

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Financial Statements

Years Ended June 30, 2021 and 2020



Independent Auditor's Report

Board of Directors
Oshkosh Area Community Foundation Corporation
Oshkosh, Wisconsin

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Oshkosh Area Community Foundation Corporation and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Oshkosh Area Community Foundation Corporation and Affiliate as of June 30, 2021 and 2020, 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.

Wipfli LLP

Wipfli LLP

September 14, 2021
Green Bay, Wisconsin

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Statements of Financial Position

June 30, 2021 and 2020

<i>Assets</i>	2021	2020 (Restated)
Current assets:		
Cash and cash equivalents	\$ 5,465,383	\$ 5,896,636
Accrued investment income	56,184	15,433
Prepaid expenses and other	176,267	145,326
Total current assets	5,697,834	6,057,395
Investments	146,576,379	108,810,150
Property and equipment - Net	558,702	571,677
Other assets:		
Loans receivable	1,227,347	945,640
Certificates of deposit	0	433,624
Beneficial interest in charitable remainder trusts	146,012	156,144
Total other assets	1,373,359	1,535,408
TOTAL ASSETS	\$ 154,206,274	\$ 116,974,630

<i>Liabilities and Net Assets</i>	2021	2020 (Restated)
Current liabilities:		
Current maturities of long-term debt	\$ 21,527	\$ 20,529
Grants payable, current portion	2,287,973	2,586,573
Accounts payable	75,020	78,323
Obligation under split-interest agreements	2,642	3,742
Refundable advance liability	0	105,000
Due to specified beneficiaries - Agency funds	49,174,456	37,692,795
Total current liabilities	51,561,618	40,486,962
Long-term liabilities:		
Long-term debt	239,806	259,598
Grants payable - Net	334,832	865,581
Total long-term liabilities	574,638	1,125,179
Total liabilities	52,136,256	41,612,141
Net assets:		
Without donor restrictions:		
Donor designated:		
Scholarship funds	21,600,859	16,153,621
Acorn funds	582,426	424,197
Field of interest funds	16,661,770	12,598,352
Donor-advised funds	22,723,111	15,863,563
Designated funds	24,266,890	17,996,568
Undesignated	16,091,592	12,173,786
Total without donor restrictions	101,926,648	75,210,087
With donor restrictions	143,370	152,402
Total net assets	102,070,018	75,362,489
TOTAL LIABILITIES AND NET ASSETS	\$ 154,206,274	\$ 116,974,630

See accompanying notes to consolidated financial statements.

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 7,116,863	\$ 1,100	\$ 7,117,963
Investment gains - Net	26,820,929	-	26,820,929
Other income	251,072	-	251,072
PPP grant revenue	105,000	-	105,000
Change in beneficial interest in charitable remainder trusts	-	(10,132)	(10,132)
Total support and revenue	34,293,864	(9,032)	34,284,832
Expenses:			
Program services	6,624,032	-	6,624,032
Fund development	229,958	-	229,958
Management and general	723,313	-	723,313
Total expenses	7,577,303	-	7,577,303
Change in net assets	26,716,561	(9,032)	26,707,529
Net assets at beginning	75,210,087	152,402	75,362,489
Net assets at end	\$ 101,926,648	\$ 143,370	\$ 102,070,018

See accompanying notes to consolidated financial statements.

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 8,110,546	\$ 1,100	\$ 8,111,646
Investment losses - Net	(1,735,465)	-	(1,735,465)
Other income	183,550	-	183,550
Change in beneficial interest in charitable remainder trusts	-	(542)	(542)
Total support and revenue	6,558,631	558	6,559,189
Expenses:			
Program services	6,628,480	-	6,628,480
Fund development	254,637	-	254,637
Management and general	705,163	-	705,163
Total expenses	7,588,280	-	7,588,280
Change in net assets	(1,029,649)	558	(1,029,091)
Net assets at beginning - Prior to restatement	75,600,703	151,844	75,752,547
Prior period adjustment - Reclassification of fund	639,033	-	639,033
Net assets at beginning - Restated	76,239,736	151,844	76,391,580
Net assets at end	\$ 75,210,087	\$ 152,402	\$ 75,362,489

See accompanying notes to consolidated financial statements.

