

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Milwaukee Area Technical College Foundation, Inc.
Milwaukee, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Milwaukee Area Technical College Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Milwaukee Area Technical College Foundation, Inc. as of June 30, 2022 and 2021, 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.

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 Financial Statements section of our report. We are required to be independent of Milwaukee Area Technical College Foundation, Inc. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Milwaukee Area Technical College Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Milwaukee Area Technical College Foundation, Inc.'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.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
September 26, 2022

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 1,079,066	\$ 1,382,862
Restricted Cash	429,184	1,890,883
Investments	30,221,726	25,680,370
Promises to Give, Net	1,532,807	1,626,333
Accounts Receivable	40,967	-
Prepaid Expenses	52,461	9,242
	<u>\$ 33,356,211</u>	<u>\$ 30,589,690</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 334,235	\$ 1,779,998
NET ASSETS		
Without Donor Restrictions	1,024,843	2,298,555
With Donor Restrictions	31,997,133	26,511,137
Total Net Assets	<u>33,021,976</u>	<u>28,809,692</u>
	<u>\$ 33,356,211</u>	<u>\$ 30,589,690</u>

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions of Cash and Other Financial Assets	\$ 104,819	\$ 9,950,052	\$ 10,054,871
Milwaukee PBS Restricted Contributions of			
Cash and Other Financial Assets	-	6,945,733	6,945,733
Contributions of Nonfinancial Assets	561,437	-	561,437
Special Events Revenue	-	28,838	28,838
Dividends and Interest, Net	254,265	624,372	878,637
Net Realized and Unrealized (Losses) on Investments	(1,398,054)	(2,930,509)	(4,328,563)
Investment Income Appropriated for:			
Administrative Endowment	44,204	(44,204)	-
Investment Management Fees	11,130	(11,130)	-
Net Assets Released from Restrictions - Other	9,077,156	(9,077,156)	-
Total Revenue, Support, and Gains	8,654,957	5,485,996	14,140,953
 EXPENSES			
Program Services Expense:			
Program Operating Expenses	2,907,284	-	2,907,284
Milwaukee PBS Program Expenses	6,344,067	-	6,344,067
Total Program Expenses	9,251,351	-	9,251,351
Supporting Services Expense:			
Management and General	383,779	-	383,779
Fundraising and Development	293,539	-	293,539
Total Supporting Services Expenses	677,318	-	677,318
Total Expenses	9,928,669	-	9,928,669
 CHANGE IN NET ASSETS	(1,273,712)	5,485,996	4,212,284
Net Assets - Beginning of Year	2,298,555	26,511,137	28,809,692
 NET ASSETS - END OF YEAR	\$ 1,024,843	\$ 31,997,133	\$ 33,021,976

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions of Cash and Other Financial Assets	\$ 111,030	\$ 5,719,406	\$ 5,830,436
Milwaukee PBS Restricted Contributions			
Cash and Other Financial Assets	-	6,776,496	6,776,496
Contributions of Nonfinancial Assets	559,699	-	559,699
Special Events Revenue	-	13,615	13,615
Dividends and Interest, Net	225,200	360,539	585,739
Net Realized and Unrealized Gains on Investments	810,392	3,530,207	4,340,599
Investment Income Appropriated for:			
Administrative Endowment	43,481	(43,481)	-
Investment Management Fees	10,755	(10,755)	-
Net Assets Released from Restrictions - Other	8,237,560	(8,237,560)	-
Total Revenue, Support, and Gains	9,998,117	8,108,467	18,106,584
 EXPENSES			
Program Services Expense:			
Program Operating Expenses	2,490,393	-	2,490,393
Milwaukee PBS Program Expenses	5,956,615	-	5,956,615
Total Program Expenses	8,447,008	-	8,447,008
Supporting Services Expense:			
Management and General	371,772	-	371,772
Fundraising and Development	281,522	-	281,522
Total Supporting Services Expenses	653,294	-	653,294
Total Expenses	9,100,302	-	9,100,302
 CHANGE IN NET ASSETS	897,815	8,108,467	9,006,282
Net Assets - Beginning of Year	1,400,740	18,402,670	19,803,410
 NET ASSETS - END OF YEAR	\$ 2,298,555	\$ 26,511,137	\$ 28,809,692

