

**Wisconsin Indianhead Technical College
Foundation, Inc.
(A Nonprofit Organization)**

Shell Lake, Wisconsin

Financial Statements

Years Ended June 30, 2019 and 2018

Wisconsin Indianhead Technical College Foundation, Inc. (A Nonprofit Organization)

Financial Statements

Years Ended June 30, 2019 and 2018

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7



Independent Auditor's Report

Board of Directors
Wisconsin Indianhead Technical College Foundation, Inc.
Shell Lake, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Wisconsin Indianhead Technical College Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Indianhead Technical College Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Wisconsin Indianhead Technical College Foundation, Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements for Not-for-Profit Entities*, as of and for the year ended June 30, 2019.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 11, 2019
Eau Claire, Wisconsin

Wisconsin Indianhead Technical College Foundation, Inc.
(A Nonprofit Organization)
Statements of Financial Position

June 30, 2019 and 2018

<i>Assets</i>	2019	2018
Current assets:		
Cash and cash equivalents	\$ 150,254	\$ 61,471
Accounts receivable	9,963	3,068
Prepaid insurance	1,917	-
Total current assets	162,134	64,539
Investments	4,928,356	4,766,065
TOTAL ASSETS	\$ 5,090,490	\$ 4,830,604
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 58,923	\$ 58,324
Net assets:		
Without donor restrictions		
Designated for alumni development	23,671	21,515
Designated for institutional support	50,921	52,532
Designated for operating reserve	87,768	122,909
Designated for professional development	-	12,358
Designated for scholarships and support	1,364	97,282
Total net assets without donor restrictions	163,724	306,596
With donor restrictions	4,867,843	4,465,684
Total net assets	5,031,567	4,772,280
TOTAL LIABILITIES AND NET ASSETS	\$ 5,090,490	\$ 4,830,604

See accompanying notes to financial statements.

Wisconsin Indianhead Technical College Foundation, Inc.
(A Nonprofit Organization)

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:						
Contributions	\$ 53,053	\$ 329,937	\$ 382,990	\$ 127,633	\$ 265,417	\$ 393,050
Interest, dividends, and realized gain on investments	39,998	143,900	183,898	54,494	198,058	252,552
In-kind contributions	247,647	-	247,647	257,192	-	257,192
Unrealized gain (loss) on investments	30,105	118,817	148,922	13,041	47,554	60,595
Net assets released from restrictions	317,298	(317,298)	-	368,333	(368,333)	-
Total revenues, gains, and other support	688,101	275,356	963,457	820,693	142,696	963,389
Expenses:						
Program services	381,213	-	381,213	435,250	-	435,250
Management and general	167,199	13,909	181,108	172,402	13,411	185,813
Fund-raising and special events	141,849	-	141,849	172,489	-	172,489
Total expenses	690,261	13,909	704,170	780,141	13,411	793,552
Transfers	(140,712)	140,712	-	(58,462)	58,462	-
Change in net assets	(142,872)	402,159	259,287	(17,910)	187,747	169,837
Net assets - Beginning of year	306,596	4,465,684	4,772,280	324,506	4,277,937	4,602,443
Net assets - End of year	\$ 163,724	\$ 4,867,843	\$ 5,031,567	\$ 306,596	\$ 4,465,684	\$ 4,772,280

See accompanying notes to financial statements.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Statements of Functional Expenses

Years Ended June 30, 2019 and 2018

2019	Program Services	Management and General	Fund-Raising and Special Events	Total
Scholarships and student support	\$ 304,555	\$ -	\$ -	\$ 304,555
Ambassador program	1,469	-	-	1,469
Distinguished alumni program	321	-	-	321
Staff development program	-	750	-	750
Institutional support	31,255	-	-	31,255
Fund-raising and special events	-	-	19,288	19,288
Alumni/development staff	-	54,094	-	54,094
Professional fees	-	5,040	-	5,040
Board/committee expense	-	1,263	-	1,263
Contracted services	-	5,999	-	5,999
Supplies	-	2,590	-	2,590
Postage	-	89	-	89
Investment fees and insurance	-	24,426	-	24,426
Miscellaneous	-	5,384	-	5,384
In-kind expenses	43,613	81,473	122,561	247,647
Totals	\$ 381,213	\$ 181,108	\$ 141,849	\$ 704,170