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Fund Development	Management and General	Total
Grants and scholarships	\$ 5,653,194	\$ -	\$ -	\$ 5,653,194
Program distributions	753,286	-	-	753,286
Salaries	137,054	166,255	356,040	659,349
Payroll taxes	10,181	12,350	26,449	48,980
Employee benefits	6,852	7,595	79,512	93,959
Insurance	2,742	2,072	5,979	10,793
Occupancy	9,180	6,939	20,023	36,142
Telephone	1,656	1,252	3,613	6,521
Membership dues	295	-	18,903	19,198
Publications	13,617	539	8,822	22,978
Postage	2,771	844	4,642	8,257
Travel and entertainment	308	3,493	-	3,801
Conferences and education	406	689	30	1,125
Supplies	2,046	1,546	4,462	8,054
Professional fees	-	396	110,102	110,498
Depreciation	6,046	4,570	13,187	23,803
Marketing	13,282	13,015	47,304	73,601
Miscellaneous	11,116	8,403	24,245	43,764
Total expenses	\$ 6,624,032	\$ 229,958	\$ 723,313	\$ 7,577,303

See accompanying notes to consolidated financial statements.

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services	Fund Development	Management and General	Total
Grants and scholarships	\$ 5,806,707	\$ -	\$ -	\$ 5,806,707
Program distributions	630,037	-	-	630,037
Salaries	131,483	167,429	347,005	645,917
Payroll taxes	8,887	11,317	23,454	43,658
Employee benefits	6,196	7,269	66,505	79,970
Insurance	2,726	2,116	6,063	10,905
Occupancy	8,459	6,565	18,814	33,838
Telephone	1,410	1,094	3,136	5,640
Membership dues	295	-	18,923	19,218
Publications	4,868	2,526	17,000	24,394
Postage	2,708	1,561	6,616	10,885
Travel and entertainment	1,711	6,387	154	8,252
Conferences and education	159	160	1,952	2,271
Supplies	2,333	1,810	5,188	9,331
Professional fees	-	5,292	110,080	115,372
Depreciation	5,859	4,546	13,030	23,435
Marketing	10,428	33,295	57,871	101,594
Miscellaneous	4,214	3,270	9,372	16,856
Total expenses	\$ 6,628,480	\$ 254,637	\$ 705,163	\$ 7,588,280

See accompanying notes to consolidated financial statements.

Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 26,707,529	\$ (1,029,091)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	23,803	23,435
Loss on disposal of property and equipment	2,805	84
Net realized and unrealized gain on investments	(25,649,017)	3,225,917
Accrued Interest	(2,616)	0
Changes in beneficial interest in charitable remainder trusts	10,132	542
Changes in discount to present value	0	(5,192)
Changes in operating assets and liabilities:		
Accrued investment income	(40,751)	11,335
Prepaid expenses and other	(30,941)	(23,668)
Accounts payable	(4,011)	(16,313)
Grants payable	(829,349)	723,733
Refundable advance liability	(105,000)	105,000
Obligation under split-interest agreements	(1,100)	(1,100)
Due to specified beneficiaries - Agency funds	(898,257)	(594,121)
Total adjustments	(27,524,302)	3,449,652
Net cash flows from operating activities	(816,773)	2,420,561
Cash flows from investing activities:		
Purchases of property and equipment	(13,633)	(6,485)
Issuance of loans receivable	(310,000)	-
Collection of loans receivable	30,909	427,105
Proceeds from certificates of deposit	438,025	0
Purchases of certificates of deposit	(4,401)	(8,920)
Proceeds from sale of investments	19,264,173	13,965,411
Purchases of investments	(19,001,467)	(15,802,638)
Net cash flows from investing activities	403,606	(1,425,527)
Net cash flows from financing activities - Payments on long-term debt	(18,086)	(19,561)
Change in cash and cash equivalents	(431,253)	975,473
Cash and cash equivalents at beginning	5,896,636	4,921,163
Cash and cash equivalents at end	\$ 5,465,383	\$ 5,896,636
Supplemental cash flow information:		
Interest paid and expensed	\$ 10,575	\$ 11,512
Change in due to specified beneficiaries - Agency funds - due to unrealized investment gains (losses)	\$ 12,379,918	\$ (769,179)

