

# Oshkosh Area Community Foundation Corporation and Affiliate

Consolidated Financial Statements

Years Ended June 30, 2023 and 2022



**WIPFLI**

## **Independent Auditor's Report**

Board of Directors  
Oshkosh Area Community Foundation Corporation  
Oshkosh, Wisconsin

### ***Opinion***

We have audited the accompanying consolidated financial statements of Oshkosh Area Community Foundation Corporation and Affiliate (the "Foundation"), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oshkosh Area Community Foundation Corporation and Affiliate as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Oshkosh Area Community Foundation Corporation and Affiliate 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oshkosh Area Community Foundation Corporation and Affiliate's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Oshkosh Area Community Foundation Corporation and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oshkosh Area Community Foundation Corporation and Affiliate'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.



Wipfli LLP

September 20, 2023  
Green Bay, Wisconsin

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Financial Position

June 30, 2023 and 2022

<i>Assets</i>	<b>2023</b>	<b>2022</b>
Current assets:		
Cash and cash equivalents	\$ 5,173,252	\$ 3,791,099
Accrued investment income	108,440	143,709
Prepaid expenses and other	200,204	434,994
<b>Total current assets</b>	<b>5,481,896</b>	<b>4,369,802</b>
Investments	146,263,083	135,287,028
Property and equipment - Net	2,645,842	2,707,833
Other assets:		
Loans receivable	321,739	317,102
<b>Total other assets</b>	<b>321,739</b>	<b>317,102</b>
<b>TOTAL ASSETS</b>	<b>\$ 154,712,560</b>	<b>\$ 142,681,765</b>

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Financial Position (Continued)

June 30, 2023 and 2022

<i>Liabilities and Net Assets</i>	<b>2023</b>	<b>2022</b>
Current liabilities:		
Current maturities of long-term debt	\$ 23,204	\$ 22,360
Grants payable, current portion	1,762,998	2,209,738
Accounts payable	345,842	111,311
Obligation under split-interest agreements	442	1,542
Due to specified beneficiaries - Agency funds	47,455,008	43,427,356
Total current liabilities	49,587,494	45,772,307
Long-term liabilities:		
Long-term debt	1,954,244	1,977,447
Grants payable - Net	461,464	599,986
Total long-term liabilities	2,415,708	2,577,433
Total liabilities	52,003,202	48,349,740
Net assets:		
Without donor restrictions:		
Donor designated:		
Scholarship funds	21,296,753	19,274,291
Acorn funds	469,174	398,253
Field of interest funds	18,124,172	16,438,891
Donor-advised funds	19,998,429	19,546,621
Designated funds	28,602,751	24,402,324
Undesignated	14,218,079	14,271,645
Total without donor restrictions	102,709,358	94,332,025
Total net assets	102,709,358	94,332,025
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 154,712,560</b>	<b>\$ 142,681,765</b>

See accompanying notes to consolidated financial statements.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 8,687,848	\$ 0	\$ 8,687,848
Investment income - Net	9,284,720	0	9,284,720
Other income	233,838	0	233,838
<b>Total support and revenue</b>	<b>18,206,406</b>	<b>0</b>	<b>18,206,406</b>
Expenses:			
Program services	8,621,348	0	8,621,348
Fund development	295,129	0	295,129
Management and general	912,596	0	912,596
<b>Total expenses</b>	<b>9,829,073</b>	<b>0</b>	<b>9,829,073</b>
Change in net assets	8,377,333	0	8,377,333
Net assets at beginning	94,332,025	0	94,332,025
<b>Net assets at end</b>	<b>\$ 102,709,358</b>	<b>\$ 0</b>	<b>\$ 102,709,358</b>

See accompanying notes to consolidated financial statements.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Activities (Continued)

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 13,261,869	\$ 2,642	\$ 13,264,511
Investment loss - Net	(12,068,828)	0	(12,068,828)
Other income	244,497	0	244,497
Net assets released from restrictions	146,012	(146,012)	0
<b>Total support and revenue</b>	<b>1,583,550</b>	<b>(143,370)</b>	<b>1,440,180</b>
Expenses:			
Program services	8,140,699	0	8,140,699
Fund development	289,232	0	289,232
Management and general	748,242	0	748,242
<b>Total expenses</b>	<b>9,178,173</b>	<b>0</b>	<b>9,178,173</b>
Change in net assets	(7,594,623)	(143,370)	(7,737,993)
Net assets at beginning	101,926,648	143,370	102,070,018
<b>Net assets at end</b>	<b>\$ 94,332,025</b>	<b>\$ 0</b>	<b>\$ 94,332,025</b>