2018	Program Services	Management and General	Fund-Raising and Special Events	Total
Scholarships and student support	\$ 356,698	\$ -	\$ -	\$ 356,698
Ambassador program	1,686	-	-	1,686
Distinguished alumni program	328	-	-	328
Staff development program	-	1,600	-	1,600
Institutional support	34,179	-	-	34,179
Fund-raising and special events	-	-	46,007	46,007
Alumni/development staff	-	57,944	-	57,944
Professional fees	-	5,930	-	5,930
Board/committee expense	-	2,672	-	2,672
Contracted services	-	-	-	-
Supplies	-	2,773	-	2,773
Postage	-	-	-	-
Investment fees and insurance	-	22,883	-	22,883
Miscellaneous	-	3,660	-	3,660
In-kind expenses	42,359	88,351	126,482	257,192
Totals	\$ 435,250	\$ 185,813	\$ 172,489	\$ 793,552

See accompanying notes to financial statements.

Wisconsin Indianhead Technical College Foundation, Inc. (A Nonprofit Organization)

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in cash and investments:		
Cash flows from operating activities:		
Change in net assets	\$ 259,287	\$ 169,837
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gain on investments	(148,922)	(60,595)
Interest, dividends, and realized gain on investments	(183,725)	(252,370)
Contributions restricted for long-term purposes	(147,380)	(64,330)
Investments fees paid	20,356	16,682
Changes in operating assets and liabilities:		
Accounts receivable	(6,895)	1,069
Prepaid insurance	(1,917)	-
Accounts payable	599	(2,931)
Total adjustments	(467,884)	(362,475)
Net cash used in operating activities	(208,597)	(192,638)
Cash flows from investing activities:		
Proceeds from sale of investments	150,000	-
Cash flows from financing activities:		
Proceeds from contributions restricted for investments in permanent endowment	147,380	48,799
Net change in cash and investments	88,783	(143,839)
Cash and cash equivalents - Beginning of year	61,471	205,310
Cash and cash equivalents - End of year	\$ 150,254	\$ 61,471

See accompanying notes to financial statements.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Entity

The Wisconsin Indianhead Technical College Foundation, Inc. (the "Foundation") is an organization of area community leaders, faculty, and administrators dedicated to providing opportunities for scholarships, staff development, program improvement, and capital needs of Wisconsin Indianhead Technical College. Its goal is to not only support students in a financial way, but also to support the advancement and enrichment of campus life as a whole. The Foundation's primary funding source is donor contributions and investment earnings.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Change in Accounting Policy

The Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, for the year ended June 30, 2019. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of certain omissions of prior year data as allowed under the standard.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in accordance with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Foundation considers all cash and cash equivalents with an original maturity of three months or less and that are not held by investment managers as part of an investment portfolio to be cash equivalents.

Investments

Investment securities are carried at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Depreciation

Equipment and furniture are treated as expenditures in year of acquisition. The total amount of equipment and furniture acquired in any given year is not material. Wisconsin Indianhead Technical College provides most of the equipment and furniture used by the Foundation.

Income Taxes

The Foundation is a not-for-profit organization organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax. The Foundation is also exempt from state income taxes pursuant to similar state of Wisconsin tax laws.

Contributions

Contributions, including unconditional promises to give, are recorded at fair value as revenue on the date the promise to give is irrevocable. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets 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 that are not subject to donor-imposed restrictions. Board designations, which are voluntary, board-approved segregations of net assets for specific purposes, projects, or investments, are also a part of net assets without donor restrictions.
- Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled or otherwise removed by actions of the Foundation meeting the purpose of the restriction. And, net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Although such assets cannot be expended, the investment income earned on them is generally to be expended for a specific purpose.

Subsequent Events

Subsequent events have been evaluated through December 11, 2019, which is the date the financial statements were available to be issued.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 2: Fair Value Measurements

Accounting standards provide the framework for measuring fair value. That framework provides a fair value 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 three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 2: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of June 30, 2019 and 2018, is as follows:

Assets at Fair Value as of June 30, 2019

	Level 1	Level 2	Level 3	Total Fair Value
Investments at fair value:				
Fixed income and debt securities	\$ 852,009	\$ -	\$ -	\$ 852,009
Equity securities	108,061	-	-	108,061
Mutual funds:				
Money market	92,685	-	-	92,685
Equity securities	2,537,323	-	-	2,537,323
Fixed income and debt securities	1,213,183	-	-	1,213,183
Alternative investments	125,095	-	-	125,095
Total investments at fair value	\$ 4,928,356	\$ -	\$ -	\$ 4,928,356