See accompanying notes to consolidated financial statements.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 1: Nature of Activities and Significant Policies

Nature of Activities

Oshkosh Area Community Foundation Corporation is a nonprofit community foundation established to serve the needs of the city of Oshkosh and surrounding service area. The Oshkosh Area Community Property Corporation was formed as a nonprofit entity to account for donated noncash assets and property to be liquidated and invested at the Oshkosh Area Community Foundation Corporation. Collectively, these entities will be referred to as the "Organizations." The Organizations serve Winnebago County, Waushara County, Green Lake County, and Ripon. The Organizations' primary sources of revenue are contributions and investment return.

The Organizations provide the following charitable services:

- *Donor-Advised Grants* - The Organizations administer funds to support organizations and charitable projects as specified by fund donors or advisors.
- *Designated Grants* - The Organizations administer funds to more than 50 different charitable programs from funds created specifically to support these organizations in perpetuity.
- *Scholarships* - The Organizations administer a variety of scholarship programs, at varying service levels, to assist students pursuing all levels of education.
- *Competitive Grants* - The Organizations utilize investment earnings on gifts made without restriction or gifts made for the good of a particular field for distribution in the form of grants, awarded through a competitive application process.

Principles of Consolidation

The consolidated financial statements include the accounts of Oshkosh Area Community Foundation Corporation and Oshkosh Area Community Property Corporation. The Organizations are consolidated due to financial interest, and the Organizations have a common governing body. All significant intercompany transactions and accounts have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP) for the nonprofit industry. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the Organizations' net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* are subject to donor-imposed stipulations that may or will be met, either by actions of the Organizations and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 1: Nature of Activities and Significant Policies (Continued)

Basis of Presentation (Continued)

GAAP provides that if a governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Organizations' Board of Directors (the "Board") has that ability (variance power); however, the Board would intend to exercise this authority only if the stated purpose of the contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Organizations' consolidated financial statements classify substantially all funds, including the principal of endowment funds, as net assets without donor restrictions, but segregate for internal management and endowment record keeping the portion that is held as endowment from the funds that are currently available for grants. In addition, to ensure the Organizations observe the limitations and restrictions placed on the funds by the donors, the Organizations' accounts are managed as individual charitable funds.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in accordance with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

The Organizations consider all highly liquid investments available for current use with a maturity of three months or less to be cash equivalents except money market funds, which are classified as investments and certificates of deposit at investment companies that are classified as other assets.

Promises to Give

Unconditional promises to give are recorded as receivables in the year promised. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to be collected in future periods without a purpose restriction are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received.

There were no unconditional promises to give recorded on the consolidated statement of financial position at June 30, 2021 and 2020. Management assessed the collectability of promises to give based on collection history and past experience with the donors and provides an allowance for uncollectible promises when necessary.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 1: Nature of Activities and Significant Policies (Continued)

Loans Receivable

Loans receivable represent financing provided to various borrowers. The loans are repayable based on several criteria (see Note 7) and are stated at the amount of unpaid principal and interest. Management has considered all loans fully collectible; therefore, no allowance has been recorded. Management does not have a policy to address placing loans on nonaccrual status and has not experienced a loan to be nonperforming or past due.

