Madison Community Foundation and Supporting Organizations

Consolidated Financial Statements

December 31, 2024 and 2023

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Independent Auditors' Report

To the Board of Governors of
Madison Community Foundation and Supporting Organizations

Opinion

We have audited the consolidated financial statements of Madison Community Foundation and Supporting Organizations (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities 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 present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Madison, Wisconsin
April 3, 2025

Madison Community Foundation and Supporting Organizations

Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 35,200,631	$ 26,929,442
Certificates of deposit	5,502,000	5,502,000
Interest and dividends receivable	320,112	516,644
Contributions receivable	2,500,000	-
Prepaid expenses	23,427	26,859
Beneficial interest in charitable lead annuity trust	322,613	408,930
Property, furnishings and equipment, at cost (less accumulated depreciation of $583,358 in 2024 and $604,423 in 2023)	114,566	146,010
Operating lease right-of-use asset	1,515,745	448,243
Cash value of life insurance	57,986	57,064
Other assets	1,573,733	1,274,680
Investments	412,675,755	365,012,272
Note receivable	202,507	-
Total assets	$ 460,009,075	$ 400,322,144
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 112,588	$ 29,174
Accrued expenses	122,581	33,243
Gift annuity liability	1,163,135	1,120,576
Funds held for other organizations for agency endowments	38,586,441	35,042,455
Grant commitments	630,000	1,066,650
Operating lease liability	1,580,560	503,313
Deferred compensation	174,505	140,948
Total liabilities	42,369,810	37,936,359
Net Assets		
Net assets without donor restrictions	414,816,652	361,976,855
Net assets with donor restrictions	2,822,613	408,930
Total net assets	417,639,265	362,385,785
Total liabilities and net assets	$ 460,009,075	$ 400,322,144

See notes to consolidated financial statements

Madison Community Foundation and Supporting Organizations

Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Total contributions	$ 40,478,180	$ 2,509,296	$ 42,987,476	$ 9,467,972	$ 11,215	$ 9,479,187
Less amounts received for agency endowments	(1,691,801)	-	(1,691,801)	(1,000,103)	-	(1,000,103)
Contributions	38,786,379	2,509,296	41,295,675	8,467,869	11,215	8,479,084
Total investment return net of expenses	40,841,666	-	40,841,666	46,355,747	-	46,355,747
Less investment return from agency endowments	(3,437,880)	-	(3,437,880)	(3,336,565)	-	(3,336,565)
Investment return	37,403,786	-	37,403,786	43,019,182	-	43,019,182
Other income related to agency endowments	303,231	-	303,231	281,993	-	281,993
Net assets released from restrictions	95,613	(95,613)	-	95,613	(95,613)	-
Total revenues, gains and other support	76,589,009	2,413,683	79,002,692	51,864,657	(84,398)	51,780,259
Expenses						
Grants	21,898,186	-	21,898,186	13,466,655	-	13,466,655
Less grants made from agency endowments	(1,202,464)	-	(1,202,464)	(944,584)	-	(944,584)
Grants	20,695,722	-	20,695,722	12,522,071	-	12,522,071
Personnel	2,121,768	-	2,121,768	1,970,858	-	1,970,858
Professional development	43,377	-	43,377	45,099	-	45,099
Office facilities and equipment	199,712	-	199,712	181,649	-	181,649
Office operations	175,717	-	175,717	128,842	-	128,842
Professional fees and dues	265,540	-	265,540	240,741	-	240,741
Communications and marketing	150,079	-	150,079	126,331	-	126,331
Meetings, events and travel	97,297	-	97,297	58,489	-	58,489
Total expenses	23,749,212	-	23,749,212	15,274,080	-	15,274,080
Change in net assets	52,839,797	2,413,683	55,253,480	36,590,577	(84,398)	36,506,179
Net Assets, Beginning	361,976,855	408,930	362,385,785	325,386,278	493,328	325,879,606
Net Assets, Ending	$ 414,816,652	$ 2,822,613	$ 417,639,265	$ 361,976,855	$ 408,930	$ 362,385,785

