of that pricing which provides the basis for the net asset valuation (NAV) calculation for each fund. The NAV is used to provide the valuation for these funds. The Foundation and the investment manager have had investments in to and redemptions out of these funds on a regular basis throughout the year, and at the June 30 measurement date.

NOTE 14—LIQUIDITY AND AVAILABILITY

The table below reflects The Foundation’s financial assets as of the date of the statement of financial position reduced by amounts not available for general expenditures within one year of the date of the statement of financial position:

Cash	\$ 595,704
Investments	58,559,313
Accounts receivable	60
Unconditional promises to give, net	<u>542,178</u>
 Financial assets, at year end	 59,697,255
 Less those unavailable for general expenditures within one year, due to:	
Board designated funds	\$ 51,664,842
Funds held for others	3,283,369
Restricted by donor with time or purpose restrictions	<u>711,987</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 4,037,057</u></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.