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants and Other Assistance	\$ 1,416,529	\$ -	\$ -	\$ 1,416,529
Program Expenses	1,311,838	-	-	1,311,838
Salaries, Wages, and Employee Benefits	105,628	198,011	217,649	521,288
Milwaukee PBS Expenses	6,344,067	-	-	6,344,067
Accounting Fees	-	96,499	-	96,499
Information Technology	-	3,905	34,873	38,778
Occupancy	7,000	7,000	14,000	28,000
Conferences, Conventions, and Meetings	883	4,086	-	4,969
Bank Fees	-	5,228	-	5,228
Insurance	-	7,318	-	7,318
Fundraising and Development	-	-	18,017	18,017
Dues and Subscriptions	3,263	3,853	-	7,116
Legal Expenses	-	231	-	231
Marketing and Advertising	-	6,388	-	6,388
Administrative Endowment Expenses	-	44,204	-	44,204
Other	62,143	7,056	9,000	78,199
	<u>62,143</u>	<u>7,056</u>	<u>9,000</u>	<u>78,199</u>
Total Expenses by Function	<u>\$ 9,251,351</u>	<u>\$ 383,779</u>	<u>\$ 293,539</u>	<u>\$ 9,928,669</u>

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Grants and Other Assistance	\$ 1,316,249	\$ -	\$ -	\$ 1,316,249
Program Expenses	1,035,200	-	-	1,035,200
Special Event Expenses	-	-	1,400	1,400
Salaries, Wages, and Employee Benefits	115,736	163,096	252,642	531,474
Milwaukee PBS Expenses	5,956,615	-	-	5,956,615
Accounting Fees	-	115,395	-	115,395
Information Technology	3,738	6,641	11,930	22,309
Occupancy	7,000	7,000	14,000	28,000
Conferences, Conventions, and Meetings	-	1,457	-	1,457
Bank Fees	-	6,630	-	6,630
Insurance	-	6,507	-	6,507
Fundraising and Development	-	-	1,550	1,550
Dues and Subscriptions	-	3,477	-	3,477
Legal Expenses	-	10,121	-	10,121
Consulting Services	2,450	-	-	2,450
Administrative Endowment Expenses	-	43,481	-	43,481
Other	10,020	7,967	-	17,987
	<u>\$ 8,447,008</u>	<u>\$ 371,772</u>	<u>\$ 281,522</u>	<u>\$ 9,100,302</u>
Total Expenses by Function	<u>\$ 8,447,008</u>	<u>\$ 371,772</u>	<u>\$ 281,522</u>	<u>\$ 9,100,302</u>

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,212,284	\$ 9,006,282
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized (Gain) Loss on Investments	4,328,563	(4,340,599)
Contributions Restricted to Endowment	(576,381)	(164,314)
Changes in Operating Assets and Liabilities:		
Promises to Give	93,526	(999,785)
Accounts Receivable	(40,967)	20,833
Prepaid Expenses	(43,219)	5,508
Accounts Payable	(1,445,763)	1,611,071
Net Cash Provided by Operating Activities	6,528,043	5,138,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(14,516,353)	(4,769,540)
Proceeds from Sales of Investments	5,646,434	2,300,343
Net Cash Used by Investing Activities	(8,869,919)	(2,469,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	576,381	164,314
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,765,495)	2,834,113
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	3,273,745	439,632
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 1,508,250	\$ 3,273,745
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 1,079,066	\$ 1,382,862
Restricted Cash	429,184	1,890,883
Total	\$ 1,508,250	\$ 3,273,745

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Milwaukee Area Technical College Foundation, Inc. (the Foundation, us, we, our) is a nonprofit organization organized and operated to secure community involvement with, including financial support of, Milwaukee Area Technical College (MATC). The specific purposes of the Foundation are to solicit, hold, manage, invest, and expend contributions, grants, and bequests (including endowment gifts) exclusively for the maintenance, support, and benefit of MATC.

Milwaukee PBS (MPBS) is a program of the Foundation operated by MATC and consists of two traditional television stations, WMVS and WMVT, which are licensed to MATC; four additional digital television services; a state-of-the-art production facility; the website MPBS.org; the monthly magazine Fine Tuning; and serves as the hands on training facility for MATC students enrolled in the Television and Video Production program. In addition, the Foundation acts as the depository of contributions for the benefit of MPBS. All contributions received related to MPBS are considered contributions with donor restrictions. As MATC incurs expenses relating to MPBS, MATC requests reimbursement from the Foundation at which time the contributions are released from restriction.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes and endowments that are perpetual in nature are excluded from this definition.

Restricted Cash

The Foundation holds and manages contributions for the benefit of MPBS under agreements between the Foundation and MATC. Funds not invested are held in a separate cash account solely for the benefit of MPBS.

Promises to Give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. No allowance was considered necessary as of June 30, 2022 and 2021.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Foundation had \$-0- conditional contributions as of June 30, 2022 and 2021.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when 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, 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 statement of activities as net assets released from restrictions.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages and employee benefits which are allocated based on time and effort and information technology, occupancy and in-kind operating expenses which are allocated based on estimated usage.

Income Taxes

Milwaukee Area Technical College Foundation, Inc. is organized as a Wisconsin nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a), as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi), and has been determined not to be a private foundation under IRC Sections 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. We have determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments, Credit Risk, and Other Concentrations

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, individuals, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

During the year ended June 30, 2022, the Foundation received approximately 34% of total contributions from one donor. No concentration existed for the year ended June 30, 2021.

**MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Standards Update

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard increases transparency and comparability among organizations through enhancements to presentation and disclosure requirements for contributed nonfinancial assets. The Organization adopted ASU 2020-07 on a retrospective basis as of July 1, 2020. No cumulative-effect adjustment in net assets was necessary with the adoption of ASU 2020-07.

Reclassifications

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.

Subsequent Events

We have evaluated subsequent events through September 26, 2022, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2022	2021
Cash and Cash Equivalents	\$ 1,079,066	\$ 1,382,862
Investments	1,697,405	1,473,577
Total	\$ 2,776,471	\$ 2,856,439

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Income from the board designated endowment is restricted for the benefit of MPBS.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

We report certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

There has been no change in the methodology used as of June 30, 2022 and 2021. Following is a description of the valuation methodology used for the Foundation's assets measured at fair value:

Investments: A portion of our investment assets are classified within Level 1 because they comprise of fixed income and equity securities with readily determinable fair values based on daily redemption values.

Money Market Funds: We invest in money market funds classified within Level 2 because they are valued by the custodians of the securities using multiple sources of information that are corroborated by market data.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Limited Partnership and REIT: The limited partnership and REIT are valued at an amount equal to the ownership interest in the partners' capital, NAV, used as a practical expedient to estimate fair value. Both the limited partnership and REIT benchmark the NFI-ODEC as an investment strategy with a commitment to protect liquidity. The Foundation has no unfunded commitments. The limited partnership has quarterly redemptions with a 90 day notice period. The REIT has quarterly redemptions with a 30 day notice period.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis at June 30:

ASSETS	Total	2022		
		(Level 1)	(Level 2)	(Level 3)
Investments:				
Fixed Income Securities	\$ 12,309,240	\$ 12,309,240	\$ -	\$ -
Large Cap Equity Securities	7,244,696	7,244,696	-	-
Small/Mid Cap Equity Securities	5,427,041	5,427,041	-	-
International Equity Securities	2,799,718	2,799,718	-	-
Emerging Markets Equity Securities	976,636	976,636	-	-
Money Market Funds	258,869	-	258,869	-
Total	<u>29,016,200</u>	<u>\$ 28,757,331</u>	<u>\$ 258,869</u>	<u>\$ -</u>

Assets Valued at NAV:	
REIT	863,281
Limited Partnership	342,245
Total Investments	<u>\$ 30,221,726</u>

ASSETS	Total	2021		
		(Level 1)	(Level 2)	(Level 3)
Investments:				
Fixed Income Securities	\$ 9,876,351	\$ 9,876,351	\$ -	\$ -
Large Cap Equity Securities	5,944,046	5,944,046	-	-
Small/Mid Cap Equity Securities	5,462,979	5,462,979	-	-
International Equity Securities	2,102,036	2,102,036	-	-
Emerging Markets Equity Securities	1,332,175	1,332,175	-	-
Money Market Funds	424,370	-	424,370	-
Total	<u>25,141,957</u>	<u>\$ 24,717,587</u>	<u>\$ 424,370</u>	<u>\$ -</u>

Assets Valued at NAV:	
REIT	271,434
Limited Partnership	266,979
Total Investments	<u>\$ 25,680,370</u>

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Within One Year	\$ 1,033,036	\$ 953,996
In One to Five Years	488,651	701,083
Thereafter	40,000	-
Total	<u>1,561,687</u>	<u>1,655,079</u>
Less: Discount to Net Present Value	<u>(28,880)</u>	<u>(28,746)</u>
Total	<u>\$ 1,532,807</u>	<u>\$ 1,626,333</u>

At June 30, 2022 and 2021, three donors accounted for 51% and two donors accounted for 59% of total promises to give, respectively.

NOTE 5 ENDOWMENT

Our endowment (the Endowment) consists of approximately 78 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets that have been designated for endowment by the board of directors to benefit the MPBS. This endowment was created using contributions restricted by donors for the benefit of MPBS, and is therefore shown as donor restricted.

Our board of directors has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 ENDOWMENT (CONTINUED)

As of June 30, 2022 and 2021, we had the following endowment net asset composition by type of fund:

June 30, 2022	Without Donor Restriction	With Donor Restrictions	Total
MPBS Designated Endowment Funds	\$ -	\$ 11,625,527	\$ 11,625,527
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	4,135,709	4,135,709
Total	<u>\$ -</u>	<u>\$ 15,761,236</u>	<u>\$ 15,761,236</u>
<u>June 30, 2021</u>			
MPBS Designated Endowment Funds	\$ -	\$ 12,316,455	\$ 12,316,455
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	4,437,713	4,437,713
Total	<u>\$ -</u>	<u>\$ 16,754,168</u>	<u>\$ 16,754,168</u>

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. As of June 30, 2022 and 2021, we had no underwater endowments.