See accompanying notes to consolidated financial statements.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Functional Expenses

Year Ended June 30, 2023

	Program Services	Fund Development	Management and General	Total
Grants and scholarships	\$ 7,200,772	\$ 0	\$ 0	\$ 7,200,772
Program distributions	1,153,374	0	0	1,153,374
Salaries	154,838	193,549	436,093	784,480
Payroll taxes	10,920	13,651	30,757	55,328
Employee benefits	8,133	9,171	110,998	128,302
Insurance	5,088	4,938	11,351	21,377
Occupancy	8,646	8,392	19,290	36,328
Telephone	2,546	2,471	5,681	10,698
Membership dues	470	155	20,245	20,870
Publications	12,163	3,671	14,936	30,770
Postage	3,264	681	4,903	8,848
Travel and entertainment	976	7,081	263	8,320
Conferences and education	0	0	13,574	13,574
Supplies	1,984	1,925	4,426	8,335
Professional fees	20,975	0	116,889	137,864
Depreciation	15,124	14,679	33,743	63,546
Marketing	11,809	24,801	66,542	103,152
Miscellaneous	10,266	9,964	22,905	43,135
<b>Total expenses</b>	<b>\$ 8,621,348</b>	<b>\$ 295,129</b>	<b>\$ 912,596</b>	<b>\$ 9,829,073</b>

See accompanying notes to consolidated financial statements.



# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Functional Expenses (Continued)

Year Ended June 30, 2022

	Program Services	Fund Development	Management and General	Total
Grants and scholarships	\$ 6,052,745	\$ 0	\$ 0	\$ 6,052,745
Program distributions	1,848,050	0	0	1,848,050
Salaries	143,712	172,181	365,479	681,372
Payroll taxes	10,545	12,635	26,819	49,999
Employee benefits	7,505	8,287	87,938	103,730
Insurance	4,734	3,588	10,463	18,785
Occupancy	8,480	6,428	18,745	33,653
Telephone	1,547	1,173	3,420	6,140
Membership dues	286	289	21,420	21,995
Publications	7,953	2,694	10,854	21,501
Postage	3,153	938	7,303	11,394
Travel and entertainment	1,175	2,885	406	4,466
Conferences and education	0	3,300	997	4,297
Supplies	3,826	2,900	8,458	15,184
Professional fees	9,063	0	96,801	105,864
Depreciation	13,109	9,936	28,974	52,019
Marketing	18,675	57,344	46,595	122,614
Miscellaneous	6,141	4,654	13,570	24,365
<b>Total expenses</b>	<b>\$ 8,140,699</b>	<b>\$ 289,232</b>	<b>\$ 748,242</b>	<b>\$ 9,178,173</b>

See accompanying notes to consolidated financial statements.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 8,377,333	\$ (7,737,993)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	63,546	52,019
Loss on disposal of property and equipment	2,411	0
Net realized and unrealized (gain) loss on investments	(6,999,476)	13,959,133
Accrued interest added to loans receivable	(4,637)	(4,486)
Changes in beneficial interest in charitable remainder trusts	0	146,012
Changes in operating assets and liabilities:		
Accrued investment income	35,269	(87,525)
Prepaid expenses and other	234,790	(258,727)
Accounts payable	234,531	36,291
Grants payable	(585,262)	186,919
Obligation under split-interest agreements	(1,100)	(1,100)
Due to specified beneficiaries - Agency funds	(332,598)	(306,497)
Total adjustments	(7,352,526)	13,722,039
Net cash flows from operating activities	1,024,807	5,984,046
Cash flows from investing activities:		
Purchases of property and equipment	(3,966)	(441,150)
Collection of loans receivable	0	914,731
Proceeds from sale of investments	32,593,387	25,120,661
Purchases of investments	(32,209,716)	(33,231,046)
Net cash flows from investing activities	379,705	(7,636,804)
Net cash flow from financing activities - Payments on long-term debt	(22,359)	(21,526)
Change in cash and cash equivalents	1,382,153	(1,674,284)
Cash and cash equivalents at beginning	3,791,099	5,465,383
Cash and cash equivalents at end	\$ 5,173,252	\$ 3,791,099

# Oshkosh Area Community Foundation Corporation and Affiliate

## Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022

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	2023	2022
<b>Supplemental cash flow information:</b>		
Interest paid and expensed	\$ 8,672	\$ 9,508
Change in due to specified beneficiaries - Agency funds - Due to unrealized investment gains	4,360,250	5,440,603
<b>Noncash financing activity:</b>		
Debt incurred to purchase building	\$ 0	\$ 1,760,000

See accompanying notes to consolidated financial statements.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

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### 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 of America (GAAP) for the nonprofit industry. Net assets and revenue, 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

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### **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 recordkeeping 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 which 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 statements of financial position at June 30, 2023 and 2022. Management assesses 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

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

#### **Loan 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, which approximate 5 to 10 years for furniture and equipment, and 15 to 40 years for building and building improvements.