Investments

The Organizations' investments are held in bank-administered trust funds. Management has granted the investment managers discretionary authority over investment decisions based on the Organizations' investment policy.

Investments in securities with readily determinable fair values are measured at fair value in the consolidated statements of financial position. Alternative and other investments are valued at their net asset value per share (see Note 4). Realized and unrealized gains and losses on investments are reflected in operations. Investment expenses, including direct internal investment expenses, if any, are netted with investment return on the consolidated statements of activities.

Property, Equipment, and Depreciation

Property and equipment acquisitions in excess of \$1,000 are capitalized, while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased equipment is carried at cost and donated equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Beneficial Interest in Charitable Remainder Trusts

The Organizations are the beneficiaries of several agreements with donors that consist of irrevocable charitable remainder trusts for which the Organizations are the remainder beneficiary. Contribution revenue is recognized at the date the trusts are established net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or other beneficiaries. The related beneficial interest in charitable remainder trust asset is recorded at fair value using present value techniques and is adjusted during the term of the trust for changes in the estimate of future benefits based on discount rates of 4.2% in 2021 and ranging from 4.2% to 7.6% in 2020, and such changes are included as revenue and net assets with donor restrictions as applicable.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 1: Nature of Activities and Significant Policies (Continued)

Revenue Recognition

Contributions are recognized as revenue when received. Conditional contributions are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Assets received for which the condition has not been satisfied are recorded as a refundable advance liability.

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

Change in Accounting Principle

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a contribution is conditional. The contribution guidance in Subtopic 958-605 requires an entity to determine whether a transaction is conditional, which affects the timing of the revenue recognized. The Organizations have applied the amendments in this ASU on a modified prospective basis. There was no change in opening balances of net assets and no prior period results were restated. The amendments in this ASU also apply to both resources received by a recipient and resources given by a resource provider. The provisions related to resources received were implemented for the Foundations' fiscal year ended June 30, 2020.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 1: Nature of Activities and Significant Policies (Continued)

Tax Status

The Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than private foundations under Section 509(a)(2) of the Code. The Organizations are also exempt from state income taxes on related income.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not-recognition threshold, the benefit of that position is not recognized in the financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Fair Value Measurements

Fair value is the price that would be received when an asset is sold or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs, such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization has segregated its supporting activities into the categories of management and general and fund development. Personnel expenses have been allocated based on time and effort, occupancy expenses have been allocated based on the proportion of full-time equivalent employees, and other operating expenses have been allocated based on estimated benefit to personnel by function.

Subsequent Events

Subsequent events have been evaluated through September 14, 2021, which is the date the consolidated financial statements were available to be issued.

See Note 4 for discussion of subsequent liquidation of investments.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability of Financial Resources

Financial assets available at June 30, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020 (Restated)
Cash and cash equivalents	\$ 5,465,383	\$ 5,896,636
Accrued investment income	56,184	15,433
Investments	146,576,379	108,810,150
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Subtotal financial resources available	152,097,946	114,722,219
Less:		
Due to specified beneficiaries - Agency funds	(49,174,456)	(37,692,795)
Cash designated for payment of current grants	(2,287,973)	(2,586,573)
Donor or otherwise designated net assets	(85,835,056)	(63,036,301)
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Total financial resources available without donor restriction or designation	\$ 14,800,461	\$ 11,406,550

The Organizations receive significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. They also receive gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used as a funding source. As described in Note 1, the Organizations classify all such contributions as net assets without donor restrictions. However, the Organizations intend to honor the donor restrictions and have reduced the amount of financial resources available for general expenditure as such. The Organizations also receive support without donor restrictions; such support provides discretionary funding.

The Organizations invest cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$753,663 and \$534,688 as of June 30, 2021 and 2020, respectively, and is included in investments on the statement of financial position. The Organizations depend on administrative fees charged to donor funds to generate operating cash flow. The totals above do not include future administrative fees that will be charged in 2022 or 2021, but will be available for general expenditure once charged.