See notes to consolidated financial statements

Madison Community Foundation and Supporting Organizations

Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ 55,253,480	$ 36,506,179
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	42,844	45,252
Realized and unrealized gains on investments	(35,400,084)	(38,382,302)
Beneficial interest in charitable lead annuity trust	86,317	84,398
Lease costs	9,745	(4,311)
Increase in cash value of life insurance	(922)	(1,121)
Noncash contributions - investments	(18,245,063)	-
Changes in assets and liabilities:		
Interest and dividends receivable	196,532	(239,952)
Contributions receivable	(2,500,000)	-
Prepaid expenses	3,432	5,879
Other assets	(299,053)	(1,274,680)
Accounts payable	83,414	(20,965)
Accrued expenses	89,338	(44)
Gift annuity liability	42,559	32,030
Funds held for other organizations for agency endowments	3,543,986	2,960,092
Grant commitments	(436,650)	182,500
Deferred compensation	33,557	7,546
Net cash flows from operating activities	2,503,432	(99,499)
Cash Flows From Investing Activities		
Purchases of property, furnishings and equipment	(11,400)	(5,740)
Note receivable granted	(202,507)	-
Proceeds from sales and maturities of investments	74,454,726	106,304,716
Purchases of investments	(68,473,062)	(107,453,158)
Purchase of certificates of deposit	-	(3,750,000)
Net cash flows from investing activities	5,767,757	(4,904,182)
Net change in cash and cash equivalents	8,271,189	(5,003,681)
Cash and Cash Equivalents, Beginning	26,929,442	31,933,123
Cash and Cash Equivalents, Ending	$ 35,200,631	$ 26,929,442
Noncash Investing Activities		
Operating lease right-of-use asset obtained through operating lease liability	$ 1,178,507	$ -
Contributed investments received	$ 18,245,063	-

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

Madison Community Foundation works with individuals, nonprofits, businesses and other organizations in philanthropy to advance a more vibrant and equitable community.

The activities of the Madison Community Foundation include the creation of charitable endowment funds, the investment and management of those funds and the distribution of grants to charitable entities, primarily in the metropolitan area of Madison, Wisconsin.

In 2024, Madison Community Foundation received a $5,000,000 commitment from the Irwin A. and Robert D. Goodman Foundation to establish a local nonprofit resource center. The center will address a critical gap in professional services for nonprofits and will be housed at Madison Community Foundation's office in downtown Madison. Programming is set to begin in fall 2025.

Basis of Presentation

The consolidated financial statements include the accounts of Madison Community Foundation and the following supporting organizations, collectively referred to as the Foundation:

- Colony Brands Foundation, Inc.
- Everything's Possible Foundation, Inc.

The Foundation has both an economic interest in the supporting organizations and control of the supporting organizations through the appointment of the majority of the members, voting control of their governing boards or through other means. This provides the basis for consolidation of the organizations' financial statements. All inter-organizational transactions and accounts have been eliminated.

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the period incurred.

Use of Estimates

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

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value due to the short maturities of these instruments.

Certificates of Deposit

Certificates of deposit, which have maturities longer than three months from the original acquisition date, are not considered to be cash equivalents and are reflected separately on the consolidated statements of financial position. Certificates of deposit are reflected in the consolidated financial statements at cost, which approximates fair value due to the short-term nature of the certificates.

Interest Receivable

The Foundation has elected to not measure an allowance for credit losses on accrued interest for debt securities based on its policy to write off uncollectible interest in a timely manner based solely on management's evaluation of the ability of the security issuer, and any relevant entities, to continue making contractual payments. Such write-offs are recognized as a reduction of interest income. Accrued interest receivable for the securities portfolio is included within Interest and Dividends Receivable in the consolidated statements of financial position.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost adjusted by observable price changes or, if donated, at fair value at the date of donation or if no value can be estimated, at a nominal value. The Foundation records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the consolidated statements of activities net of internal and external investment expenses as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investment securities are exposed to the risk of market volatility. Due to this risk, it is possible that changes in the fair values of investment securities will occur in the near term and that those changes could materially affect the amounts reported in the consolidated statements of financial position.