#### **Revenue Recognition**

Contributions are recognized as revenue when received or unconditionally promised. 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 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.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

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### **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 consolidated 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 for 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 statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organizations have segregated their 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 20, 2023, which is the date the consolidated financial statements were available to be issued.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

### Note 2: Liquidity and Availability of Financial Resources

Financial assets within one year of statements of financial position date, without donor or other restrictions limiting their use, consisted of the following as of June 30:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 5,173,252	\$ 3,791,099
Accrued investment income	108,440	143,709
Investments	146,263,083	135,287,028
Other assets	8,902	163,593
<hr/>		
Subtotal financial resources available	151,553,677	139,385,429
Less:		
Due to specified beneficiaries - Agency funds	(47,455,008)	(43,427,356)
Cash designated for payment of current grants	(1,762,998)	(2,209,738)
Donor or otherwise designated net assets	(88,491,279)	(80,060,380)
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<b>Total financial resources available without donor restrictions or designations</b>	<b>\$ 13,844,392</b>	<b>\$ 13,687,955</b>

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 and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$939,675 and \$669,381 as of June 30, 2023 and 2022, respectively, and is included in investments on the statements 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 2024 or 2023, 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 that 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:

	<b>2023</b>	<b>2022</b>
Money market funds	\$ 4,269,908	\$ 3,344,925
Common and preferred stock	95,770	1,134,039
Bonds	2,385,537	1,689,579
Equity and fixed-income funds	139,016,189	127,688,449
Real estate funds	495,679	456,195
Hedge funds	0	973,841
<b>Total investments</b>	<b>\$ 146,263,083</b>	<b>\$ 135,287,028</b>

The Organizations' investments include interest in several alternative investments. These alternative investments consist primarily 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 were as follows:

	<b>2023</b>	<b>2022</b>
Interest and dividends	\$ 2,562,502	\$ 2,175,568
Investment management fees	(256,593)	(285,263)
Net realized gain on investments	665,837	1,838,881
Net unrealized gain (loss) on investments	6,312,974	(15,798,014)
<b>Total investment income (loss)</b>	<b>\$ 9,284,720</b>	<b>\$ (12,068,828)</b>

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.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

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### 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, 2023 and 2022, was 4.5% for unrestricted and field of interest funds. This percentage is at the discretion of the Investment 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 their 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.

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.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

### Note 5: Endowments (Continued)

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:

	<b>2023</b>	<b>2022</b>
Endowment net assets at beginning	\$ 24,726,948	\$ 27,006,978
Investment return:		
Interest and dividends	659,725	573,970
Net appreciation (depreciation)	1,955,901	(3,666,281)
Total investment return	2,615,626	(3,092,311)
Contributions	451,648	2,124,848
Fund transfer	15,255	0
Less:		
Assets appropriated for expenditure	657,515	812,420
Administrative fees	467,721	500,147
Endowment net assets at end	\$ 26,684,241	\$ 24,726,948

### Note 6: Property and Equipment

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

	<b>2023</b>	<b>2022</b>
Land	\$ 654,000	\$ 654,000
Buildings and building improvements	2,326,363	2,326,363
Furniture and equipment	63,209	113,993
Total property and equipment	3,043,572	3,094,356
Less - Accumulated depreciation	397,730	386,523
Property and equipment - Net	\$ 2,645,842	\$ 2,707,833

# 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:

	<b>2023</b>	<b>2022</b>
Loan 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 including principal and interest of \$32,186 are made through maturity in 2034. The outstanding balance includes accrued interest.	\$ 321,739	\$ 317,102
Subtotal loans receivable plus accrued interest	321,739	317,102
Less accrued interest	11,739	7,102
Total loans receivable	\$ 310,000	\$ 310,000

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 their portfolio.