Note 3: Concentration of Credit Risk

The Organizations maintain cash balances at various financial institutions that, at times, may exceed FDIC-insured limits. The Organizations have not experienced any losses in such accounts and believe these financial institutions have strong credit ratings, and credit risk related to these deposits is minimal.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 4: Investments

Investments consisted of the following at June 30:

	2021	2020
Money market funds	\$ 2,290,545	\$ 1,466,078
Certificates of deposit	53,850	80,147
Common and preferred stock	1,241,742	1,313,249
Bonds	1,916,334	1,829,317
Equity and fixed income funds	131,209,622	95,756,288
Real estate funds	732,778	1,097,684
Hedge funds	9,131,508	7,267,387
Total investments	\$ 146,576,379	\$ 108,810,150

The Organizations' investments include interest in several alternative investments. These alternative investments primarily consist of investments in limited partnerships with hedge funds, commodities, real estate, private real assets, or private equity funds. The portfolio strategies focus on two approaches: (1) an absolute return hedge that attempts to profit regardless of the overall direction of the market, using highly flexible investment strategies that permit the use of short selling and margin debt and (2) hedged equity that attempts to combine long-equity positions with short-equity positions. With recent changes to the investment policy statement, the Organizations are actively exiting alternative investments and it is no longer a strategy for investment portfolio management.

There is not a public market for alternative investments, and the shares are transferable or redeemable only at the discretion of the funds' investment managers. A determination of net asset value per share is made on a monthly basis, and this net asset value is considered to be the fair value for these investments.

Investment gains (losses) for the years ended June 30 was as follows:

	2021	2020
Interest and dividends	\$ 1,405,991	\$ 1,684,423
Investment management fees	(234,079)	(193,971)
Net realized gains on investments	968,954	632,415
Net unrealized gains (losses) on investments	24,680,063	(3,858,332)
Total investment gains (losses)	\$ 26,820,929	\$ (1,735,465)

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 4: Investments (Continued)

Subsequent to year-end, the Organizations requested liquidation of its hedge fund investments based on the eligibility date for liquidation of June 30, 2021. On July 30, 2021, \$8,157,986 was received and invested in other assets according to the investment policy statement.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Note 5: Endowments

The Organizations' endowments consist of individual donor-restricted funds established for a variety of purposes. The Board believes the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is the relevant state law governing its endowment funds.

The Board has interpreted the UPMIFA as allowing appropriation for expenditures from the net appreciation, realized and unrealized, in the fair value of an endowment fund over the historic dollar value of the fund. The expenditures approved for appropriation must meet the purpose of the endowment fund and must be prudent under ordinary business care considering the facts and circumstances prevailing at the time action is taken.

The Organizations' spending policy is calculated as a percentage of a 20-quarter rolling average of the market value, net of investment costs and management and administrative fees. The spending policy for the years ended June 30, 2021 and 2020, was 4.5% for unrestricted and field of interest funds. This percentage is reviewed annually by the Finance Committee of the Board and can be amended from year to year.

The Organizations have adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organizations must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce growth of the funds over the long-term (defined as a period of 10 or more years) while assuming a level of risk specific to each investment manager's portfolio.

To satisfy its long-term, rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations require all endowment fund assets be invested in liquid securities that can be transacted quickly and efficiently for the fund with minimal impact on the market price. Such investments include cash, fixed income securities, equity securities, and mutual funds.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 5: Endowments (Continued)

A donor agreement is maintained for each individual endowment fund that specifies the purpose of the fund and the duration of the restriction. However, each donor has granted explicit variance power to the Organizations, as described in Note 1; therefore, the Organizations have recorded all endowment funds as net assets without donor restrictions.