Property, Furnishings and Equipment

The Foundation follows the practice of capitalizing all expenditures for property, furnishings and equipment in excess of $2,500. Furniture and fixtures are depreciated by the straight-line method over the estimated useful lives of the related assets which range from 3 to 7 years. Leasehold improvements are depreciated by the straight-line method over the remaining term of the lease.

Contributions

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

Contributions Receivable

Contribution receivable of $2,500,000 is from one donor and is expected to be received in one year or less as of December 31, 2024.The Foundation determined that no allowance or discount was necessary as of December 31, 2024.

Note Receivable

The Foundation entered into an impact investing agreement with a local financial institution in 2024, resulting in a note receivable stated at unpaid principal balance plus accrued interest. The note receivable has a variable interest rate with accrued interest and principal due to the Foundation in September 2029. The Foundation has reviewed the collectability of the receivable, including past experience, adverse situations that may affect the borrower's ability to repay and current economic conditions. Management has concluded no allowance is necessary as of December 31, 2024.

Other Assets and Grant Commitments

Other assets include grant commitments that were paid but deemed conditional due to the grants having a right of return and a barrier.

Grants made from funds without donor restrictions, including field of interest funds, are approved by the Board of Governors on a semi-annual basis and are reported as expenses of the Foundation when any conditions have been met. Grant commitments as of December 31, 2024 are payable in 2025.

Beneficial Interest in Charitable Lead Annuity Trust

The Foundation is a specified beneficiary of assets held by a third-party trustee and has recorded its beneficial interest in these assets. Assets to be received under the beneficial interest were recorded at their fair value. The discount rate used to estimate the fair value was 2.25% at December 31, 2024 and 2023.

Board Designated Net Assets

The Foundation's Board of Governors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Governors at any time. The Foundation's Board of Governors has designated amounts for an administrative endowment.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for general use and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions contingent upon specific performance of a future event, a specific passage of time or required to be held in perpetuity.

Net assets with donor restrictions at December 31, 2024 and 2023 represent the fair value of a contribution receivable and the beneficial interest in a charitable lead annuity trust. Fixed annuity payments will be received from the charitable lead annuity trust. In accordance with current authoritative guidance, future payments are reported as restricted net assets. When annuity and contribution payments are collected, the restrictions will have been met and net assets with donor restrictions are released from restrictions and reclassified to net assets without donor restrictions.

Generally, contributions made to the Foundation are recorded as contributions without donor restrictions and are free of donor-imposed restrictions. The Trust Agreement of the Foundation includes a variance provision and powers of modification giving the Board of Governors the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations if in the sole judgment of the Board of Governors such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community.

Notwithstanding the net assets without donor restrictions classification, the Foundation consistently follows the policy of respecting donors' grant making preferences.

The Foundation's component funds, which have been combined for presentation purposes, are of various types reflecting the purposes of the donors who have contributed to them and are described as follows:

Undesignated Funds: Undesignated funds are those without donor restrictions over which the Board has full discretion in making distributions for charitable purposes to meet community needs.

Community Impact (CI) Funds: CI funds are those without donor restrictions over which the Board has full discretion in making distributions for charitable purposes to meet community needs.

Field of Interest (FOI) Funds: FOI funds are funds without donor restrictions used at the Board's discretion to meet a general field of charitable need specified by the donor.

Donor-Designated Funds: Donor-designated funds are funds where the donor has designated an agency or institution for which support will be provided and are classified as without donor restrictions by virtue of the variance power of the Foundation Board.

Donor-Advised Funds: Donor-advised funds are funds without donor restrictions for which the donor has reserved the right to make nonbinding distribution recommendations to the Board of Governors.

Administrative Endowment Funds: Administrative endowment funds are funds established by the Board of Governors to support the annual operating budget and provide a source of funding for extraordinary or nonrecurring operating expenses.

Net assets without donor restrictions consist of the following at December 31:

	2024	2023
Undesignated	$ 4,671,862	$ 4,101,872
Community impact	33,905,228	31,821,433
Field of interest	41,307,615	37,744,300
Donor-designated	119,023,902	109,151,145
Donor-advised	92,356,862	63,289,341
Administrative endowment	12,689,124	10,931,037
Supporting organizations, undesignated	110,862,059	104,937,727
Total	$ 414,816,652	$ 361,976,855

Administrative Support Fee

The Foundation assesses an administrative support fee on each fund held within the Foundation. The fee is collected at the end of each month, based on the prior month-end fair value of the fund. Fees from component funds are eliminated in the consolidated financial statements. The administrative fee charged to the agency endowments is shown as other income related to agency endowments.