Assets at Fair Value as of June 30, 2018

	Level 1	Level 2	Level 3	Total Fair Value
Investments at fair value:				
Fixed income and debt securities	\$ 611,614	\$ -	\$ -	\$ 611,614
Equity securities	95,079	-	-	95,079
Mutual funds:				
Money market	188,778	-	-	188,778
Equity securities	2,476,469	-	-	2,476,469
Fixed income and debt securities	1,277,804	-	-	1,277,804
Alternative investments	116,321	-	-	116,321
Total investments at fair value	\$ 4,766,065	\$ -	\$ -	\$ 4,766,065

The methods described and shown above for fair value calculations may produce a fair value calculation that may be different from the net realizable value or not reflective of future values expected to be received. The Foundation believes that its valuation methods are appropriate and consistent with other market participants; however, the use of these various methodologies and assumptions may produce results that differ in the estimates of fair value at the financial reporting date.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 3: Investments

Pooled investments at June 30 are summarized as follows:

	2019		2018	
	Cost	Carrying Value	Cost	Carrying Value
Fixed income and debt securities	\$ 840,631	\$ 852,009	\$ 623,118	\$ 611,614
Equity securities	54,486	108,061	54,486	95,079
Mutual funds:				
Money market	92,685	92,685	188,778	188,778
Equity securities	1,369,807	2,537,323	1,372,212	2,476,469
Fixed income and debt securities	1,177,351	1,213,183	1,281,119	1,277,804
Alternative investments	62,177	125,095	63,585	116,321
Totals	\$ 3,597,137	\$ 4,928,356	\$ 3,583,298	\$ 4,766,065

Return on investment consists of the following at June 30:

	2019	2018
Unrealized gains	\$ 148,922	\$ 60,595
Realized gains	73,212	159,322
Interest and dividend income	110,513	93,048
Totals	\$ 332,647	\$ 312,965

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 4: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2019	2018
Endowments:		
Subject to appropriation and expenditure when a specific event occurs:		
Restricted by donors for:		
Professional development	\$ 20,257	\$ 19,743
Scholarships	855,336	778,015
Student assistance	100,121	65,073
	975,714	862,831
Original donor-restricted gift amount and amounts to be maintained in perpetuity	3,598,457	3,376,254
	\$ 4,574,171	\$ 4,239,085

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 5: Endowments

The Foundation's endowments consist of 191 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average annual real rate of return of the Consumer Price Index (CPI) + 3-4%, net of fees. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The spending policy for the Foundation is directed by the Board of Directors. The principal of an endowed fund will be invested for a period of 12 months before any disbursements will be made from interest income. No more than 5% of an endowment will be distributed annually. Administrative expenses, legal, tax, accounting, and investment advisory fees will be paid from the operating fund and are not included in the amount designated for disbursement.

Wisconsin Indianhead Technical College Foundation, Inc.

(A Nonprofit Organization)

Notes to Financial Statements

Note 5: Endowments (Continued)

As of June 30, 2019 and 2018, the Foundation had the following endowment net asset composition.

	With Donor Restrictions	
	2019	2018
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 3,598,457	\$ 3,376,254
Accumulated investment gains	975,714	862,831
Total Endowment	\$ 4,574,171	\$ 4,239,085

From time to time, certain donor-restricted endowments funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2019 and 2018, there were no underwater endowments.

Changes in endowment net assets for the years ended June 30 consisted of the following:

	With Donor Restrictions	
	2019	2018
Endowment net assets at beginning of year	\$ 4,239,085	\$ 4,023,637
Investment return	249,160	232,521
Contributions	186,052	98,022
Transfers	74,823	75,447
Appropriation of endowment assets for expenditures	(174,949)	(190,542)
Endowment net assets at end of year	\$ 4,574,171	\$ 4,239,085

Note 6: Donated Services

The Foundation is furnished salaries, benefits, office space, and computer usage by Wisconsin Indianhead Technical College, a related party. The value of these services was \$247,647 and \$257,192 for years ended June 30, 2019 and 2018, respectively. These amounts are recorded in the financial statements as in-kind expenses and in-kind contributions.

Wisconsin Indianhead Technical College Foundation, Inc.
(A Nonprofit Organization)
Notes to Financial Statements

Note 7: Liquidity and Availability of Financial Resources

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

	2019
Cash and cash equivalents	\$ 150,254
Accounts receivable	9,963
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	\$ 160,217

As part of our liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.