The net assets without donor restrictions balance of all endowment funds as of June 30 along with a description of the components of the change are as follows:

	2021	2020
Endowment net assets at beginning	\$ 20,183,347	\$ 21,406,970
Investment return:		
Interest and dividends	350,090	457,804
Net appreciation (depreciation)	6,777,066	(859,021)
Total investment return	7,127,156	(401,217)
Contributions	732,424	166,106
Less:		
Assets appropriated for expenditure	597,205	600,940
Administrative fees	438,744	387,572
Endowment net assets at end	\$ 27,006,978	\$ 20,183,347

Note 6: Property and Equipment

A summary of property and equipment is as follows as of June 30, 2021 and 2020:

	2021	2020
Land	\$ 137,000	\$ 137,000
Buildings and improvement	643,363	643,363
Furniture and equipment	116,002	107,421
Total property and equipment	896,365	887,784
Less - Accumulated depreciation	337,663	316,107
Property and equipment - Net	\$ 558,702	\$ 571,677

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 7: Loans Receivable

Loans receivable consisted of the following at June 30:

	2021	2020
Note receivable for \$1,000,000 from the City of Oshkosh dated September 14, 2007, including accrued interest of \$250,000 that was recorded during 2013 in accordance with the loan agreement. Payments are provided as funds are available from: 1) 10% of Oshkosh Convention and Visitor's Bureau Tourism Development Fund (the "Bureau") annually through a separate agreement with the Bureau and 2) a minimum of 1% of gross food and beverage sales from the convention center. There is no stated maturity date.	\$ 914,731	\$ 945,640
Note receivables totaling \$310,000 from the Oshkosh Food Cooperative dated September 11, 2020, and February 18, 2021, at an interest rate of 1.5%. Interest is being accrued until 2024, at which point annual payments of \$32,198 are made through maturity in 2034. The outstanding balance includes accrued interest of \$2,616.	312,616	0
Subtotal loans receivable plus accrued interest	1,227,347	\$ 945,640
Less accrued interest	2,616	-
Total loans receivable	\$ 1,224,731	\$ 945,640

All loans receivable are considered to be for community project assistance purposes. The Organizations regularly evaluate various attributes of loans to determine the appropriateness of any allowance for doubtful accounts. This evaluation considers changes in the borrower's creditworthiness, evaluations of collectability, prior loss experience (if any), and current economic conditions. The Organizations' community project class of loans is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not.

The Organizations have not identified any loans that are nonperforming. In addition, the Organizations have not identified any loans that are past due according to the contractual terms; therefore, no loans have been placed on nonaccrual status. The Organizations have not had to grant any concessions to the borrowers as troubled debt restructurings due to financial difficulties and have not individually evaluated any loans for impairment. As stated in Note 1, no allowance for doubtful accounts is necessary given the Organizations' analysis of the credit quality of its portfolio.

Payments on the loan receivable from the City of Oshkosh are variable and dependent upon cash inflows at the Oshkosh Convention and Visitor's Bureau Tourism Development Fund as well as gross food and beverage sales from the convention center. Therefore, no annual payment obligation can be identified and the loan is considered long-term.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 7: Loans Receivable (Continued)

Payments on the loans receivable from the Oshkosh Food Cooperative are to be paid in accordance with a loan amortization schedule that amortizes the life of the loans over 15 years. Future maturities of these loans receivable are as follows:

2022	\$	-
2023		-
2024		-
2025		27,334
2026		27,744
Thereafter		254,922
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Total	\$	310,000

Note 8: Long-Term Debt

Long-term debt consisted of the following at June 30:

	2021	2020
Note payable to Nicolet National Bank in monthly installments, including principal and interest at 3.75% of \$2,591, maturing August 2031, collateralized by investments and other property owned by the Organization	\$ 261,333	\$ 280,127
Less - Current maturities	21,527	20,529
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Long-term portion - Net	\$ 239,806	\$ 259,598

Required payments of principal on long-term debt at June 30, 2021, are summarized as follows:

2022	\$	21,527
2023		22,360
2024		23,204
2025		24,123
2026		25,057
Thereafter		145,062
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Total	\$	261,333

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 9: Grants Payable

Grants payable are recognized as expenses when approved. Conditional grants are recognized when the conditions upon which they depend are substantially met.