Income Tax Status

The Foundation has received a determination letter from the Internal Revenue Service, classifying the Foundation as a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The Foundation is a tax-exempt community trust which is further classified as a public charity and is eligible to receive tax deductible charitable donations. The supporting organizations are also tax-exempt organizations under Internal Revenue Code Section 501(c)(3).

Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

Related-Party Transactions

The Foundation has conflict of interest and duality of interest policies designed to avoid any conflict between Board members and staff personnel and their own individual interests and the interests of the Foundation. Board members and staff personnel must advise the Board and management of any direct or indirect interest in any transaction or relationship with the Foundation. Board members must abstain from voting for the approval or denial of any grants or expenditures that affect their individual, professional or business interests.

2. Fair Value of Financial Instruments

In accordance with current authoritative accounting guidance, the Foundation discloses and recognizes the fair value of its assets using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of fair value hierarchy as follows:

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

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

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

An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does correspond to the Foundation's perceived risk of that investment.

As permitted under current authoritative guidance, equity, bond, hedge and real asset funds and limited partnerships for which fair value is measured using net asset value (NAV) per share or its equivalent as a practical expedient have not been categorized within the fair value hierarchy.

The tables below present the balances of investments measured at fair value on a recurring basis as of December 31:

	2024			
	Total	Level 1	Level 2	Level 3
Mutual fund securities	$ 66,713,637	$ 66,713,637	$ -	$ -
Marketable equity securities	78,092,872	78,092,872	-	-
Marketable debt securities	2,910,892	-	2,910,892	-
Total	147,717,401	$ 144,806,509	$ 2,910,892	$ -
Investments valued at NAV:				
Equity funds	100,391,179			
Bond funds	47,230,439			
Real asset funds	4,447,176			
Hedge funds	26,546,948			
Limited partnerships	86,342,612			
Total investments	$ 412,675,755			

	2023			
	Total	Level 1	Level 2	Level 3
Mutual fund securities	$ 51,501,408	$ 51,501,408	$ -	$ -
Marketable equity securities	70,481,211	70,481,211	-	-
Marketable debt securities	2,684,561	-	2,684,561	-
Total	124,667,180	$ 121,982,619	$ 2,684,561	$ -
Investments valued at NAV:				
Equity funds	92,860,132			
Bond funds	44,298,215			
Real asset funds	2,003,341			
Hedge funds	24,279,754			
Limited partnerships	76,903,650			
Total investments	$ 365,012,272			

The beneficial interest in charitable lead annuity trust where the Foundation is not the trustee but is named as a specified beneficiary is considered a Level 3 item as the valuation is based on significant unobservable inputs that are not corroborated by market data. The fair value of the beneficial interest in charitable lead annuity trust is based on the present value of the future cash flows expected to be received based on an appropriate discount rate.

The Foundation received a contribution of a beneficial interest in charitable lead annuity trust of $744,647 during the year ended December 31, 2019. The Foundation received $95,613 from the beneficial interest in charitable lead annuity trust during the years ended December 31, 2024 and 2023.

Valuation is the responsibility of the Foundation's management, which reports financial results and valuation changes to the Board of Governors on a quarterly basis. Management relies on the investment custodian and investment managers to provide valuation and pricing data for most classes of investments. The investment managers provide reports to management each month and to the Foundation's Investment Committee each quarter. Investment performance results and summaries are also reported to the Board of Governors after each quarterly Investment Committee meeting. Management evaluates pricing information provided by the investment managers through various processes: including comparison to public market data; purchases or sales of assets at the reported values; back testing with reference to reported and market performance data; review of audited financial statements and net asset values of fund holdings; and review of tax filings provided by fund managers.