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 ENDOWMENT (CONTINUED)

Investment and Spending Policies (Continued)

We use an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. On a semiannual basis, the Foundation transfers 2.0% of the 20 quarter rolling average balance of each endowment fund to scholarships and programs. At the time of the transfer the funds are considered appropriated for expenditure by the Foundation. Individual endowment funds will not transfer a semiannual amount to scholarships and programs if the individual endowment fund balance is below \$10,000 and also reserves the right to withhold distributions if the Foundation is unable to identify sufficient program needs.

Changes in Endowment net assets for the years ended June 30 are as follows:

June 30, 2022	MPBS Designated Endowment Funds	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 12,316,455	\$ 4,437,713	\$ 16,754,168
Investment Loss, Net	(1,739,358)	(709,862)	(2,449,220)
Contributions	2,743,418	576,381	3,319,799
Appropriation of Endowment Assets			
Pursuant to Spending-Rate Policy	(1,663,999)	(113,189)	(1,777,188)
Administrative Fees	(30,989)	(55,334)	(86,323)
Endowment Net Assets - End of Year	<u>\$ 11,625,527</u>	<u>\$ 4,135,709</u>	<u>\$ 15,761,236</u>
June 30, 2021			
Endowment Net Assets - Beginning of Year	\$ 9,378,532	\$ 3,954,143	\$ 13,332,675
Investment Return, Net	2,768,870	1,175,732	3,944,602
Contributions	1,668,397	164,314	1,832,711
Appropriation of Endowment Assets			
Pursuant to Spending-Rate Policy	(1,472,640)	(802,240)	(2,274,880)
Administrative Fees	(26,704)	(54,236)	(80,940)
Endowment Net Assets - End of Year	<u>\$ 12,316,455</u>	<u>\$ 4,437,713</u>	<u>\$ 16,754,168</u>

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
For the Benefit of MPBS	\$ 11,853,624	\$ 13,042,908
Programs and Scholarships	<u>16,007,800</u>	<u>9,030,516</u>
Total	27,861,424	22,073,424
Endowment:		
Portion of Perpetual Endowment Funds that is required to be Retained Permanently Either by Explicit Donor Stipulations or by UPMIFA	4,135,709	4,437,713
Total Net Assets with Donor Restrictions	<u>\$ 31,997,133</u>	<u>\$ 26,511,137</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
For the Benefit of MPBS	\$ 6,344,067	\$ 5,956,615
Programs and Scholarships	<u>955,901</u>	<u>6,065</u>
Total	7,299,968	5,962,680
Restricted-Purpose Spending-Rate Distributions and Appropriations:		
Endowment	1,777,188	2,274,880
Administrative Fees	<u>55,334</u>	<u>54,236</u>
Total	<u>1,832,522</u>	<u>2,329,116</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 9,132,490</u>	<u>\$ 8,291,796</u>

NOTE 7 RELATED PARTY TRANSACTIONS

The Foundation incurs expenses in the form of salaries, benefits, rent, maintenance, and other operational expenses that are provided by MATC. MATC bills the Foundation for a portion of the services they provide. For each of the years ended June 30, 2022 and 2021 \$50,000 was paid for the services provided by MATC. Expenses incurred beyond the amounts paid are recorded as in-kind contributions and expenses. See Note 8 for amounts recorded as in-kind contributions and expenses.

The Foundation disburses scholarships, program grants, and reimbursements related to MPBS activities, and donated property and equipment to MATC. Amounts payable to MATC as of June 30, 2022 and 2021 totaled \$306,522 and \$1,626,149, respectively. As of June 30, 2022 and 2021, there were no amounts receivable from MATC.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Foundation received the following contributions of nonfinancial assets for the years ending June 30:

	<u>2022</u>	<u>2021</u>
Contributed by MATC		
Professional Services	\$ 465,862	\$ 498,838
Other Direct Expenses	21,048	2,760
Total	<u>486,910</u>	<u>501,598</u>
Instructional Equipment and Supplies	<u>74,527</u>	<u>58,101</u>
 Total Contributed Nonfinancial Assets	 <u>\$ 561,437</u>	 <u>\$ 559,699</u>

Contributed instructional equipment and supplies received by the Foundation are recognized as in-kind contribution revenue with a corresponding increase to program expenses on the statement of activities. Contributed goods are recorded at fair value at the date of donation.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. We record donated professional services at the respective fair values of the services received.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America.

Contributed instructional equipment and supplies are disbursed to Milwaukee Area Technical College for use in their student course programs.

The contributed professional services and other direct expenses are used for both program and supporting services and are allocated based on estimated usage by each program and supporting service.



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