The Organizations have the following grant commitments as of June 30:

	2021	2020
Grants payable	\$ 2,623,107	\$ 3,453,180
Less - Unamortized discount	302	1,026
Grants payable - Net	2,622,805	3,452,154
Less - Current portion	2,287,973	2,586,573
Long-term portion - Net	\$ 334,832	\$ 865,581

Interest was imputed at rates between 0.04% and 0.16% for the year ended June 30, 2021, and between 0.02% and 0.16% for the year ended June 30, 2020, based on the risk-free rate of return or other appropriate interest rate in order to discount the grants payable to present value. These rates are determined at the time the grants are approved.

Grants payable beyond June 30, 2021, are as follows:

2022	\$ 2,287,973
2023	333,683
2024	1,149
2025	0
Total	\$ 2,622,805

Note 10: Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2021 and 2020:

	2021	2020
Charitable remainder interests to be received in future years, net of annuity obligation	\$ 143,370	\$ 152,402
Net assets with donor restrictions	\$ 143,370	\$ 152,402

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 11: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value.

Quoted market prices are used to determine the fair value of investments in publicly traded equity securities (common and preferred stock). Money markets and certificates of deposit are valued at amortized cost, which approximates fair value. Equity funds and fixed income funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Bonds are valued primarily by custodians based on pricing models that incorporate available trade, bid, and other market information. The fair value of alternative investments is based on the net asset value per share as a practical expedient.

Beneficial interest in charitable remainder trusts held by others and obligations to beneficiaries of split-interest agreements are measured at the present value of future cash flows considering the estimated return on the invested assets during the expected terms of the agreements, the contractual obligations under the agreement, and a discount rate based on the risks involved.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Organizations believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy at June 30, 2021 and 2020:

2021	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market securities	\$ -	\$ 2,290,545	\$ -	\$ 2,290,545
Certificates of deposit	-	53,850	-	53,850
Equities:				
U. S. equities	1,241,742	-	-	1,241,742
Bonds:				
Corporate bonds	-	1,865,314	-	1,865,314
Government and agency bonds	-	51,020	-	51,020
Equity and fixed income funds:				
Growth funds	67,088,208	-	-	67,088,208
High-yield funds	36,729,353	-	-	36,729,353
Debt funds	224,196	-	-	224,196
Income funds	527,053	-	-	527,053
Bond funds	9,884,492	-	-	9,884,492
International bonds	5,516,484	-	-	5,516,484
Treasury inflation protected	4,373,770	-	-	4,373,770
Exchange traded funds	6,527,651	-	-	6,527,651
Value funds	214,459	-	-	214,459
Real estate index fund	123,956	-	-	123,956
Investments measured at net asset value	-	-	-	9,864,286
Totals	\$ 132,451,364	\$ 4,260,729	\$ -	\$ 146,576,379

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Fair Value Measurements (Continued)

2020	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Money market securities	\$ -	\$ 1,466,078	\$ -	\$ 1,466,078
Certificates of deposit	-	80,147	-	80,147
Equities:				
U. S. equities	1,269,678	-	-	1,269,678
Foreign equities	43,571	-	-	43,571
Bonds:				
Corporate bonds	-	1,659,877	-	1,659,877
Government and agency bonds	-	169,440	-	169,440
Equity and fixed income funds:				
Growth funds	38,425,181	-	-	38,425,181
High-yield funds	33,955,777	-	-	33,955,777
Debt funds	293	-	-	293
Income funds	2,670,583	-	-	2,670,583
Bond funds	356,326	-	-	356,326
International bonds	5,250,547	-	-	5,250,547
Treasury inflation protected	201,337	-	-	201,337
Exchange traded funds	14,579,827	-	-	14,579,827
Value funds	244,326	-	-	244,326
Real estate index fund	72,091	-	-	72,091
Investments measured at net asset value	-	-	-	8,365,071
Totals	\$ 97,069,537	\$ 3,375,542	\$ -	\$ 108,810,150