The following methods were used to estimate the fair value of each class of financial instrument:

Mutual Fund Securities and Marketable Equity Securities: These securities consist entirely of publicly-traded securities that are priced by an investment manager or custodian with reference to available quotations for identical assets. Management is able to verify the pricing by referencing publicly available market data.

Marketable Debt Securities: Many fixed income securities do not trade on a daily basis so, in the absence of available quotations for identical assets, must be valued using other methods. These securities are valued by the investment custodian through the use of outside pricing services. Such services employ pricing models and applications incorporating inputs such as: security quality, cash flow, maturity and coupon, supplemental research and evaluation and review of recent broker-dealer market price quotations for similar securities.

Investments valued at NAV:

Equity Funds, Bond Funds and Real Asset Funds: These funds hold traded securities priced by independent sources. The investment manager provides a high level of transparency into the holdings of the funds, which provides the basis for the NAV calculation for each fund. The NAV is used to provide the valuation for these funds. The Foundation and the investment manager have had investments into and redemptions out of these funds at the NAV price on a regular basis throughout the year.

Hedge Funds: The Foundation uses the reported NAV of its shares in these funds as a practical expedient to determine the fair value of this class of investments. The Foundation and investment manager can document investments into and redemptions out of these funds, at the reported NAV, at various times throughout the year. However, transparency is not provided into these funds or to the underlying assets on which the NAV is based.

Limited Partnerships: These partnerships invest primarily in other limited partnerships formed for the purpose of making investments in underlying companies. These investments do not have the liquidity to provide for regular observable redemption activity. They also do not provide transparency into the underlying holdings of the funds. The inputs in the valuation of these funds are unobservable. The Foundation uses the capital balances of its interests in these partnerships as a practical expedient to determine the fair value of these funds. The capital balance represents the Foundation's proportionate share of its percentage of the capital of the partnerships as reported by their general partners. Due to a one quarter lag in reporting results, most partnerships are valued as of September 30 adjusted by cash flows that occurred from the valuation date to December 31. The difference is not considered to be material.

3. Investments

The following summarizes the Foundation's investments at December 31:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Equity funds	$ 100,391,179	$ 45,882,271	$ 92,860,132	$ 48,814,835
Bond funds	47,230,439	45,364,641	44,298,215	43,684,756
Real asset funds	4,447,176	3,935,153	2,003,341	1,861,654
Mutual fund securities	66,713,637	57,634,551	51,501,408	49,042,373
Marketable equity securities	78,092,872	59,766,735	70,481,211	58,612,445
Marketable debt securities	2,910,892	3,040,366	2,684,561	2,767,929
Hedge funds	26,546,948	21,812,071	24,279,754	21,820,287
Limited partnerships	86,342,612	71,718,428	76,903,650	63,187,264
Total	$ 412,675,755	$ 309,154,216	$ 365,012,272	$ 289,791,543

The Foundation's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the global equity, fixed-income, real asset and private equity markets. This strategy provides the Foundation with a long-term asset mix that is most likely to meet the Foundation's long-term return goals with the appropriate level of risk.

The investments valued at NAV were entered into to diversify the Foundation's portfolio. The Foundation's management, the Investment Committee of the Board of Governors and the Foundation's external investment consultants review reports provided by general partners. The Foundation's external investment consultants attend meetings of the various general partners in order to evaluate the risk associated with these investments. In addition, the Foundation monitors its portfolio mix to ensure that it is in accordance with Board policy. For all of the alternative investments, the Foundation utilizes funds of funds to diversify the risk inherent in such investments.

The following provides additional information about the attributes of certain investments which do not have daily liquidity.

	Investment Objective	Unfunded Commitments at December 31, 2024	Redemption Frequency	Redemption Notice Period
Equity funds	Provide an actively managed, multi-manager investment program that will provide broad exposure to the global equity markets.	None	Weekly and Monthly	5 days
Bond funds	Add value above the return of the broad U.S. bond market over a full market cycle while reducing risk through diversification of manager allocations.	None	Daily, Weekly and Monthly	2-30 days