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:

2024	\$	0
2025		27,324
2026		27,734
2027		28,150
2028		28,573
Thereafter		198,219
Total	\$	310,000

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

### Note 8: Long-Term Debt

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

	<b>2023</b>	<b>2022</b>
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 Organizations.	\$ 217,448	\$ 239,807
Note payable at 0% interest to Community First Credit Union with balloon payment of principal on November 4, 2024, collateralized by the building.	1,760,000	1,760,000
Subtotals	1,977,448	1,999,807
Less - Current maturities	23,204	22,360
Long-term portion - Net	\$ 1,954,244	\$ 1,977,447

Required payments of principal on long-term debt at June 30, 2023, are summarized as follows:

2024	\$	23,204
2025		1,784,123
2026		25,057
2027		26,026
2028		27,023
Thereafter		92,015
Total	\$	1,977,448

# 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 on which they depend are substantially met.

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

	<b>2023</b>	<b>2022</b>
Grants payable	\$ 2,248,498	\$ 2,822,212
Less - Unamortized discount	24,036	12,488
Grants payable - Net	2,224,462	2,809,724
Less - Current portion	1,762,998	2,209,738
Long-term portion - Net	\$ 461,464	\$ 599,986

Interest was imputed at rates between 1.49% and 5.16% for the year ended June 30, 2023, and between 0.04% and 1.49% for the year ended June 30, 2022, based on the risk-free rate of return or other appropriate interest rate to discount the grants payable to present value. These rates are determined at the time the grants are approved.

Grants payable beyond June 30, 2023, are as follows:

2024	\$ 1,762,998	
2025		244,196
2026		217,268
Total	\$ 2,224,462	

### Note 10: 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 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.

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

### Note 10: Fair Value Measurements (Continued)

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.

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:

<b>2023</b>	<b>Fair Value Measurements Using</b>			<b>Total Assets at Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Money market securities	\$ 0	\$ 4,269,908	\$ 0	\$ 4,269,908
Equities	95,770	0	0	95,770
Bonds	0	2,385,537	0	2,385,537
Equity and fixed-income funds	139,016,189	0	0	139,016,189
Investments measured at net asset value	0	0	0	495,679
<b>Totals</b>	<b>\$ 139,111,959</b>	<b>\$ 6,655,445</b>	<b>\$ 0</b>	<b>\$ 146,263,083</b>

<b>2022</b>	<b>Fair Value Measurements Using</b>			<b>Total Assets at Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Money market securities	\$ 0	\$ 3,344,925	\$ 0	\$ 3,344,925
Equities	1,134,039	0	0	1,134,039
Bonds	0	1,689,579	0	1,689,579
Equity and fixed-income funds	127,688,449	0	0	127,688,449
Investments measured at net asset value	0	0	0	1,430,036
<b>Totals</b>	<b>\$ 128,822,488</b>	<b>\$ 5,034,504</b>	<b>\$ 0</b>	<b>\$ 135,287,028</b>

# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

### Note 10: 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, is as follows:

2023	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice
Multistrategy:				
(a) King Street Capital, Ltd.	\$ 36,875	\$ 0	Monthly	90 days
Long/short equity:				
(a) Forester Offshore, Ltd.	0	0	6/30/2022	95 days
Real estate:				
(b) Sculptor	458,804	0	N/A	N/A
<b>Totals</b>	<b>\$ 495,679</b>	<b>\$ 0</b>		
<hr/>				
<b>2022</b>				
Multistrategy:				
(a) King Street Capital, Ltd.	\$ 66,064	\$ 0	Monthly	90 days
Long/short equity:				
(a) Forester Offshore, Ltd.	907,777	0	6/30/2022	95 days
Real estate:				
(b) Sculptor	456,195	0	N/A	N/A
<b>Totals</b>	<b>\$ 1,430,036</b>	<b>\$ 0</b>		

- (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. Note that in July of 2022, the Forester Offshore, Ltd. balance was disbursed and invested in the main pool.
- (b) Real estate funds - This class includes investments primarily in equity securities of publicly traded real estate companies operating in the United States. The time period for new investments has expired; however, if a need occurs related to one of the real estate funds existing investments then Sculptor has the ability to make another call. The last call related to this fund was September 22, 2022.



# Oshkosh Area Community Foundation Corporation and Affiliate

## Notes to Consolidated Financial Statements

### Note 10: 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:

2023	Fair Value Measurements Using			Total Assets/ Liabilities at Fair Value
	Level 1	Level 2	Level 3	
Liabilities - To beneficiaries from split-interest agreements	\$ 0	\$ 442	\$ 0	\$ 442
2022				
Liabilities - To beneficiaries from split-interest agreements	\$ 0	\$ 1,542	\$ 0	\$ 1,542

There were no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2023 and 2022.

### Note 11: 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.

### Note 12: Major Donor

Contributions included approximately \$1,565,224 (18% of contribution revenue) and \$4,354,567 (33% of contribution revenue) from major donors for the years ended June 30, 2023 and 2022 respectively.