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Fair Value Measurements (Continued)

Information regarding the Organizations' investments in entities that calculate net asset value per share or its equivalent for the years ended June 30, 2021 and 2020, is as follows:

2021	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice
Multistrategy:				
(a) King Street Capital, Ltd.	\$ 73,036	\$ -	Monthly	90 days
Long/short equity:				
(b) Forester Offshore, Ltd.	9,058,472	-	6/30/2021	95 days
Real estate:				
(b) Sculptor	732,778	951,179	N/A	N/A
Totals	\$ 9,864,286	\$ 951,179		
<hr/>				
2020				
Multistrategy:				
(a) King Street Capital, Ltd.	\$ 90,022	\$ -	Monthly	90 days
Long/short equity:				
(a) Forester Offshore, Ltd.	7,177,365	-	6/30/2021	95 days
Real estate:				
(b) Sculptor	1,097,684	1,000,353	N/A	N/A
Totals	\$ 8,365,071	\$ 1,000,353		

(a) Hedge funds - This class includes investments in actively managed hedge funds employing a variety of strategies, including but not limited to, multistrategy and long/short. Hedge funds have the ability to invest long and short, apply leverage, invest in derivatives, and invest in the debt or equity of public and private companies in domestic, developed, and emerging markets. Hedge funds have the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The hedge funds are audited independently to ensure compliance with financial reporting practices.

(b) Real estate funds - This class includes investments primarily in equity securities of publicly traded real estate companies operating in the United States.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Fair Value Measurements (Continued)

The following tables present the fair value of beneficial interests in charitable trusts and obligations to beneficiaries of split-interest agreements reflected in the consolidated statements of financial position as of June 30, 2021 and 2020:

2021	Fair Value Measurements Using			Total Assets/ Liabilities at Fair Value
	Level 1	Level 2	Level 3	
Assets - Beneficial interest in charitable remainder trusts	\$ -	\$ 146,012	\$ -	\$ 146,012
Liabilities - To beneficiaries from split-interest agreements	-	2,642	-	2,642
2020				
Assets - Beneficial interest in charitable remainder trusts	\$ -	\$ 156,144	\$ -	\$ 156,144
Liabilities - To beneficiaries from split-interest agreements	-	3,742	-	3,742

There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2021 and 2020.

Note 12: Commitments

Effective August 31, 2017, the Organizations entered into a control agreement and acknowledgement of pledge and security interest with Bank First National and a current agency fund owner. This agreement stipulates Bank First National was granted a security interest in an endowment fund held at Oshkosh Area Community Foundation Corporation. Distributions from this fund are restricted and limited to \$375,000 per calendar year until the lender notifies the Organizations otherwise.

Oshkosh Area Community Foundation Corporation and Affiliate

Notes to Consolidated Financial Statements

Note 13: Prior Period Adjustment - Net Asset Classification

During a previous fiscal year, the Foundation received a gift from a private donor that was incorrectly classified as an agency fund. Net assets at July 1, 2019, have been restated to correct for this classification error. \$639,033 was reclassified from due to specified beneficiaries - agency funds to designated net assets without donor restrictions. The total effect on the financial statement line items for the year ended June 30, 2020, is as follows:

	Prior to Restatement	Restatement	After Restatement
Net assets - July 1, 2019	\$ 75,752,547	\$ 639,033	\$ 76,391,580
Net assets - June 30, 2020	74,723,456	639,033	75,362,489
Due to specified beneficiaries - Agency funds	38,331,828	(639,033)	37,692,795