	Investment Objective	Unfunded Commitments at December 31, 2024	Redemption Frequency	Redemption Notice Period
Real asset funds	Allocate assets across a broad spectrum of natural resource or real asset categories based on a multi-manager approach, allocating assets to sub-advisors or sub-funds managed by sub-advisors.	None	Monthly, Quarterly	5-120 days
Hedge funds	Provide a marketable alternative strategies investment program capable of producing consistently positive returns regardless of the direction of the broader markets.	None	Quarterly, subject to 25% investor level gate at December 31, 2024	65-100 days
Private equity partnerships	Invest in private limited partnerships which, in turn, make investments in equity securities, warrants or other options that are generally not actively traded at time of investment. Investee companies include U.S., international and emerging markets.	$29,521,000	n/a	n/a
Distressed debt investment partnerships	Pursue a global program of turnaround and distressed investing by pursing active trading and financing strategies on a global basis.	$114,000	n/a	n/a
Real estate partnerships	Invest in a diversified pool of real estate investments in key U.S. and international markets.	$12,140,000	n/a	n/a

The investments in partnerships can never be redeemed. Rather distributions are made by the general partner as the underlying assets are sold, generally after 5 to 15 years.

4. Liquidity

The following summarizes the Foundation's financial assets available for grants and other expenses within one year of the consolidated statements of financial position date at December 31:

	2024	2023
Cash and cash equivalents	$ 35,200,631	$ 26,929,442
Certificates of deposit	5,502,000	5,502,000
Interest and dividends receivable	320,112	516,644
Redeemable investments net of unfunded commitments	284,558,143	244,760,392
Total	$ 325,580,886	$ 277,708,478

Due to the ability of the Board of Governors to change the annual spending policies as necessary if liquidity needs arise, the assets above include:

- $198,004,822 and $182,954,246 as of December 31, 2024 and 2023, respectively, held in funds governed by fund agreements which provide that, under normal circumstances, grant distributions will be made in accordance with an annual spending policy approved by the Foundation's Board of Governors; the policy for 2025 and 2024 will be 4.25% of the trailing 20 quarter average balance of each individual fund excluding alternative investments; totaling $10,771,839 and $9,942,657 for all of those funds for 2025 and 2024, respectively.

- $4,243,032 and $3,721,344 as of December 31, 2024 and 2023, respectively, held in funds governed by fund agreements that provide that, under normal circumstances, grant distributions will be limited to 20% of the beginning of the year fund balance which is $848,606 and $744,269 for 2025 and 2024, respectively.

As part of the Foundation's liquidity management, it structures its financial assets to be available as grant distributions, general expenditures, liabilities and other obligations become due. The Foundation holds cash in excess of daily requirements in money market accounts and certificates of deposit.

5. Funds Held for Other Organizations for Agency Endowments

Current authoritative accounting guidance establishes standards for transactions in which a recipient entity accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both, to an entity that is specified by the donor. This guidance specifically requires that if a not-for-profit organization establishes a fund at the recipient entity with its own funds and specifies itself as the beneficiary of that fund, the recipient entity must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with current authoritative accounting guidance, a liability has been established for the present value of the future payments expected to be made to the not-for-profit organizations, which is generally equivalent to the fair value of the funds.

At December 31, 2024 and 2023 the Foundation was the owner of 259 and 253 agency endowment funds with a combined fair value of $38,586,441 and $35,042,455, respectively. All financial activity for the years then ended related to these funds is segregated in the consolidated statements of activities and has been classified as a liability in the consolidated statements of financial position.

6. Endowments

The Foundation has set up endowment funds which comply with and follow current authoritative literature, which provides guidance on classifying net assets associated with endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of the guidance is a requirement to classify the donor-restricted endowment fund as net assets with donor restrictions until appropriated for expenditure. The State of Wisconsin adopted a version of UPMIFA effective August 4, 2009.

The Foundation's endowment funds consist of funds established for the purpose of providing a consistent and reliable source of operational funding. Its endowment includes quasi-endowment funds. The Foundation's first administrative endowment fund was established through a challenge grant, followed by the establishment of additional funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted UPMIFA enacted in the State of Wisconsin as requiring the creation of an endowment of permanent duration with the original value of a donor's gift when a donor's gift instrument evidences such intent by use of terminology consistent with UPMIFA, unless other language in the gift instrument limits the duration or purpose of the fund. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) earnings that have not been appropriated.

The Board designated quasi-endowment funds are classified as net assets without donor restrictions at December 31:

	2024	2023
Administrative endowment fund	$ 8,273,391	$ 6,885,745
Dr. Margaret C. Winston fund	1,964,978	1,802,132
Lussier fund for MCF	732,304	583,926
Joseph T. Steuer and Jamie G. Steuer fund for MCF	638,083	585,203
Administrative operating reserve	953,942	907,988
Administrative relocation fund	126,426	166,043
Total administrative endowments	$ 12,689,124	$ 10,931,037

Changes in endowment net assets for the years ended December 31, 2024 and 2023:

Endowment net assets, December 31, 2022	$ 9,493,676
Investment return, net	878,906
Contributions	629,975
Appropriations/payout	(71,520)
Endowment net assets, December 31, 2023	10,931,037
Investment return, net	974,162
Contributions	831,226
Appropriations/payout	(47,301)
Endowment net assets, December 31, 2024	$ 12,689,124

The endowment funds are governed by the endowment policy established and approved by the Board of Governors. The endowment policy follows the investment policy guidelines established by the Board Investment Committee and approved by the full Board of Governors. The investment policy seeks to achieve investment returns that cover annual spending, fees and anticipated inflation. To satisfy its long-term rate of return objectives, the Foundation relies 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 Foundation endowment assets are governed by a spending policy that seeks to distribute a specific payout rate from the endowment base to support the Foundation's programs. The endowment base is defined as the rolling average of market value for the most recent 20 quarters. The payout rate is 4.25% of the endowment base quarterly.

7. Gift Annuities

The Foundation records gift annuity assets received at their fair value. The actuarially-determined present value of the future annuity cash flows required to be paid to the annuitants is recorded as a liability in the consolidated statements of financial position. The Foundation used discount rates ranging from 2.00% to 6.00% for the years ended December 31, 2024 and 2023. The Foundation records the difference between the fair value of the gift annuity assets and the actuarially-determined present value of future cash flows as contribution revenue in the year the gift annuity is received.

Contribution revenue for charitable gift annuities received during the years ended December 31, 2024 and 2023 was $35,302 and $95,408, respectively. The total assets for charitable gift annuities were $1,768,853 and $1,714,131, as of December 31, 2024 and 2023, respectively, and are included in investments on the consolidated statements of financial position.

8. Deferred Compensation

The Foundation has entered into deferred compensation agreements with its President and former President. The agreements call for the Foundation to accrue an amount, determined annually by the Board of Governors subject to the limitations of Section 457 of the Internal Revenue Code, to the plan each year. Earnings on the deferred compensation funds accumulate at the prime rate (effective rate of 7.8% and 8.5% at December 31, 2024 and 2023, respectively). The amount charged to expense under these agreements was $33,557 for 2024 and $23,717 for 2023. Monthly payments under the agreement with the former President began in 2013 and ended in 2023.

9. Retirement Plan

The Foundation has a tax deferred retirement plan available to substantially all of its employees. Any benefits-eligible employee may make voluntary contributions to this plan. For an employee who has attained 21 years of age, completed at least 12 months and 1,000 hours of service and makes a voluntary contribution of at least 1% of annual compensation to the plan, the Foundation makes a contribution to the plan. The Foundation's contribution was equal to 6% of the employee's annual compensation in 2024 and 2023. The plan is funded through the purchase of mutual fund securities. The plan is intended to qualify under Section 403(b) of the Internal Revenue Code and is subject to the provisions of the Employee Retirement Income Security Act. Contributions to the plan totaled $81,223 and $76,816 for the years ended December 31, 2024 and 2023, respectively.

10. Related Organizations

The Evjue Foundation is a supporting organization to the Foundation. The Foundation appoints board representatives to this supporting organization but does not appoint the majority of the board. Due to lack of control, this organization is not included in the consolidated financial statements. This supporting organization paid contributions of $48,000 to the Foundation during 2024 and 2023.

11. Functional Expenses

Functional expenses are those expenses incurred by the Foundation in the accomplishment of its stated mission. They can be further categorized as follows:

- Program services, including awarded grants, support and education to other nonprofits, research on the local nonprofit field and philanthropic leadership;
- Management and general, including expenses that benefit the Foundation as an entity, governance and the management and administration of component funds; and
- Development and fundraising, including originating and stewarding relationships with donors and fundholders.

The consolidated financial statements report categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel expenses are allocated on the basis of estimates of time or effort. Facilities, supplies and other expenses are allocated on the basis of headcount or other reasonable bases.

Expenses of the Foundation by function are as follows for the year ended December 31:

	2024			
	Program Services	Management and General	Fundraising	Total
Grants	$ 20,695,722	$ -	$ -	$ 20,695,722
Personnel	405,469	990,428	725,871	2,121,768
Professional development	12,063	20,583	10,731	43,377
Office facilities and equipment	40,496	99,857	59,359	199,712
Office operations	35,262	86,950	53,505	175,717
Professional fees and dues	11,435	152,831	101,274	265,540
Communications and marketing	3,354	65,915	80,810	150,079
Meetings, events and travel	6,417	39,709	51,171	97,297
Total	$ 21,210,218	$ 1,456,273	$ 1,082,721	$ 23,749,212

	2023			
	Program Services	**Management and General**	**Fundraising**	**Total**
Grants	$ 12,522,071	$ -	$ -	$ 12,522,071
Personnel	485,669	891,715	593,474	1,970,858
Professional development	12,349	19,836	12,914	45,099
Office facilities and equipment	30,988	98,838	51,823	181,649
Office operations	21,496	68,563	38,783	128,842
Professional fees and dues	5,691	176,434	58,616	240,741
Communications and marketing	4,111	57,803	64,417	126,331
Meetings, events and travel	5,113	18,791	34,585	58,489
Total	$ 13,087,488	$ 1,331,980	$ 854,612	$ 15,274,080

12. Leases

In 2017, the Foundation entered into a lease for new office space at 111 North Fairchild Street, Madison, Wisconsin. The lease term began on October 1, 2017 and ends on December 31, 2027. Rent payments commenced on January 1, 2018 at the monthly rate of $8,796 and will increase 3% each successive January 1. In 2024, the Foundation exercised its option to extend the lease for an additional five years. The extended lease term begins on January 1, 2028 and ends on December 31, 2032.

Simultaneously, the Foundation expanded the lease to include additional office space at the Madison location, beginning on October 8, 2024 and ending on December 31, 2032. Rent payments for the additional space commence on March 1, 2025 at the monthly rate of $6,740 and will increase 3% each successive January 1.

The lease is accounted for as an operating lease under authoritative accounting guidance. In 2024, the Foundation recognized an addition to the operating lease right-of-use asset and lease liability of $1,178,507, based on the present value of the future lease payments over the lease term at the lease modification date. The Foundation has the option to extend the lease for another five-year term. As it is not reasonably certain that the options will be exercised, they have not been included in the calculation of the right-of-use asset. The discount rate used by the Foundation represents the risk-free rate for a period comparable to the lease term.

The following summarizes the weighted-average remaining lease term and weighted average discount rate:

	2024	**2023**
Weighted average discount rate	4.04%	2.35%
Weighted average remaining lease term in years	8.0	4.0

Future rent payments required under the lease as of December 31, 2024 are:

Years ending December 31:	
2025	$ 197,211
2026	217,012
2027	223,522
2028	230,227
2029	237,134
Thereafter	754,947
Total	1,860,053
Less present value discount	(279,493)
Operating lease liability	$ 1,580,560

Operating lease expense was approximately $136,000 and $119,000 for the years ended December 31, 2024 and 2023, respectively.

13. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and short-term investments. The Foundation places substantially all of its cash and liquid investments with high-quality financial institutions and limits the amount of credit exposure to any one financial institution; however, cash balances periodically exceed federally insured limits. The Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Approximately 79% and 45% of total contributions were from the five highest donors during the years ended December 31, 2024 and 2023, respectively.

14. Subsequent Events

The Foundation has evaluated subsequent events through April 3, 2025, which is the date that the consolidated financial statements were approved and available to be issued.